

PT Avia Avian Tbk

2021 Investor Presentation

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Various statements contained in this presentation, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include projections and estimates concerning the timing and success of strategies, plans or intentions. We have based these forward-looking statements on our current expectations and assumptions about future events. These assumptions include, among others, our projections and expectations regarding: market trends litigation, our ability to create an opportunity with attractive current yields and upside. While we consider these expectations and assumptions to be somewhat reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control and could cause actual results to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Investors should not place undue reliance on these forward-looking statements. We undertake no obligation to update any forward-looking statements to conform to actual results or changes in our expectations, unless required by applicable law.

Avian Brands presentation team



Ruslan Tanoko
*Vice President
Director*

ruslan.tanoko
@avianbrands.com



Robert Tanoko
*Operations &
Development
Director*

robert.tanoko
@avianbrands.com



Kurnia Hadi
Finance Director

kurnia.hadi
@avianbrands.com

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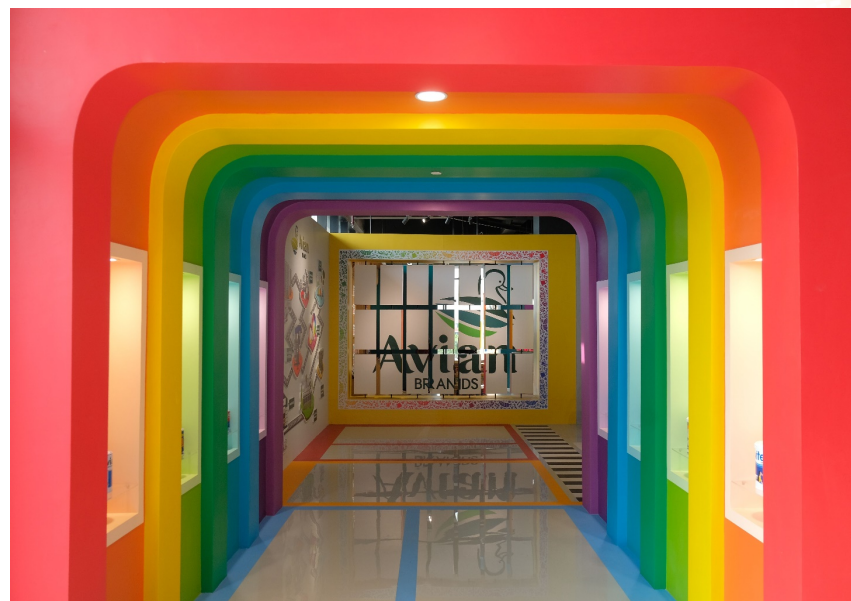
Business overview

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Financial performance

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Strategy and future outlook



Avian World



Company Overview

Avian Brands FY 21 snapshot

SALES

IDR 6.78 T
(US\$ 473 m)

