PT Avia Avian Tbk

Investor Presentation
FY 2023 Results

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Avian Brands FY 2023 snapshot

SALES	GROSS PROFIT	EBITDA	NET PROFIT
IDR 7.02 T (US$ 461 m)	**IDR 3,183 B** (US$ 209 m) **45.4%**	**IDR 1,928 B** (US$ 127 m) **27.5%**	**IDR 1,643 B** (US$ 108 m) **23.4%**

EMPLOYEES	DISTRIBUTION CENTERS	COVERAGE	CUSTOMERS
8,000+	**158**	**38 Provinces** **99 Cities**	**56,000+** **Retail outlets**

Convenience translation from IDR based on the average IDR/USD exchange rate in 2023 of 15,225

FY 2023 financial performance highlights

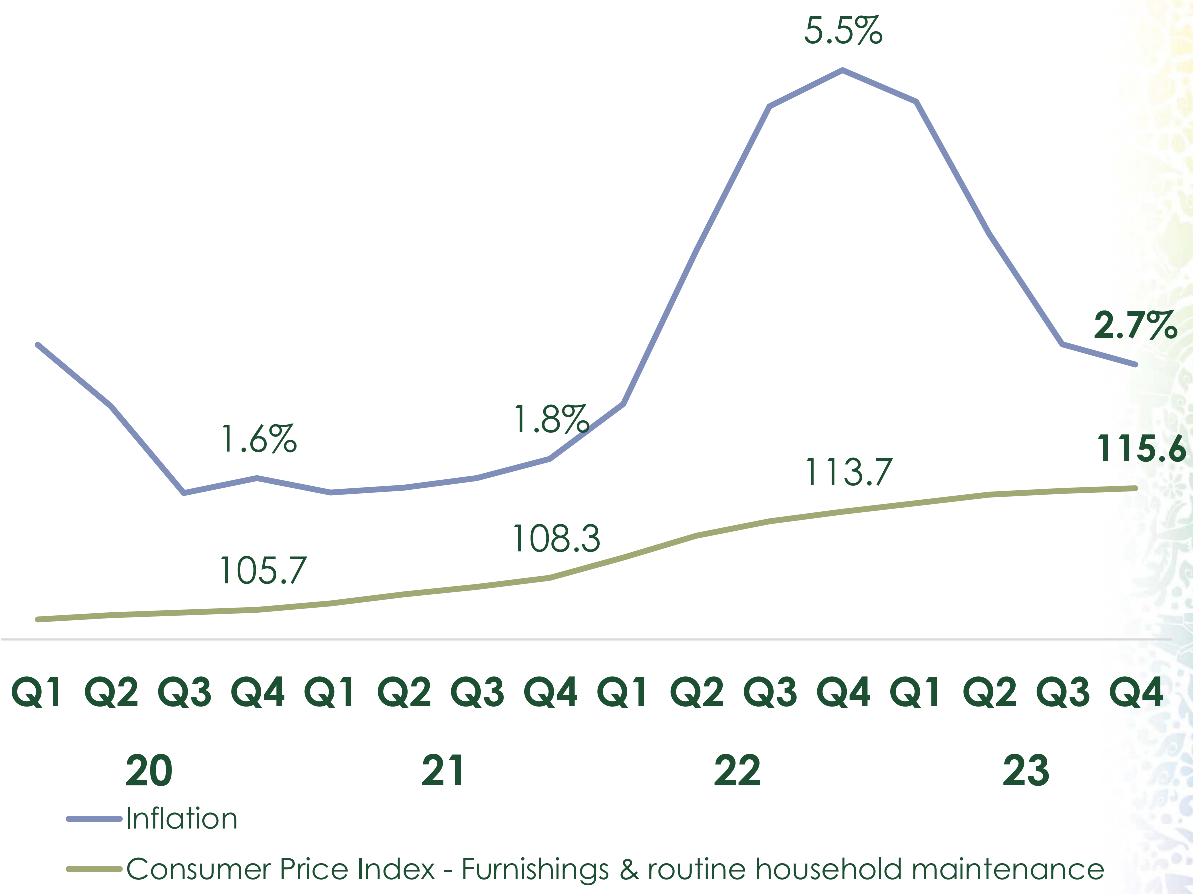
In IDR billion (except per share data)	2023	2022	Change
Consolidated sales	**7,017**	**6,694**	**4.8%**
Architectural solutions	5,618	5,384	4.3%
Trading goods	1,399	1,310	6.8%
Gross profit	**3,183**	**2,717**	**17.1%**
Architectural solutions	2,932	2,491	17.7%
Trading goods	251	227	10.8%
Gross margin	**45.4%**	**40.6%**	**4.8%**
Architectural solutions	52.2%	46.3%	5.9%
Trading goods	18.0%	17.3%	0.7%
EBITDA	**1,928**	**1,664**	**15.8%**
EBITDA margin	**27.5%**	**24.9%**	**2.6%**
Net profit	**1,643**	**1,400**	**17.3%**
Net profit margin	**23.4%**	**20.9%**	**2.5%**
EPS	**26.5**	**22.6**	**17.3%**

- Consolidated sales grew by 4.8% in 2023 compared to the previous year.
- The architectural solutions and trading goods segments have exhibited notable progress, with sales demonstrating a 4.3% and 6.8% year-on-year growth, respectively.
- In addition, both segments also delivered significant double-digit growth in gross profits, resulting in the highest consolidated gross margin in the last five years, reaching a level of 45.4%.
- EBITDA has shown a substantial improvement of 15.8% compared to last year, with a recorded margin of 27.5%.
- Moreover, the net profit has remarkably improved by 17.3%, with the margin recorded at a strong 23.4%, which is the highest level recorded in the last five years.

Business update in FY 2023

- The year 2023 has witnessed a comparatively less severe inflation rate than in 2022.
- Concerns regarding purchasing power continue to persist amidst the ongoing rise in the CPI and the potential threat posed by primary goods inflation. For instance, the average wholesale price for rice has gone up by 17.0%[2] year-on-year.
- The increase in the minimum wage over the past three years has failed to keep pace with the rising price of building materials, falling behind by around 10%.
- This trend of weakness has been observed across various industries, where multiple companies have recorded weak sales performance in 2023.
- Avian Brands has been strategically positioned to strengthen its market share by leveraging its wide range of products and vast distribution network.

Indonesia inflation rate & CPI[1]



(1) Bank Indonesia
(2) The Central Bureau of Statistics – Indonesia's average wholesale rice price

New products launched in FY 2023

Key product segments | Price range

Premium | 5 | 4 | 3 | 2 | 1 | Economic

Wall
Brilliant Exterior · Avitex Exterior · Avitex Anti Viruz · Brilliant Interior · Avitex Gold · Avitex · Avitex Wizz · Aries Gold · Aries Bling · Aries

Wood & metal
Platinum · Avian 3in1 · Avian · Avian Cling · Yoko · Avian Cling Zinc Chromate

Waterproofing
No Drop Anti Panas · No Drop Plus 3in1 · No Drop · No Drop Basic · No Drop Bitumen

