

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE INDONESIAN
PAINTS AND COATINGS
INDUSTRY*

F R O S T & S U L L I V A N

2024
BEST
PRACTICES
AWARD

mowilex®

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. PT Mowilex excels in many of the criteria in the paints and coatings space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

PT Mowilex: A Paints and Coatings Industry Trailblazer

Founded in 1970 and headquartered in Jakarta, Indonesia, PT Mowilex is an industry-leading premium paints and coatings producer, revolutionizing industry practices and standards with an unwavering commitment to sustainability. The company is the first carbon-neutral paints and coatings company and a pioneer in eco-friendly products, introducing the first water-based paints to the market. It sets consistent precedents for sustainable practices within the industry, notably producing paints free from toxic substances or any other harmful materials, such as mercury, and using organic dyes as a safer alternative for lead.

PT Mowilex is the first company to establish voluntary volatile organic compounds (VOC) labeling standards based on the South Coast Air Quality Management District guidelines, the most stringent air quality regulations in the United States (US). Leading the shift to environment-centered innovation and practices, PT Mowilex is helping to create a virtuous circle where a consistent cycle of positive actions contributes to a more sustainable industry. Frost & Sullivan is impressed with the company’s sustained efforts to induce positive change in the paints and coatings space.

PT Mowilex’s Steadfast Dedication to Environmental Stewardship and ESG Values

Driven by a vision to be the market’s most trusted paints and coatings brand, PT Mowilex consistently benchmarks its initiatives against global environmental, social, and governance (ESG) standards. It abides by principles outlined by international agencies for the safety and well-being of humans and the

environment. For example, the company adheres to stringent standards of ultra-low VOC or zero VOC levels across its product range, effectively reducing harmful emissions and promoting healthy indoor air quality. The company meticulously assesses the VOC content of its products, employing various methods, such as independent laboratory testing. Furthermore, PT Mowilex develops products guided by two pillars: quality and environmental responsibility. It continuously enhances product performance, aware of the far-reaching consequences of the commitment to quality. For instance, by extending the lifespan of its paints, the company promotes prolonged building protection, thereby reducing environmental impact and helping developers and homeowners minimize their carbon footprint. Within this context, in 2022, PT Mowilex launched a high-grade exterior acrylic paint with the longest warranty in the Indonesian market, extending up to 18 years.

The company integrates environmental considerations across the entire product lifecycle, from raw materials sourcing and formulations to manufacturing. Consequently, Mowilex holds numerous certifications, including Indonesia and Singapore Green Label. In 2023, PT Mowilex introduced a groundbreaking bio-based paint, *Naturalle*[™]. The product, which substitutes petroleum-based resin with

“Leading the shift to environment-centered innovation and practices, PT Mowilex is helping to create a virtuous circle where a consistent cycle of positive actions contributes to a more sustainable industry. Frost & Sullivan is impressed with the company’s sustained efforts to induce positive change in the paints and coatings space.”

- Rubini Kamal
Best Practices Research Analyst

agricultural oils, effectively eliminates formaldehyde emissions from building materials like coatings, reducing indoor air toxicity. Additionally, PT Mowilex is launching another eco-friendly offering, Recycled Paint. Developed based on extensive internal and external research on recaptured raw ingredients and paint production emissions, PT Mowilex formulated the new product with 40% premium recycled paint. By upcycling titanium dioxide and other materials, which are typically energy-intensive to manufacture, the company facilitated a 60% reduction in carbon footprint with Recycled Paint compared to similar quality and formulation paint products.

To promote innovative product development, PT Mowilex persistently strengthens its research and development (R&D) capabilities by investing in state-of-the-art equipment and facilities and talent and skill enhancement. The company’s facilities include an outdoor laboratory that offers a controlled yet real-world environment for precise testing and evaluation of products, ensuring high quality and exceptional performance. Its R&D team spearheads cutting-edge research, exploring new technologies to elevate the industry’s product offerings to create a tangible impact and deliver substantial customer benefits (e.g., better indoor air quality, comfort level, and outstanding coating performance).