GROSS PROFIT

IDR 2.83 T
(US\$ 197 m)
41.7%

EBITDA

IDR 1.99 T
(US\$ 139 m)
29.3%

NET PROFIT

IDR 1.43 T
(US\$ 100 m)
21.2%

FOUNDED

1978

EMPLOYEES

7,700+

COVERAGE

34 Provinces
98 Cities

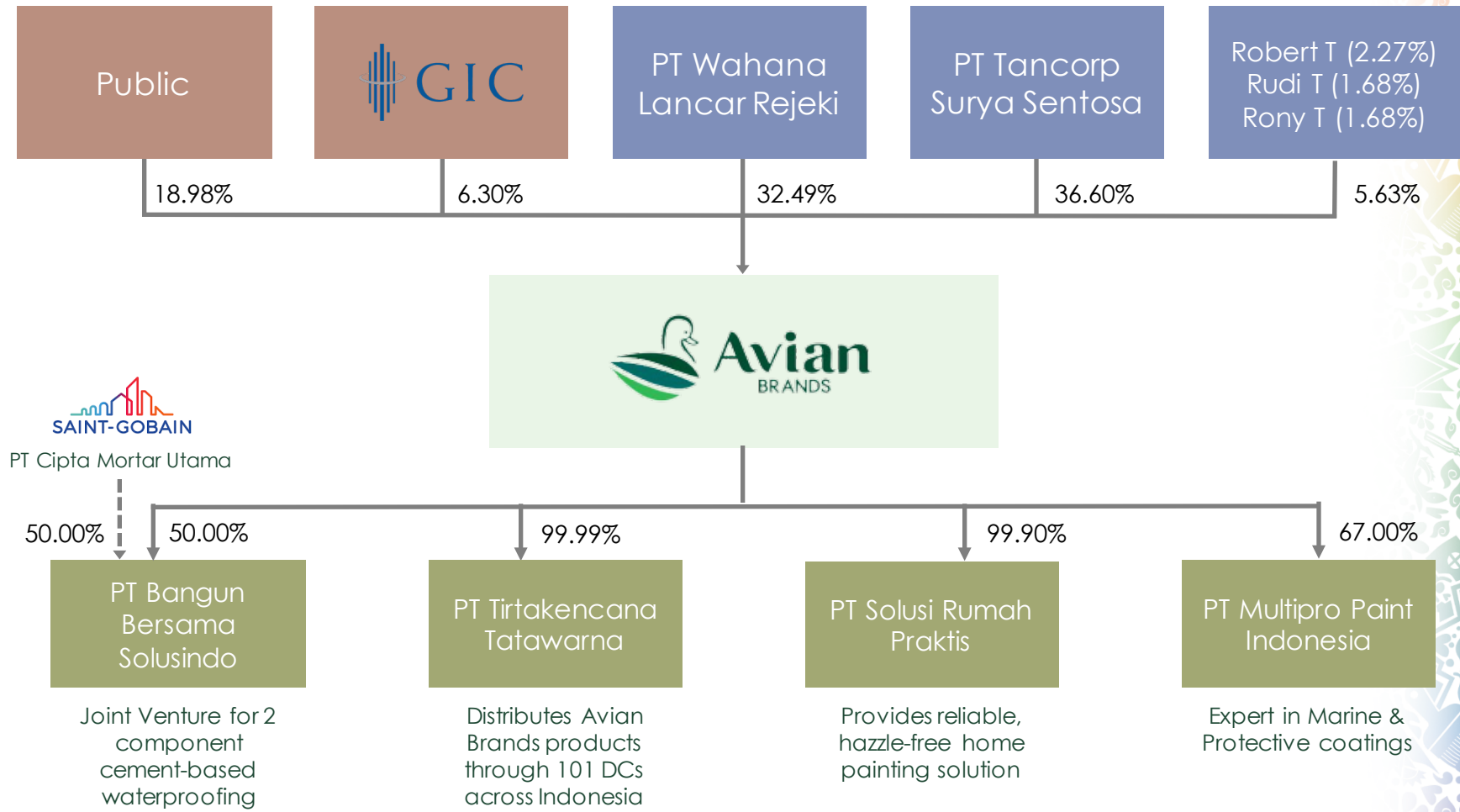
CUSTOMERS

54,500+
Retail shops

Note(s):

1. Convenience translation from IDR based on average IDR/USD exchange rate of 14,350 in January, 2022.

Avian Brands shareholders' structure (as of 31 Dec 2021)



Milestone

1978

- Established in Sidoarjo, East Java, Indonesia as a producer of wood and metal paint products.

1981

- Expanded into wall paint category via "Avitex" brand

1985

- Expanded paint product range to automotive refinish paints such as top coats, primers and spray paints

1986

- Commenced in-house manufacturing of resin as a raw material with purchase of 3 reactors

1992

- Invested in a metal can factory located at the Sidoarjo manufacturing facility, in order to overcome shortages of metal cans from suppliers

1996

- Established 2nd manufacturing facility in Serang (West Java, Indonesia) to strengthen product penetration and distribution capabilities into West Indonesia

2000

- Established PT Tirtakencana Tatawama as a distribution company focused on setting up distribution centers across Indonesia

2005

- Expanded into waterproofing paint via "No Drop" brand
- Expanded distribution footprint to 20 distribution centers across Indonesia.

2006

- Awarded ISO 9001:2000 (Quality management systems)

2009

- Awarded OHSAS 18001 (Occupational health and safety management systems)
- Expanded to 48 distribution centers across Indonesia

2010

- Introduced point-of-sale tinting model to provide more color options to customers
- Upgraded ISO 9001 to comply with 2008 ISO standards (Quality management systems)

2012

- Awarded ISO 14001 (Environmental management system) to improve environmental performance and waste reduction
- Expanded to 55 distribution centers across Indonesia

2014

- Increased production capacity for wall paint and waterproofing paint by 80,000 metric tons

2018

- Expanded to 78 distribution centers across Indonesia
- Moved into newly constructed twenty-story headquarters in Surabaya

2019

- Developed and launched Avitex One Coat paint
- Awarded 1st patent for Avitex one-coat technology which requires only one coat of paint instead of the usual two coats
- Expanded to 90 distribution centers across Indonesia
- Entered into license agreement with PT. Walt Disney Indonesia for use of certain Disney logos, characters and trademarks for wall paint products

2020

- Established the 5,000 sqm Avian Innovation Center dedicated to research, development and innovation
- Updated OHSAS 18001 to ISO 45001:2018 (Occupational health and safety management system standard)
- Expanded to 95 distribution centers across Indonesia

2021

- IPO and listed on IDX
- Established a JV with PT Cipta Mortar Utama, a wholly owned subsidiary of the Saint-Gobain Group to enter two-component cementitious waterproofing market
- Purchased 67% stakes in PT Multipro Paint Indonesia for Marine & Protective Coating business
- Expanded to 101 distribution centers across Indonesia

Highly committed and visionary management team

Management team has extensive experiences in paint & coating industry with over 38 years proven track records driving Avian's growth

Board of Commissioners



Hermanto Tanoko

President Commissioner

- Joined the Company in 1983
- Master of Management from IBMT School of Management, Indonesia



M. Noor Rachman Soejoeti

Independent Commissioner

- Joined the Company in 2021
- Holds Bachelor's Degree from Gajah Mada University, Indonesia and Masters Degree from Colorado State University, USA
- Current commissioner at PT Bursa Efek Indonesia

Board of Directors



Wijono Tanoko

President Director

- Joined the Company in 1983



Ruslan Tanoko

Vice President Director

- Joined the Company in 2000
- Holds Masters of Chemical Engineering from Cornell University, USA and Bachelor of Chemistry and Chemical Engineering from University of Southern California, USA



Robert Tanoko

Operations & Development Director

- Joined the Company in 2009
- Holds Bachelor of Commerce in Information Technology from Curtin University, Australia