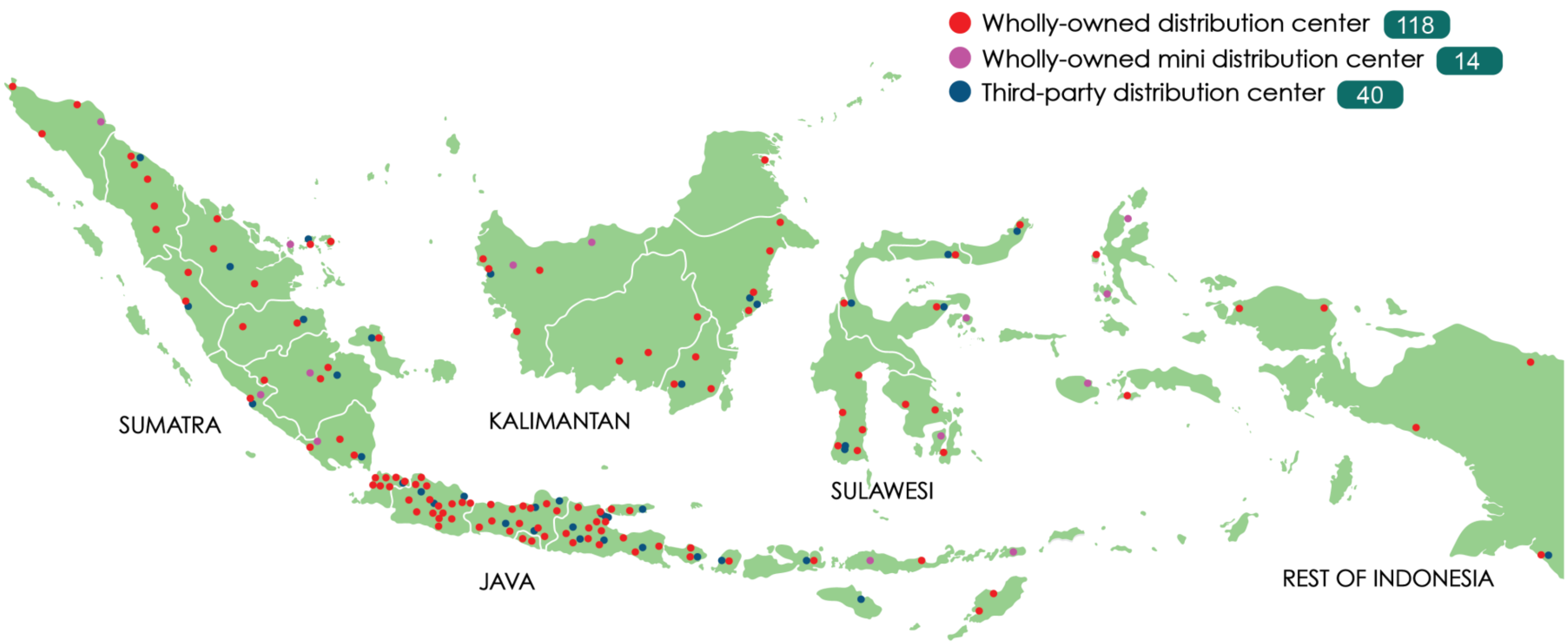
Wood care & glue
Avian Lem Epoxy · Avian Lem Epoxy Hemat · Avian Non Sag

Instant cement
GML500 · GM510 · GM270 · GM480 · GM220 · GM380

Others
Admiral Wood Filler Epoxy · No Lumut · Admiral Anti Fouling · Admiral Marine Coating · VIP Paint Remover · Admiral Thinner Serbaguna · Avia Thinner

- 14 products were launched in 2023 across various categories (as indicated in blue labels).

Distribution center expansion



Benefits from the express delivery program:

- Provide unmatched service quality to customers.
- Help retail outlets boost profitability and lower their working capital.
- Incentivize retail outlets to offer more variants of our products.

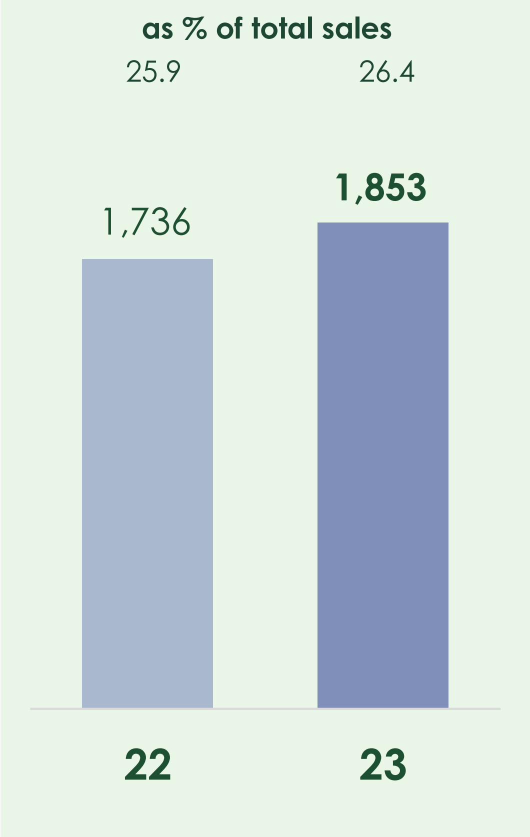
Wholly-owned DC logistics & delivery fleet

- In 2023, we opened 9 wholly-owned DCs, 10 wholly-owned mini DCs, and 3 third-party DCs.
- We own and operate 587 delivery trucks and 43 three-wheeler motorcycles (express delivery), allowing us to make ~10,000 daily deliveries.
- 94%[1] 1-day and 33%[2] express delivery service fulfilment.

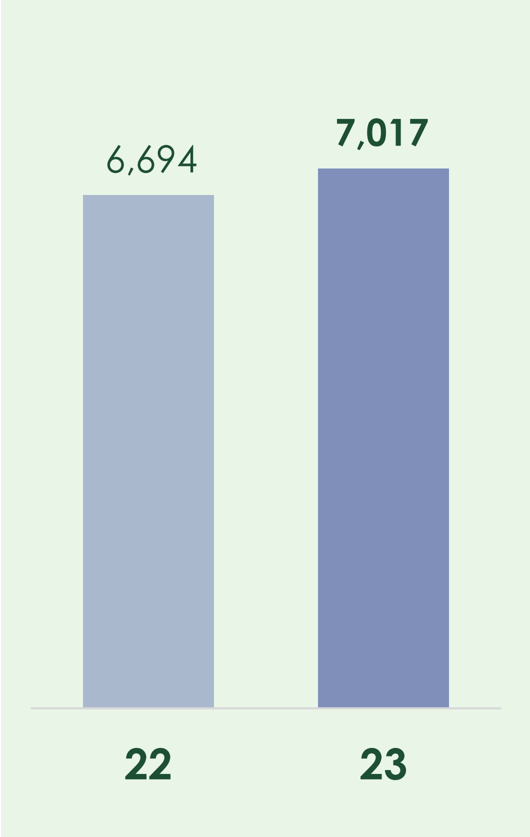
(1) For retail outlets located within a 50 km radius of a wholly-owned DC
(2) For retail outlets located within a 40 km radius of a wholly-owned DC

Consolidated business – sales & customers

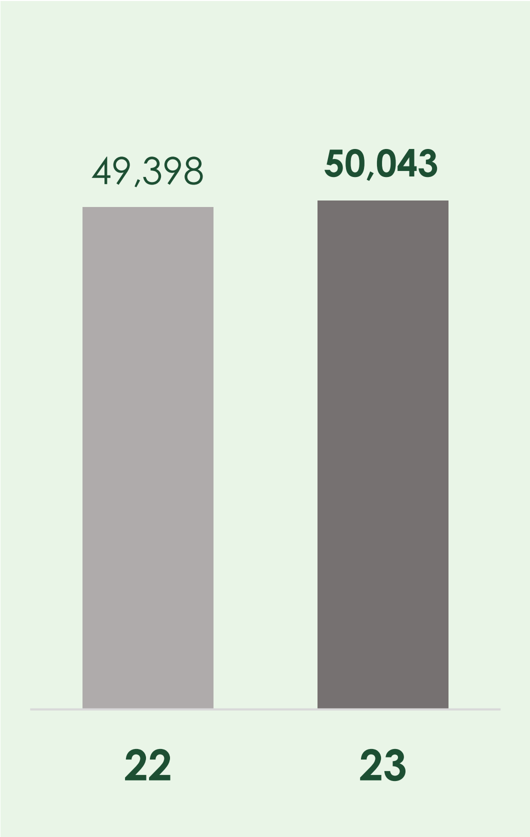
Q4 sales by value
(IDR billion)