PT Mowilex’s sustainability focus has helped open doors for the company with government projects, strengthening its brand and advancing long-term profitability in a burgeoning, environmentally conscious market. This initiative also enabled PT Mowilex to sustain its CarbonNeutral[®] certification from Climate Impact Partners and achieve this significant milestone for the fifth consecutive year. The accomplishment reflects its comprehensive efforts to balance or offset the greenhouse gas (GHG) emissions it generates in three categories or Scope 1 to 3. (i.e., direct emissions from owned sources,

indirect emissions from purchased energy, and indirect emissions from its value chain). The company achieves carbon neutrality by enhancing the energy efficiency of its operations, utilizing renewable energy, and minimizing the output of GHG. Besides reducing emissions, PT Mowilex exercises an “Avoid, Reduce, Offset” approach across energy utilization, water consumption, and waste management. In 2023, PT Mowilex bolstered its initiatives with the opening of its new factory in Cikande, which is

“Frost & Sullivan commends PT Mowilex’s unwavering dedication to spearheading advancements in eco-friendly products and resource-efficient operations. By emphasizing innovation and ethical best practices and demonstrating its long-term economic benefits, it is paving the way for other stakeholders in the sector to embrace sustainability.”

- Mahendra Chahar
Principal Consultant – Chemicals,
Materials and Nutrition

designed to reduce carbon emissions by up to 7%.¹ The green building features innovative technologies like advanced double door glass that regulate indoor temperatures, reducing energy consumption for cooling. Additionally, it incorporates zero-waste procedures, including an optimized wastewater treatment system, leading to a 23% reduction in clean water consumption, facilitated by an efficient pump and tank cleaning process.²

Furthermore, PT Mowilex installed 100 solar panels in its headquarters, with an expected contribution of a 30% reduction in carbon emissions for that facility.³ PT Mowilex continuously seeks ways to enhance its operations and maximize resources to minimize its

environmental footprint while saving costs. For example, it installed power meters to monitor its electricity consumption, allowing it to identify areas for improvement. It also boosted energy efficiency by automizing its cooling system, preventing electricity overuse while promoting operational precision. In addition, PT Mowilex successfully decreased sludge production in its wastewater treatment plants by 39% after conducting an in-house experiment. The company also extends its sustainability efforts beyond its day-to-day operations. As part of its 50th anniversary commitment, PT Mowilex completed a significant offset project in 2023, collaborating with Indonesia’s Ministry of Environment and Forestry to plant 50,000 mangrove trees across the country.⁴

Frost & Sullivan commends PT Mowilex’s unwavering dedication to spearheading advancements in eco-friendly products and resource-efficient operations. By emphasizing innovation and ethical best practices and demonstrating its long-term economic benefits, it is paving the way for other stakeholders in the sector to embrace sustainability.

Roadmap to Success: Customer-centric, Continuous, Proactive

PT Mowilex continuously strives to enhance customer experience, fostering enduring relationships with its loyal customer base. It improves operational efficiency, ensuring faster product delivery, consistent

¹ <https://mowilex.com/en/press-release/mowilex-indonesias-first-carbon-neutral-manufacturer-receives-its-fourth-consecutive-carbon-neutral-certification-from-climate-impact-partners/>

² Frost & Sullivan Interview with PT Mowilex (Frost & Sullivan, November 2023)

³ <https://mowilex.com/en/press-release/mowilex-indonesias-first-carbon-neutral-manufacturer-receives-its-fourth-consecutive-carbon-neutral-certification-from-climate-impact-partners/>

⁴ <https://www.prnewswire.com/news-releases/mowilex-completes-its-pledge-to-plant-50-000-mangrove-trees-by-establishing-25-000-trees-in-west-kalimantan-while-supporting-local-environmental-hero-301995572.html>

product availability, and competitive pricing. In 2023, it channeled substantial investments toward integrating new technologies and various systems into its manufacturing plant to optimize production processes and resources, including digitizing its Enterprise Resource Planning system. These strategic investments empower PT Mowilex to streamline workflows, accurately forecast demand, and boost productivity and competitiveness while facilitating a lean operation.

The company also prioritizes open communication with its customers, driven by its profound commitment to transparency. This steadfastness is evident in PT Mowilex's various practices, including its product-level disclosures highlighting the impact on the environment and human health, empowering consumers to make informed decisions. It also transparently reports its results and achievements in alignment with ESG standards. This approach cultivates customers' trust, contributing positively to the brand's reputation among its customer bases.