Kurnia Hadi

Finance Director

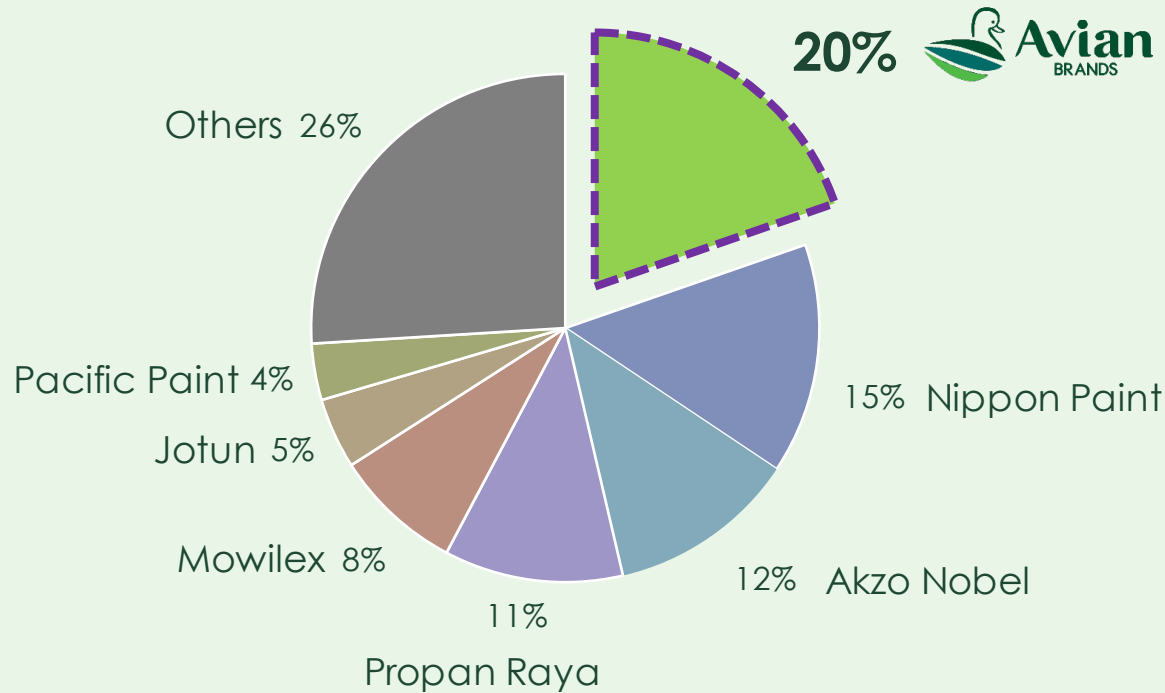
- Joined the Company in 2006
- Holds Bachelor of Accounting from Airlangga University, Indonesia

Business Overview



Avian Brands is the leader in Indonesia's paints and coatings market

Market share of decorative paints and coatings in Indonesia, 2020, % by value⁽¹⁾

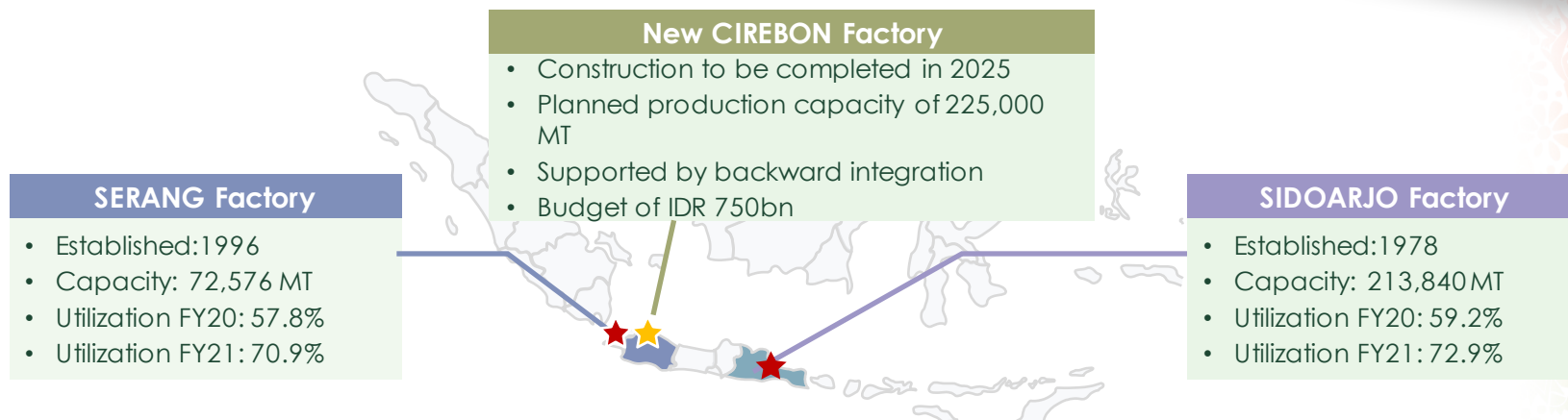


Avian Brands is **leading the decorative paints** and coatings market by having 5% more market share than its closest competitor. It has plenty opportunities to further consolidate the Indonesia segmented market.