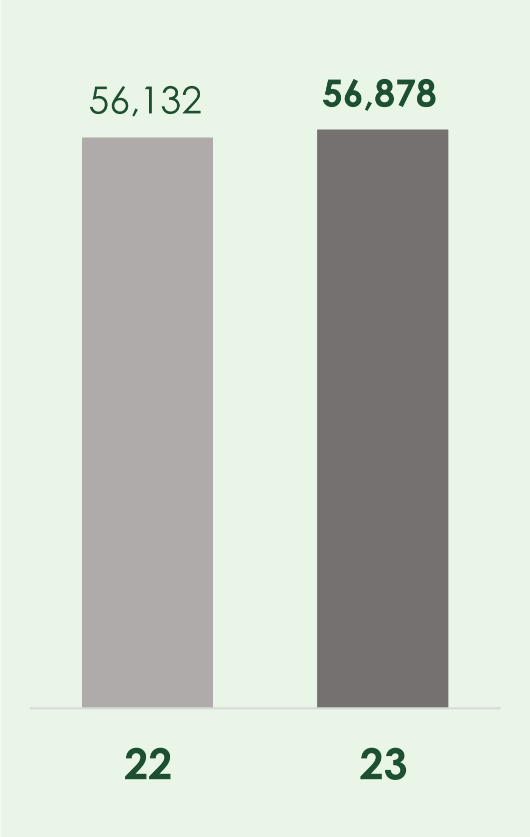
FY sales by value
(IDR billion)



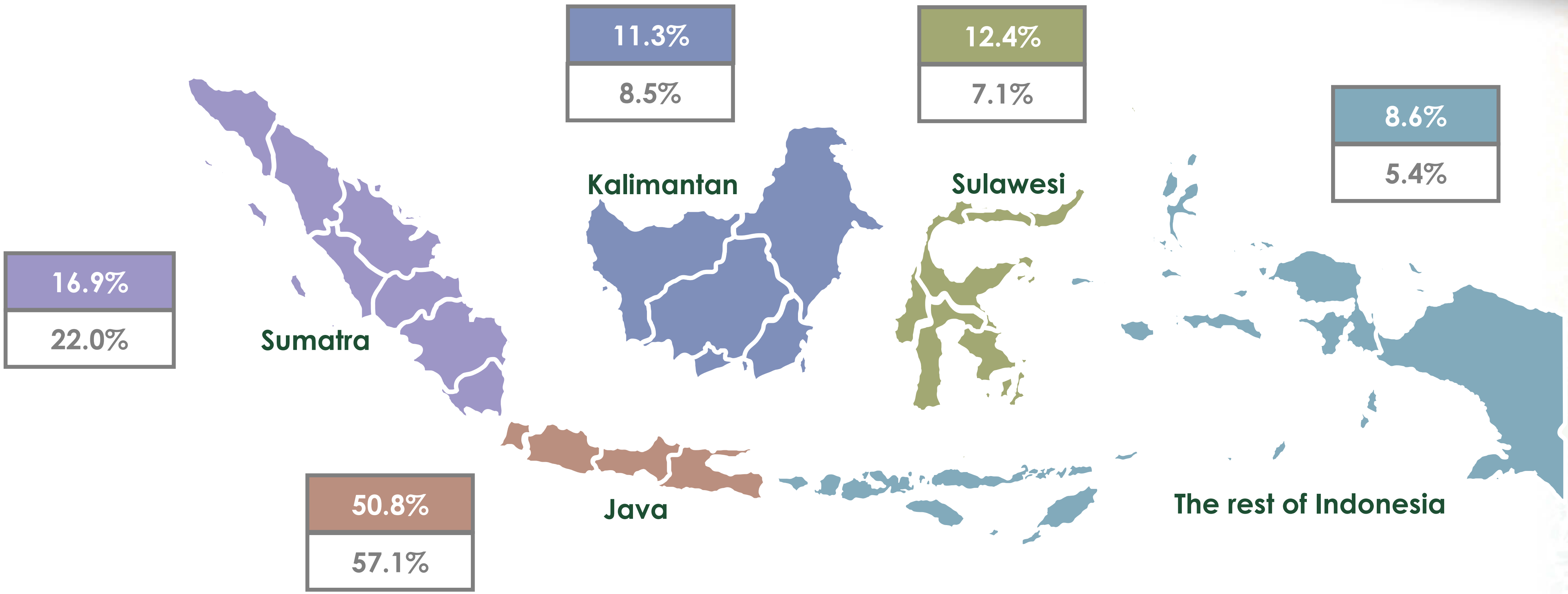
Q4 number of customers



FY number of customers



FY 2023 sales split by regions



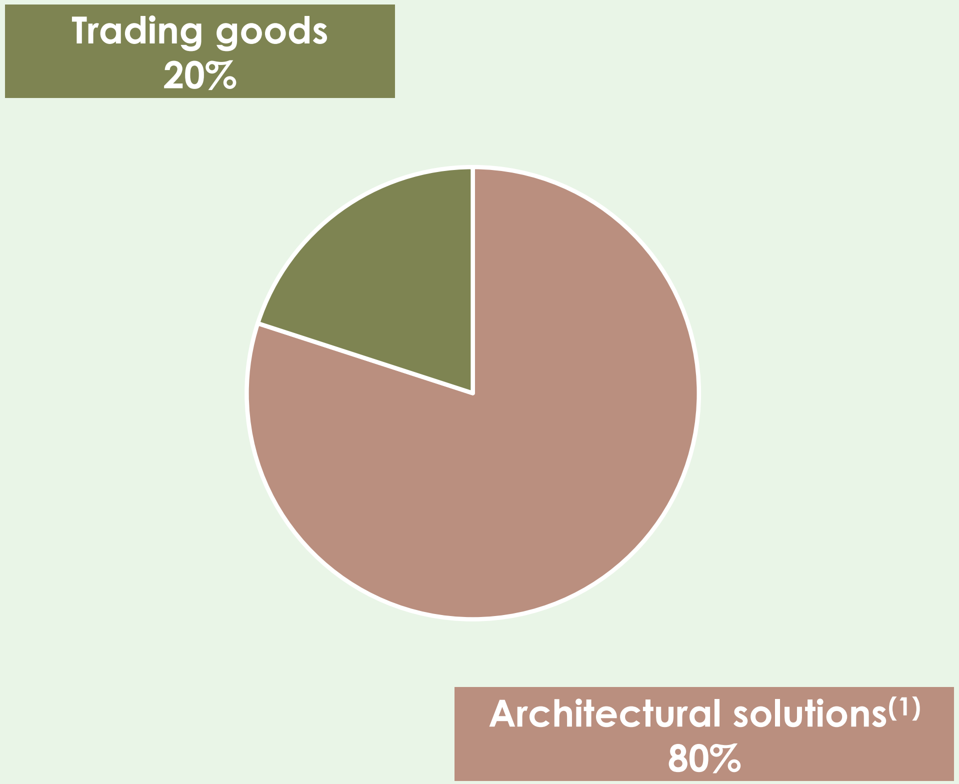
AVIA
GDP(1)

- We focus our attention on areas where our sales contribution still lags behind the Indonesian GDP, namely Jakarta and the northern Sumatra region.
- In Kalimantan, Sulawesi, and the rest of Indonesia, our sales have surpassed GDP contribution.