Moreover, PT Mowilex emphasizes exceptional customer service. Streamlining its support system, the company has dedicated teams for consumers and its project segment customers and retailers for more efficient and responsive operation, contributing to improved customer satisfaction and stronger customer relationships. It notes significant popularity on social media, comparable to major industry players, showcasing excellent customer engagement, a testament to its dedicated social media team. With its specialized technical support team, project customers and retailers are assured expert assistance for effective, timely resolutions and enhanced productivity. Furthermore, PT Mowilex actively seeks feedback and strives for continuous improvement by conducting bi-annual customer satisfaction surveys. These surveys serve as a valuable tool for understanding customer preferences, identifying enhancement areas, and gathering product development insights. This customer-centric approach translates to a consistent 80% customer satisfaction rate, owing to its exceptional product quality and unwavering commitment to customer service.⁵

PT Mowilex places equal emphasis on its employees' development and well-being. It invests heavily in fostering continuous improvement among employees, notably through the Lean Six Sigma program, boasting 25 Green Belts and one Black Belt.⁶ The company also prioritizes the safety and well-being of its employees, reflected in its ISO 45001 rating for its occupational health and safety management systems.

The company's efforts to cultivate an exceptional workplace environment yield benefits ranging from attracting skilled and productive employees to enhancing overall company performance. For instance, its strategic focus on Lean Six Sigma resulted in margins exceeding expectations in 2023, owing to employees' active involvement in identifying and implementing efficiency improvements. Besides enhancing its operations, PT Mowilex has streamlined its selling expenses, managing fluctuating raw material prices and currency variations through a hedging program. This strategic approach safeguards the company while promoting profitability, ensuring healthy profit margins. Moreover, it has bolstered its market presence in most major marketplace platforms in Indonesia, including the country's largest retail chain. PT Mowilex has extended its reach to multiple stores through this partnership. The increased availability of its

⁵ <https://mowilex.com/en/press-release/mowilex-indonesias-first-carbon-neutral-manufacturer-receives-its-fourth-consecutive-carbon-neutral-certification-from-climate-impact-partners/> Frost & Sullivan Interview with PT Mowilex (Frost & Sullivan, November 2023)

⁶ Ibid.

products through this channel has significantly contributed to the company's growth over the past two years. The company's paints and coatings are accessible through over 8,000 stores, encompassing both direct sales outlets and indirect channels such as distributors.

PT Mowilex keeps a close track of evolving market demands and trends, balancing the needs of its loyal customers while appealing to new customers. With the growing demand for mid-tier paints over premium paints in Indonesia, owing to the increase in overall paint quality, the company demonstrates agility to adapt and capture market share. As a best practice, PT Mowilex maintains a reservoir of recipes and formulations, helping it expedite going to market. Additionally, it remains competitive in the market by expanding beyond its historically high-viscosity paints to include high-quality ready-to-use paints in its portfolio. The strategic move aims to sustain its credibility with established applicators who appreciate its high-quality products while attracting a newer demographic of applicators and homeowners. Furthermore, in collaboration with Habitat for Humanity Indonesia, PT Mowilex launched a three-year program, aimed at fostering skilled applicators and supporting training and certification initiatives. Through the initiative, the company provides a comprehensive training program covering cutting-edge techniques, sustainable practices, and environmental responsibility. The program empowers applicators to elevate their skills to enjoy better economic opportunities while promoting ecological consciousness within the industry.⁷

With its customer-centric approach and unwavering focus on product quality and sustainability, Frost & Sullivan believes PT Mowilex is poised for long-term growth, upholding its competitive edge, and gaining market presence in an increasingly eco-conscious country.

Conclusion

As a pioneer in eco-friendly paints and coatings, and as a certified carbon-neutral company, PT Mowilex leads the industry's transition to environmentally-centered and socially responsible practices. The company integrates sustainability principles across the product lifecycle, emphasizing quality and environmental responsibility. Its research and development team leads pioneering research to enhance product performance and lower the ecological impact of the industry's product offerings. PT Mowilex also makes significant efforts to balance or offset its direct and indirect greenhouse gas emissions while implementing the "Avoid, Reduce, Offset" approach across energy utilization, water consumption, and waste management. PT Mowilex places customer satisfaction at the core of its operations, continually enhancing the customer experience through streamlined support systems, strategic investments in operational efficiency, and transparent communication. As a result, it fosters enduring customer relationships, better product delivery, and competitive pricing. PT Mowilex also emphasizes its employees' development and well-being, heavily investing in training programs and creating an exceptional workplace environment. Its employee focus, sound financial strategies, and marketplace expansion have significantly contributed to the company's growth and healthy profit margin.

With its strong overall performance, PT Mowilex earns Frost & Sullivan's 2024 Indonesian Company of the Year Award in the paints and coatings industry.

⁷ <https://moneycompass.com.my/2023/10/04/mowilex-partners-with-habitat-for-humanity-to-train-the-next-generation-of-paint-applicators-in-indonesia/>

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

[Learn more.](#)

Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