Note(s):

1. Based on Frost & Sullivan industry report, by value, 2020, excluding unorganized market share (18% of total market share)

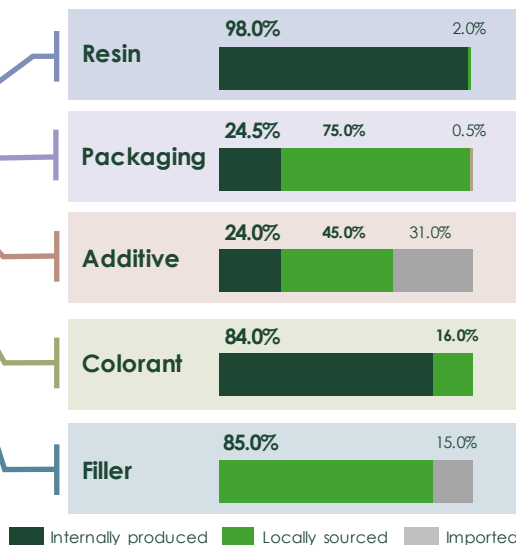
Production excellence underpinned by our vertically integrated manufacturing capabilities



Backward Raw Materials Production Capabilities

COGS Breakdown FY 21

Items	%
Raw Material	58%
Resin	22%
Packaging	14%
Pigments	7%
Additives	5%
Solvents	5%
Colorant	3%
Filler	2%
WIP & Finished Goods	25%
BTL Advertising	11%
Factory Overhead	3%
Direct Labour	2%
Total	100%



Internally produced Locally sourced Imported



ISO Certification



ISO 9001
Quality



ISO 14001
Environment



ISO 45001
Health & Safety

Supported by leading R&D facilities

Avian Innovation Center is One of the Largest Paint R&D Facilities in Indonesia



Key Highlights of Avian Innovation Center

- Strategically located near key production facility
- **11 Laboratories** equipped with state of the art technologies
- Supported by more than **>65 R&D Chemists**
- Backed by **Laboratories Information Management System ("LIMS")** digitally recording all chemists daily activities which is integrated to company's information system



Key Areas of Focus for Innovation

- Innovate market leading products
- Continuous Cost optimization
- Searching for alternatives for raw material
- Simplify production processes to increase efficiency
- Solve and mitigate unforeseen issues in production process

Strong track record of delivering innovative and differentiated products

Our Goal: Continuously Anticipating and Catering for Emerging Consumer Needs and Preferences with Innovative and **Market-ready** Solutions