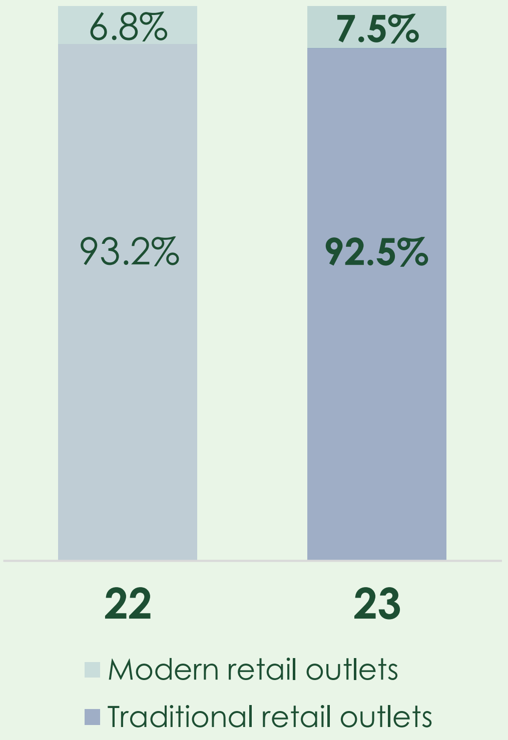
(1) Indonesia's GDP split by region (The Central Bureau of Statistics – Indonesia's economic growth)

Consolidated business - sales

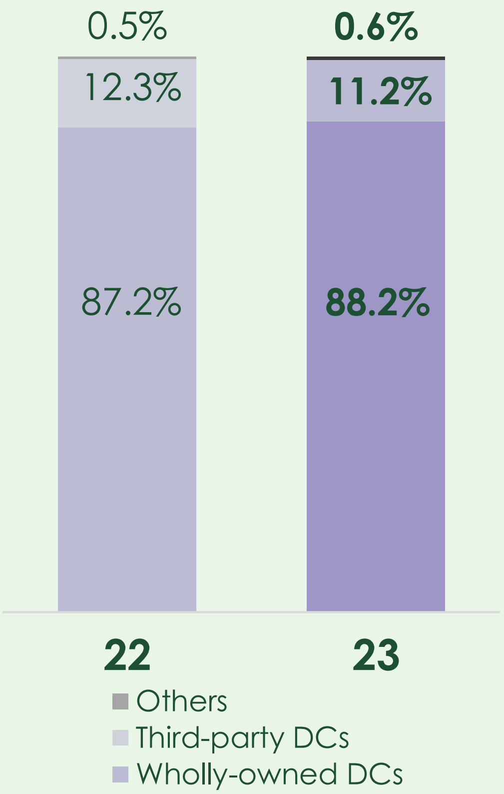
FY 2023 sales by segments



FY sales by customers



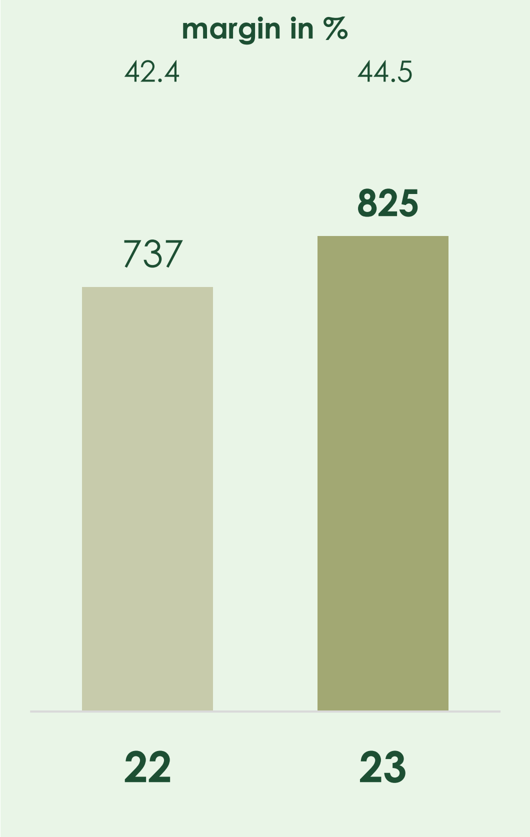
FY sales by distribution networks



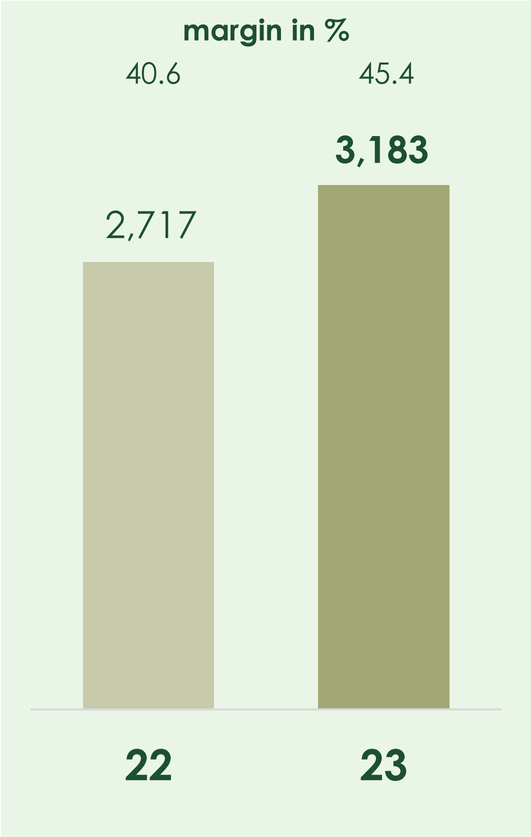
(1) For investors who require details on the sales breakdown by segments, please contact our Head of Investor Relations

Consolidated business – gross profit

Q4 gross profit
(IDR billion)



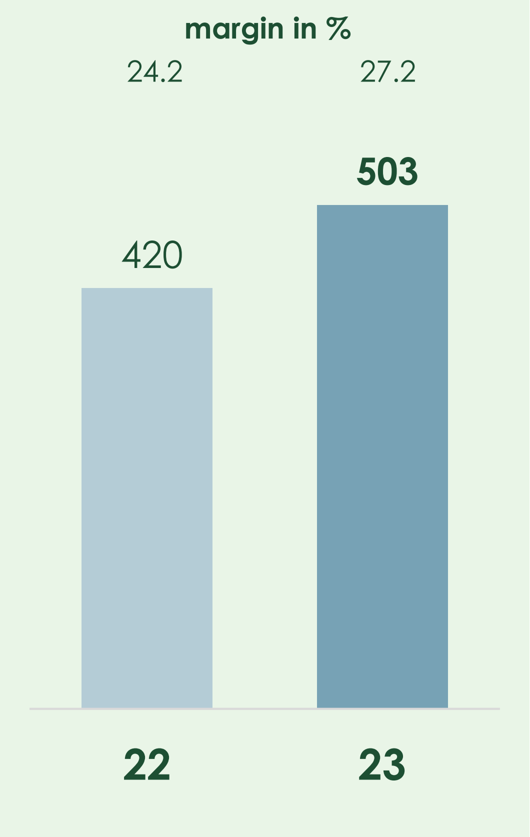
FY gross profit
(IDR billion)



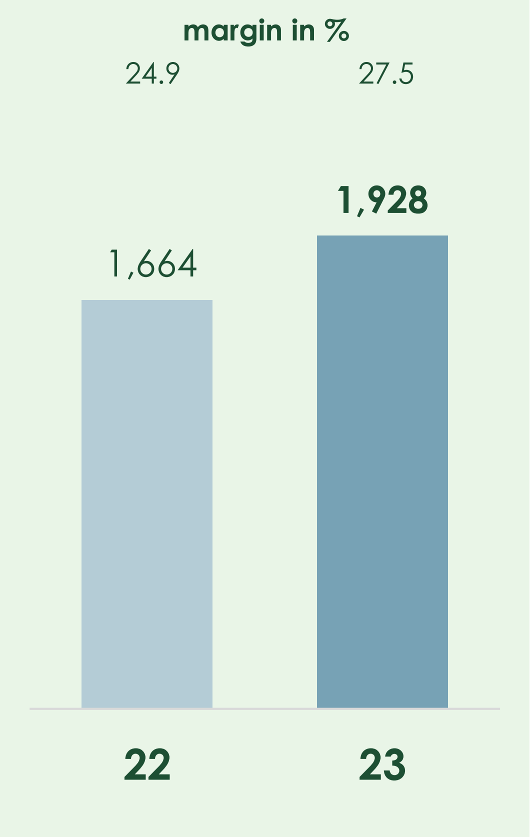
- In Q4 2023, the consolidated gross profit experienced a notable growth of 12.0% compared to the corresponding quarter of last year. Similarly, the consolidated gross margin for the period was recorded at 44.5%, indicating a 2.1% increase compared to the previous year.
- For the full year 2023, gross profit demonstrated a remarkable improvement, with a year-on-year growth of 17.1%. Additionally, the consolidated gross margin for the year reached 45.4%, marking a significant improvement of 4.8% over the same period last year.
- Please note that in 2023, there was an accounting reclassification of below-the-line expenses which contributed to the increase in gross margin by 1.4%.
- The improvement in gross profit was primarily supported by the decline in raw material prices.

Consolidated business – EBITDA & net profit

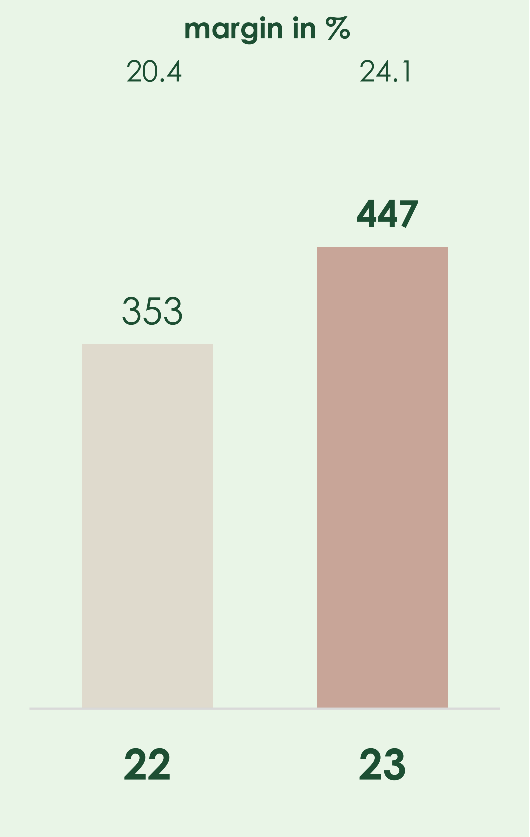
Q4 EBITDA
(IDR billion)



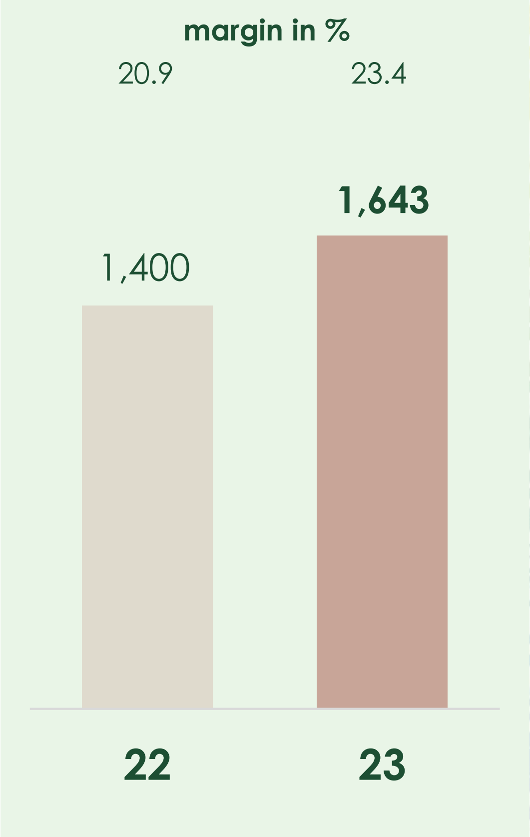
FY EBITDA
(IDR billion)



Q4 net profit
(IDR billion)

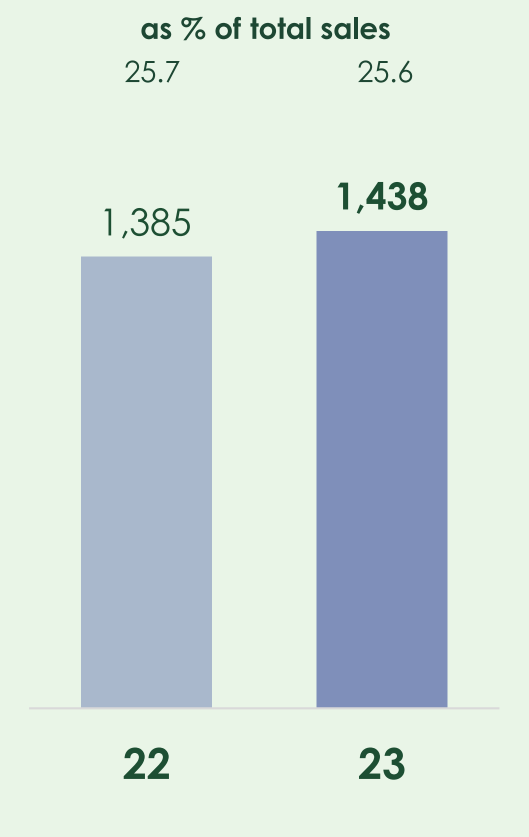


FY net profit
(IDR billion)

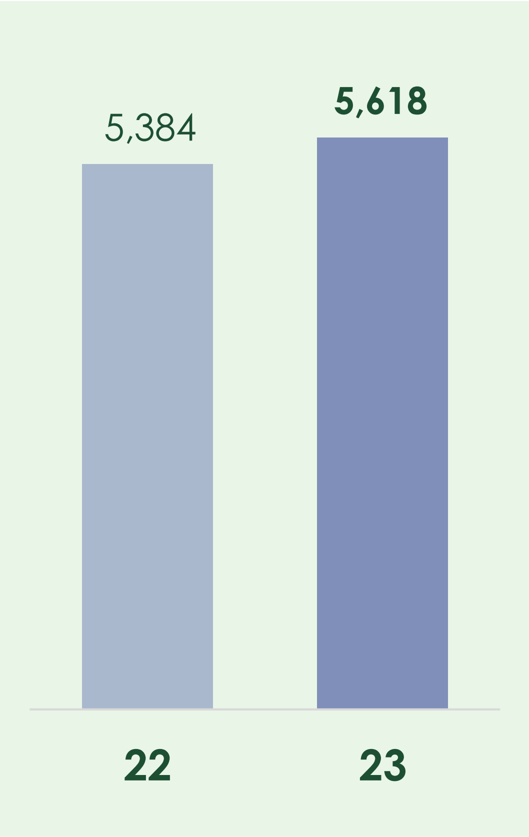


Architectural solutions - sales

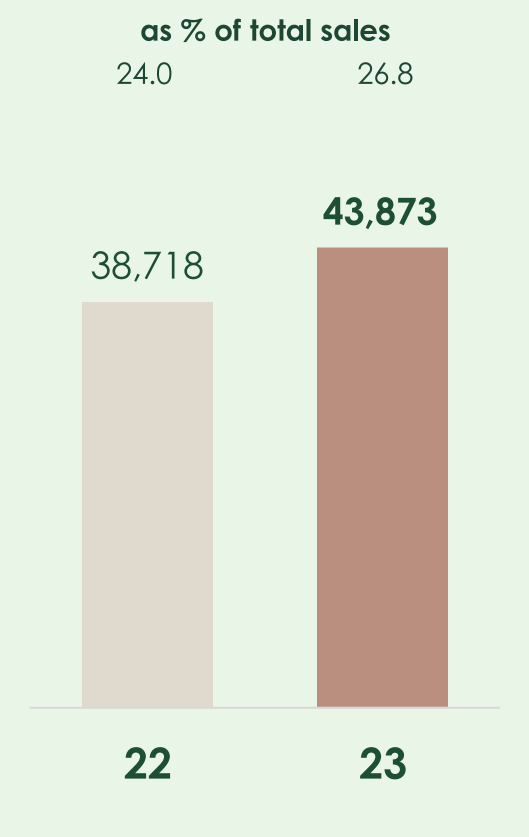
Q4 sales by value
(IDR billion)