Notable New Products Launched in Recent Years

2019



Sunguard All-in-One



Supersilk Anti Noda



No Odor Medicare



Home Deco Metallic



Lenkote Wall Sealer



Avitex Dapur dan Kamar Mandi



Jasmine



Aries Gold Wall Putty



No Drop Plaston



Giant Mortar L500 Bonding Adhesive



Giant Mortar 420 Perakat Keramik

2020



Everglo Kids Care



Avitex 4Kids



Home Deco Magnetic



Home Deco Glitz



Avian Cat Paving



Avitex Biocidal Wash

2021



Suzuka 4:1 PU Clearcoat



Suzuka 2:1 PU Clearcoat



Home Deco Glow in the Dark

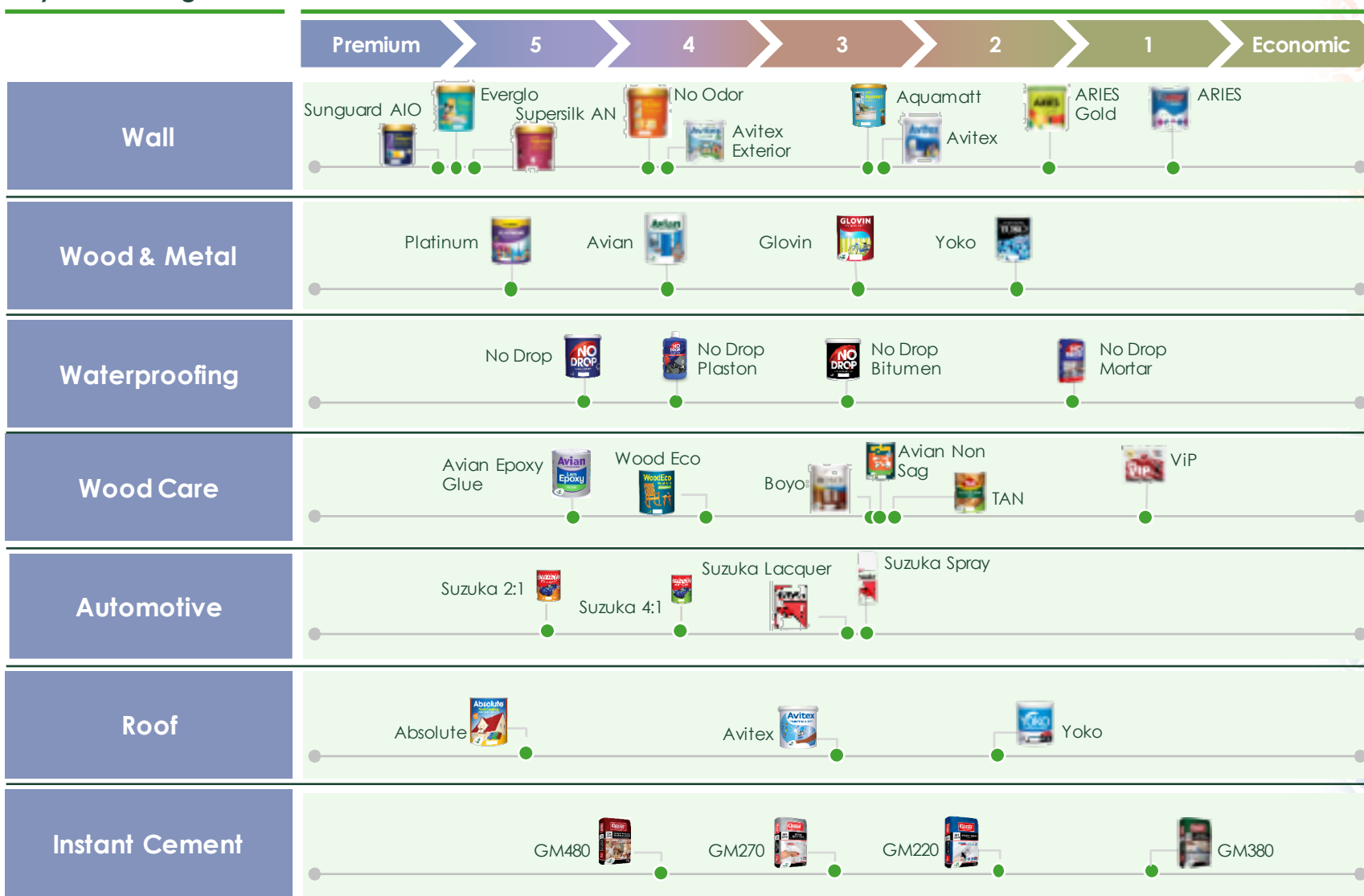


No Drop Mortar Anti Bocor

Architectural solutions product range

Key Product Segments

Price Range



Extensive distribution coverage across Indonesia



3,500+
Sales force⁽¹⁾



750+
Delivery
trucks



290,000+
Sqm of
warehouse



54,500+
Retail shops



5,500+
Tinting
machine

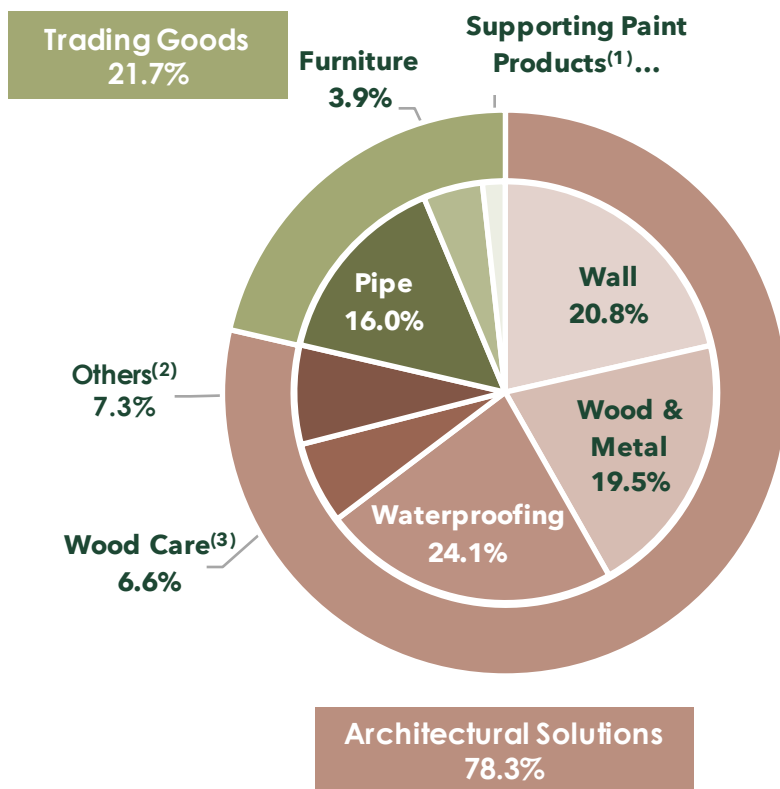
Note(s):