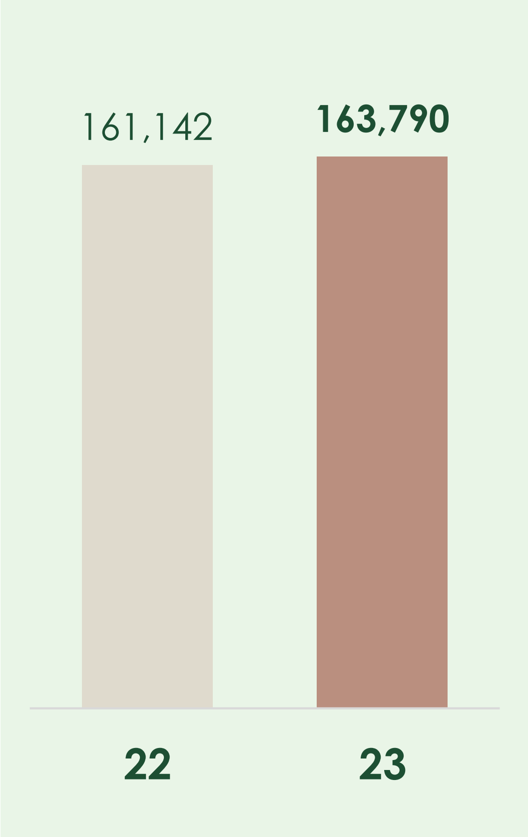
FY sales by value
(IDR billion)



Q4 sales by volume[1]
(metric ton)



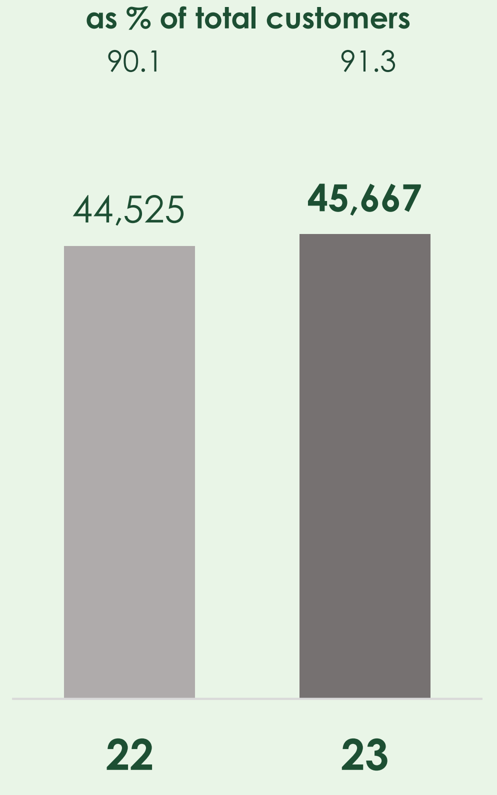
FY sales by volume[1]
(metric ton)



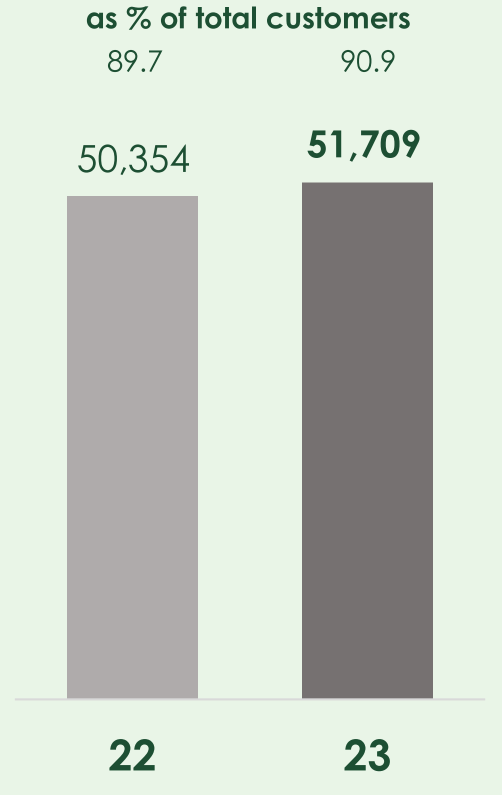
(1) Excluding instant cement

Architectural solutions - customers

Q4 number of customers



FY number of customers

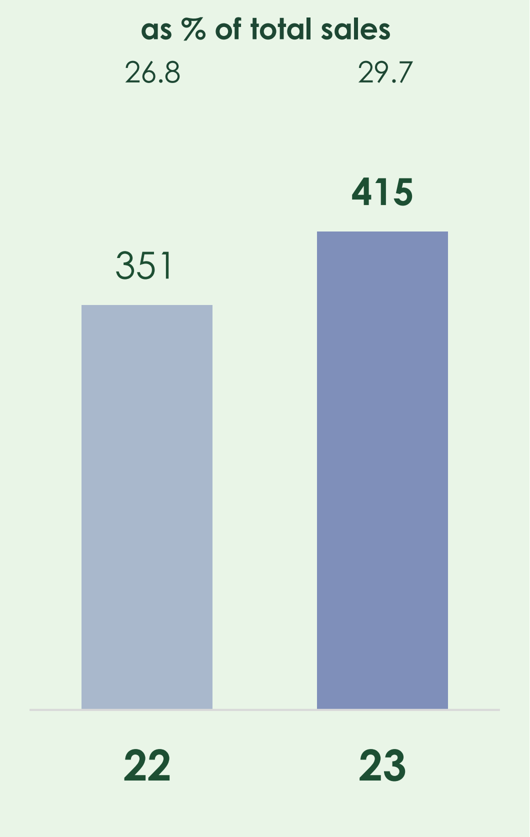


- Avian Brands is highly committed to building and maintaining strong, long-lasting customer relationships.
- We have developed the Avian Brands Priority Customers (ABPC) program, which is designed to foster trust and loyalty among our major retail partners.
- This program has proven to be highly effective in driving sales and improving overall customer satisfaction.

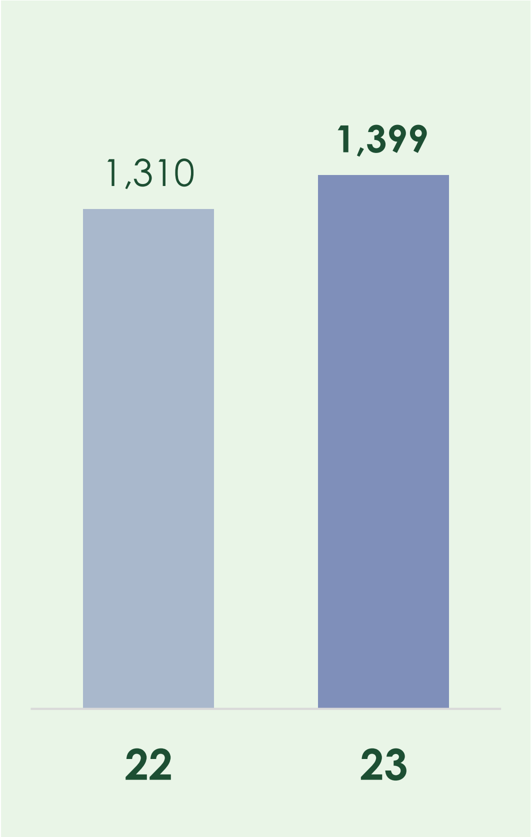
Avian Brands' priority customer plaques

Trading goods – sales & customers

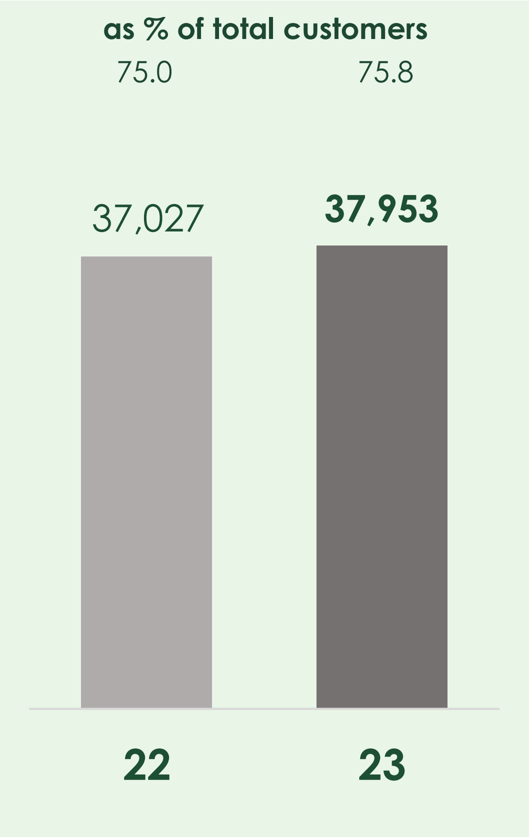
Q4 sales by value
(IDR billion)



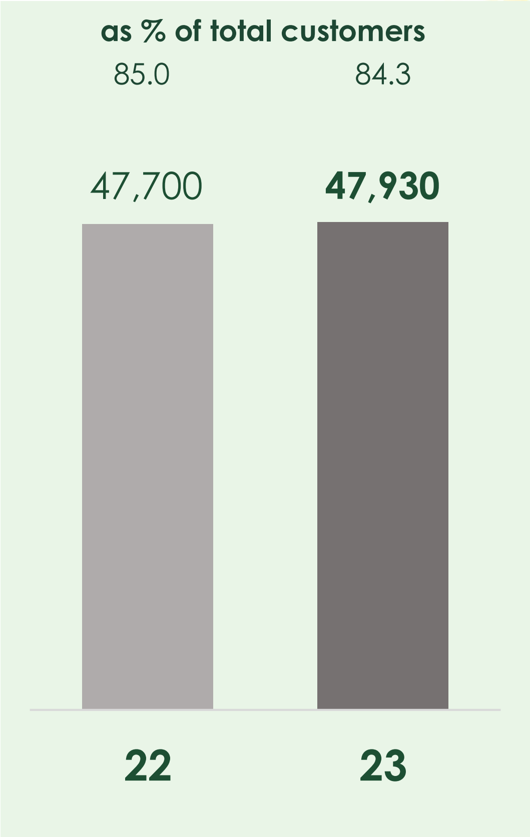
FY sales by value
(IDR billion)



Q4 number of customers



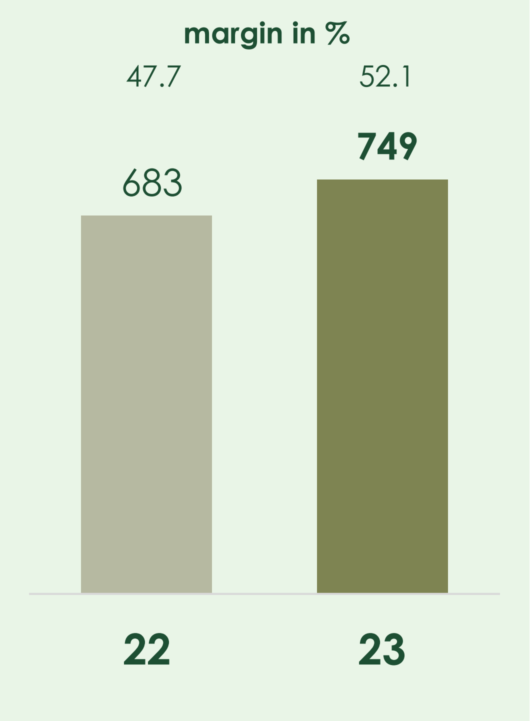
FY number of customers



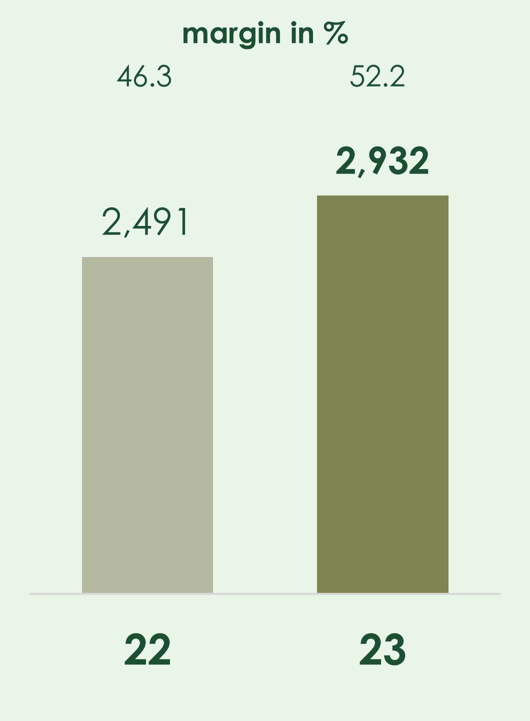
Gross profit by segment

Architectural Solutions

Q4 gross profit
(IDR billion)

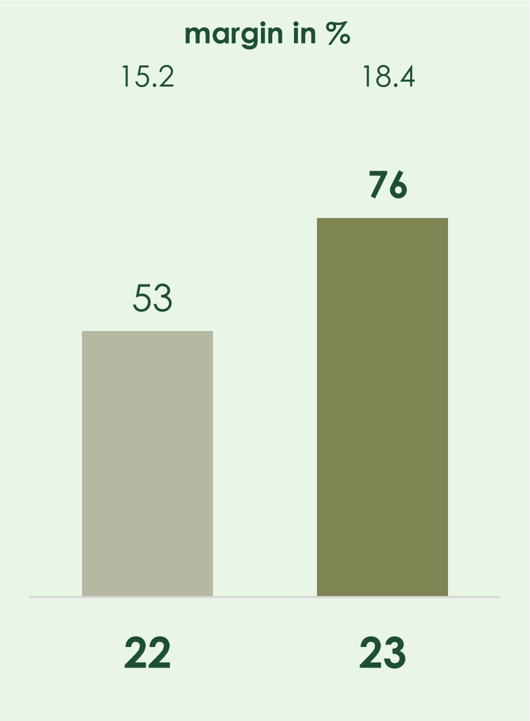


FY gross profit
(IDR billion)

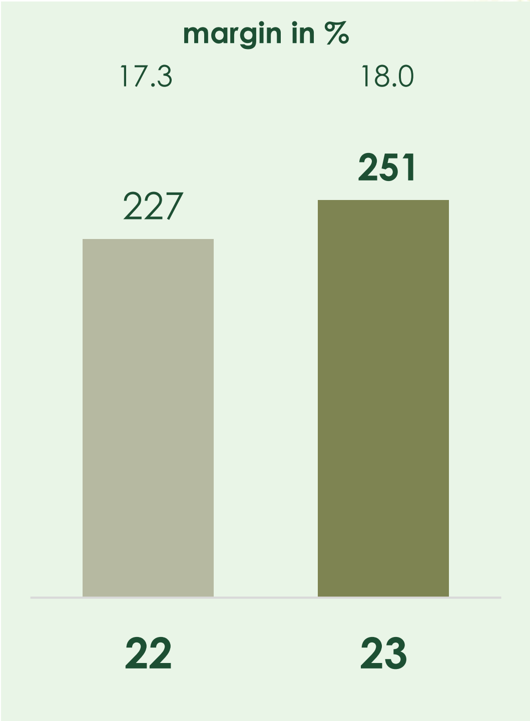


Trading Goods

Q4 gross profit
(IDR billion)



FY gross profit
(IDR billion)



Well-managed cost structure

Cost Breakdown (as % of sales)

	2022	2023
G & A[(1)]	3.2%	3.2%
Sales and marketing[(1)]	15.3%	17.7%[(2)]
COGS[(1)]	59.4%	54.6%
Total	**77.9%**	**75.5%**

- The increase in sales and marketing expenses represents the company's more aggressive marketing strategies as we continue to bolster our brand's perception on a nationwide level.