1. includes sales people, supervisors, and product consultants

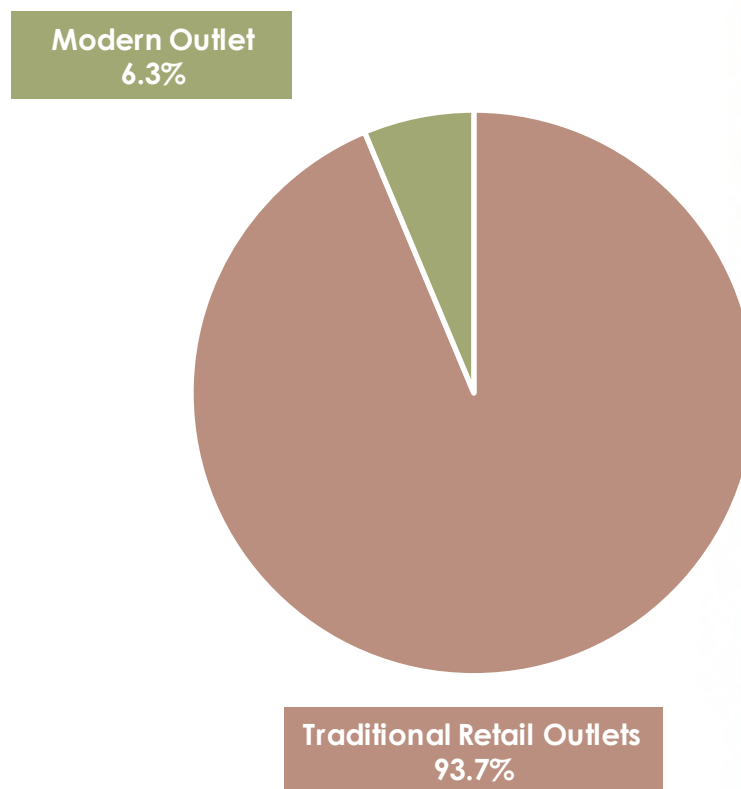
Business segment

Architectural Solutions Represents Our Core Paint Business with Trading Goods Operating as a Synergistic Add-on

Sales by Segment FY 21



Sales by Customer FY 21



Notes:

- 1 Supporting Paint Products includes paint-rollers, paint brushes, seal tape and sand paper
- 2 Others segment includes Roof Paint, Instant Cement, Automotive and Other
- 3 Wood Care segment includes Wood Care and Glue

Commitment in ESG – Product stewardship



PRODUCT STEWARDSHIP

- Progressively converting to products that are more eco-friendly

75% of product portfolio are water based⁽¹⁾

43% of raw materials used in production are renewable-based material

- The company continues to build up more products in compliance with Singapore Green Labelling Scheme (SGLS) which endorses products that have less undesirable effects on the environment.



16 products have obtained Certification

- Avian Brands has implemented Globally Harmonized System of classification and labelling of chemicals in all products to provide standardized approach to hazard classification, labels and safety sign to employees and consumers.
- Avian Brands is the first paint company to qualify for Indonesian National Standard (SNI) Certification. Currently, we have 10 products which are registered under SNI 3564:2014.
- We continue to find ways to improve our production processes which bring down energy consumption. For example, we successfully reduce production process cycle time by 20% in resin manufacture. In addition, in the colorant production process, installation of horizontal mills allow for faster and more efficient process time which lead to 75% less energy consumption.
- We managed to reduce plastic packaging weight by 6.7% (for gallon container) and 4.0% (for pail container). The overall reduction in plastic consumption up to FY 21 is 90.9 ton.

Note(s):

- Based on contribution to Architectural Solutions by volume for FY 21 (excluding instant cement)

Commitment in ESG - Environment

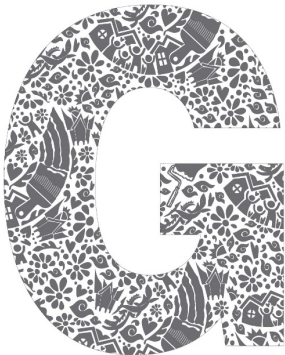


ENVIRONMENT

- Obtained ISO 14001 for Environmental Management System (since 2012)
- Successfully received Blue Proper Certificates 7 times in annual program for Pollution Control, Evaluation and Rating assessment by Ministry of Environmental and Forestry of the Republic of Indonesia
- 650 million litres of water replenished in FY 21
- Installation of solar panels at both factories lead to 187,475 kWh of electricity generated from renewable sources in FY 21. Estimated annual saving in 2021 of 175,102 kg CO₂, carbon sequestered from 2,248 trees and 90,456 kWh green energy
- 1.18% reduction in energy usage in manufacturing process in FY 21 (52.64 kWh/ton) compared to FY 20 (53.27 kWh/ton)
- Instalment of 2 incinerators at printing production process to minimize air pollution
- Backward integration in the resin manufacturing through direct supply via piping leads to reduction on emission from transportation of diesel forklift
- Waste Monitor Dashboard

Performance Indicator	FY 19	FY 21	% Change
Hazardous waste disposal (kg/ton)	3.70	2.80	↓ 24.37%
Reuse solid hazardous waste (kg/ton)	2.76	6.15	↑ 122.83%
Reuse cleaning waste water (liter/ton)	4.70	4.79	↑ 1.91%
Reuse cleaning waste solvent (kg/ton)	3.96	5.44	↑ 37.41%

Commitment in ESG - Social



SOCIAL

Health & Safety

- Obtained ISO 45001 for Occupational Health & Safety Management (since 2009, previously known as OHSAS 18001)
- Zero case for fatal work accidents for the past 3 years
- 2.98 bio Rupiah investment in safety equipment and PPE to improve health and safety performance in manufacturing facilities in the past 3 years
- 26,400+ training hours invested in health and safety awareness in FY 21
- Strict Covid-19 health protocols implemented. 96% vaccination rate in FY 21
- Fire fighting and evacuation drill training conducted regularly
- Safety Performance Dashboard

Performance Indicator	FY 19	FY 20	FY 21
Total Recordable Injury Rate*	3.7	3.3	2.4
Total Recordable Incident Frequency Rate*	2.6	2.2	2.3
Number of Accidents	63	54	42

* per 1 million working hour

CSR

- 3 areas of focus for the company's Corporate Social Responsibilities activities
 - Education: donating more than 3,000 liters of paints for school repainting in FY 21
 - Community: donating more than 5,000 litres of paint for repainting of 5 tourist destinations as well as collaboration with Habitat of Humanity
 - Natural disaster assistance: the company routinely participate in donation for natural disaster.