COGS Breakdown (as % of sales)

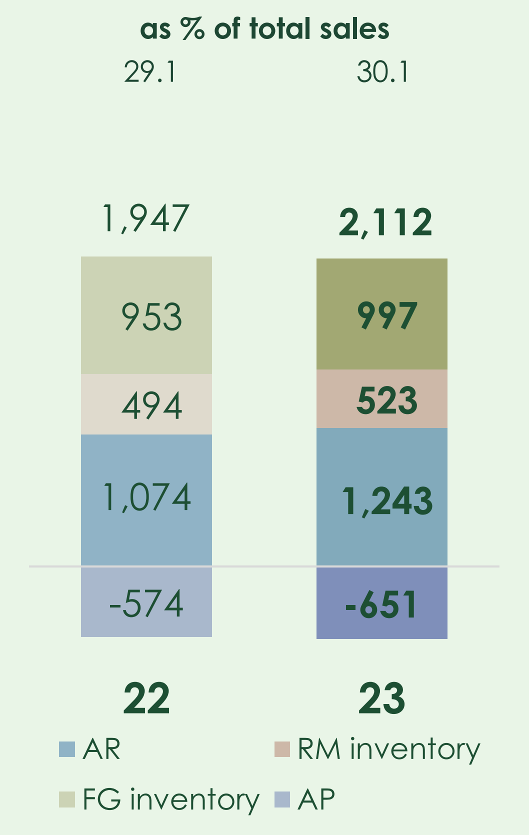
	2022	2023
Raw material	32.0%	27.8%
Direct labour	1.1%	1.1%
Factory overhead	2.5%	2.4%
WIP and FG	15.7%	15.8%
Below-the-line (BTL) expenses	8.1%	7.6%[(2)(3)]
Total	**59.4%**	**54.6%**

- The decline in raw material as % of sales is attributable to the decrease in raw material prices, which has positively impacted the company's profitability.
- The company has continued to prioritize its promotional activities, especially to support the successful introduction of new product innovations.

(1) Includes depreciation and amortization
(2) The accounting reclassification led to a reduction of 1.4% in BTL expenses while adding to the sales and marketing expenses
(3) The BTL expenses for new products increased to ~1%

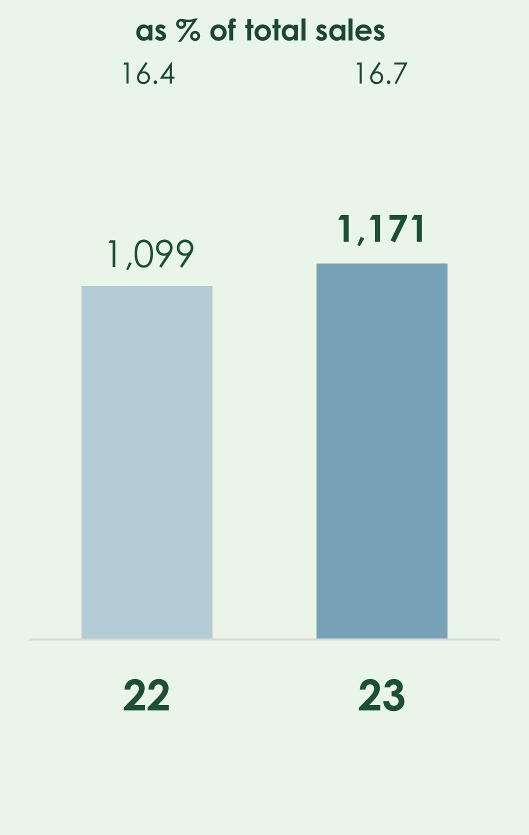
Robust cash-flow generation & AR management

Trade working capital
(IDR billion)

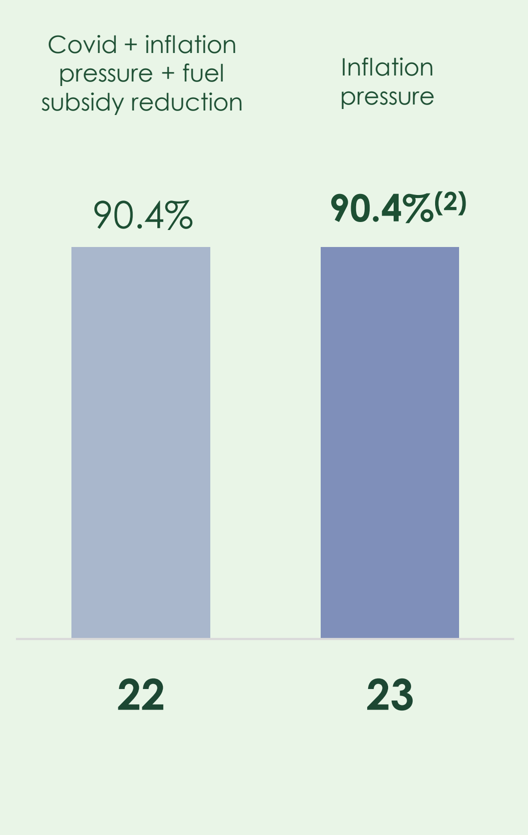


Capital expenditure
(IDR billion)

Free cash flow
(IDR billion)



On-time collection



(1) The routine capex consists of upgrades to the manufacturing facilities and infrastructure for IT, trucks and vehicles in the distribution centers, and tinting machines for retail outlets
(2) Represents YTD Q3 data

Avian Brands' commitment to ESG

E
S
G

Product stewardship

- 81.5% of the product portfolio are water-based.
- 29 products have obtained Green Label Singapore certification.
- 50.7% of raw materials used in production are renewable-based materials.

Environmental

- 1,815 GJ of total renewable energy from 1,228 unit solar panels.
- 10.2% reduction of energy intensity from 2022 to 2023.
- 11.5% reduction in hazardous waste disposal from 2022 to 2023.
- 15.5% reduction of greenhouse gas (GHG) emission scope 1 & 2 from 2021 to 2023.

Social

- Received Zero Accident Award.
- Corporate social responsibility (CSR) investment through our three main pillars, including education, environment, and disaster management action.
- Social, labor, and human rights policies.
- 128,278 total hours of employee training.

Governance

- Good corporate governance (GCG) policy.
- Effective actions on the whistleblowing system.
- Signatory of the 2023 Anti-Corruption Call-to-Action.
- 20% women at the Board of Directors level.

Guidance for 2024

FY 2024 sales guidance:

- Value growth 6 - 10%
- Volume growth 4 - 8%

Planned actions in 2024:

- Launch new products in various segments to expand the consumer base, thereby creating significant growth opportunities.
- Accelerate the deployment of tinting machines at retail outlets to support the product innovation strategy.
- Expand the distribution centres to strengthen product penetration and market presence.
- Continue to roll out express delivery (~2 hours) to provide unmatched service quality for customers.
- Numerous Internal process and ESG (environmental, social, and governance) improvements.