Commitment in ESG - Governance



GOVERNANCE

- The company implements 5 fundamental principles of Good Corporate Governance, including: transparency, independency, accountability, responsibility and fairness.
- The company has 1 Independent Commissioner and 1 Independent Director out of the total 6 BOC/BOD members. In order to strengthen the Board, the company is currently in the look out to add 1 more Independent Commissioner with prior expertise at a multinational paint company.
- We listen and value positive feedbacks from our shareholders through our roadshows, investor meetings and analyst calls.
- BOC, BOD and all Supporting Committees are equipped with work guidelines / charters. Under BOC, there are 3 Supporting Committees, namely: Audit, Nomination & Remuneration and Good Corporate Governance. Under BOD, there are 2 Supporting Committees, namely Corporate Secretary and Internal Audit.
- The company has policies which are applicable to all employees, business partners and other stakeholders, namely:
 - Business ethics and Code of conduct guidelines
 - Business partners ethics guidelines
 - Conflict of interest guidelines
 - Good corporate governance guidelines
 - Whistle blowing system guidelines

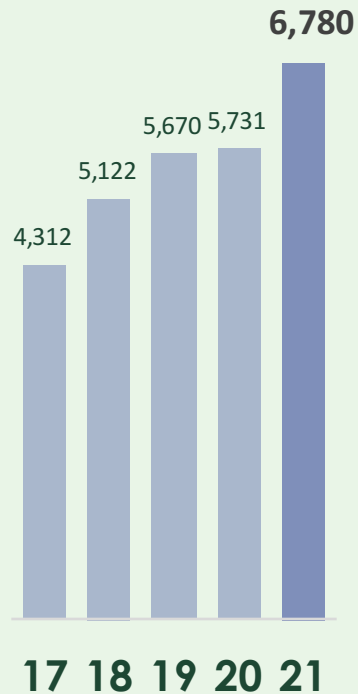
A photograph of a modern office interior. In the foreground, a round white table is surrounded by several white ergonomic office chairs. On the table are several water bottles and a small black device. In the background, a long, curved white desk is visible, also with chairs and a computer monitor. Large windows on the left side of the room offer a view of a cityscape. The floor is covered in a grey and white patterned carpet. The overall lighting is bright and clean.

Financial Performance

Financial highlights

Sales

(IDR bn)

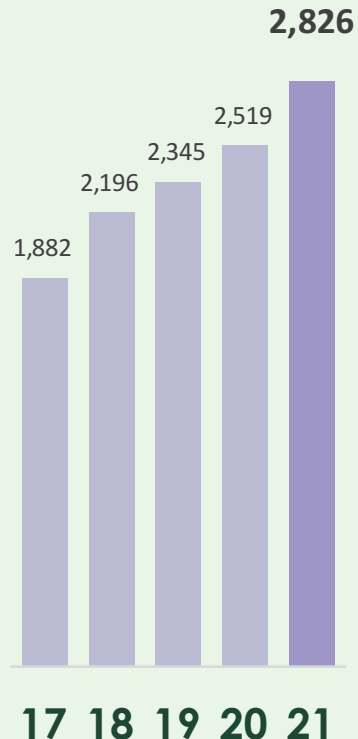


4-Year CAGR = 12.0%

Gross Profit

(IDR bn)

margin in %
43.7 42.9 41.4 43.9 41.7

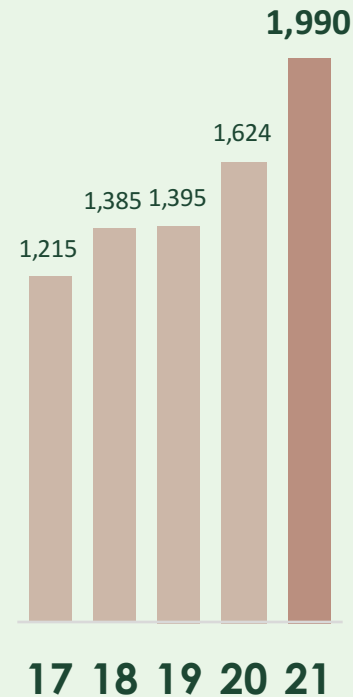


4-Year CAGR = 10.7%

EBITDA

(IDR bn)

margin in %
28.2 27.0 24.6 28.3 29.3

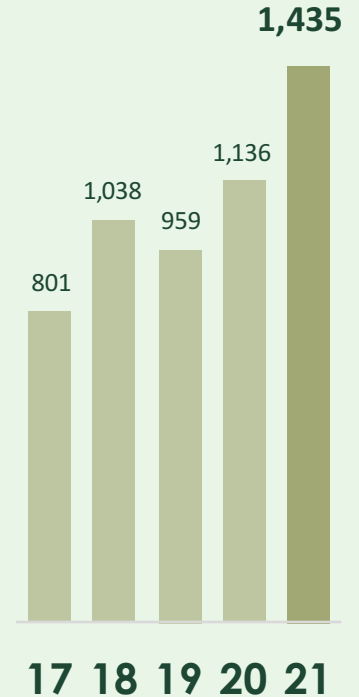


4-Year CAGR = 13.1%

Net Profit

(IDR bn)

margin in %
18.6 20.3 16.9 19.8 21.2

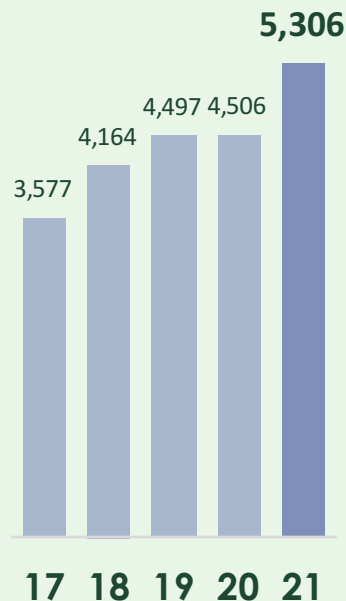


4-Year CAGR = 15.7%

Architectural solutions and trading goods segment

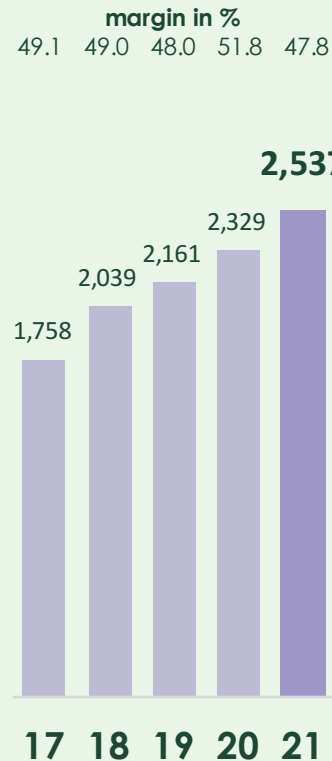
Architectural Solutions

Sales (IDR bn)



4-Year CAGR = 10.4%

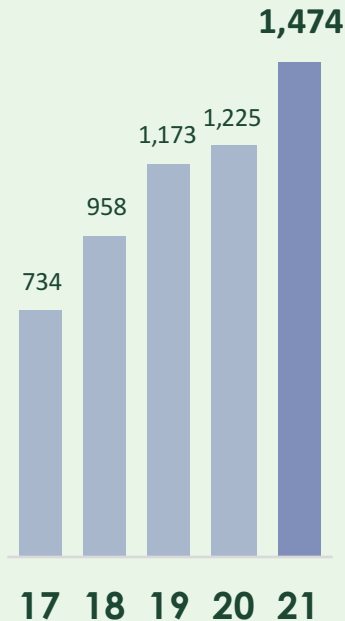
Gross Profit (IDR bn)



4-Year CAGR = 9.6%

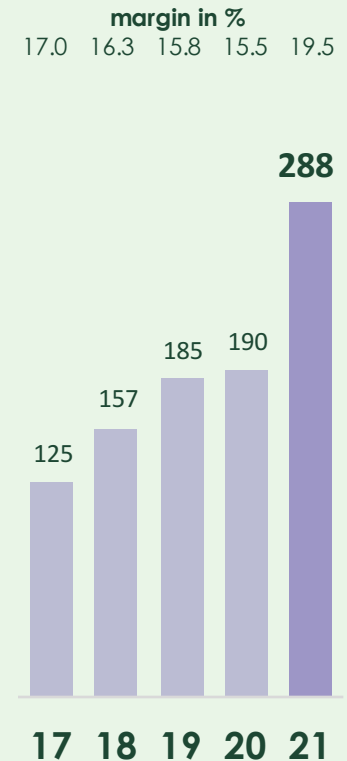
Trading Goods

Sales (IDR bn)



4-Year CAGR = 19.0%

Gross Profit (IDR bn)

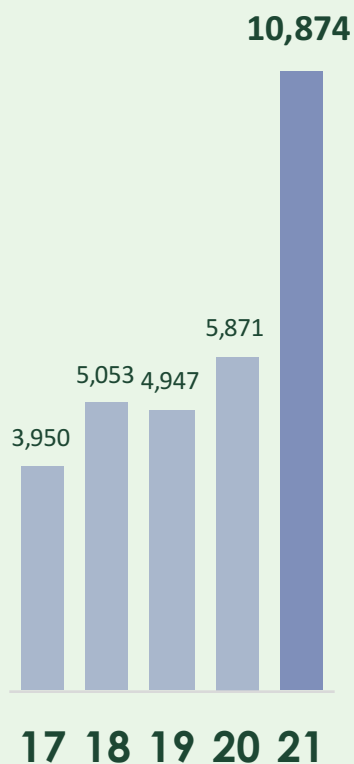


4-Year CAGR = 23.2%

Balance sheet

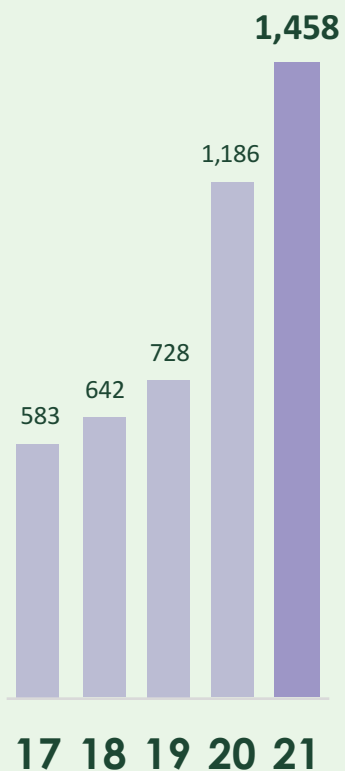
Total Asset

(IDR bn)



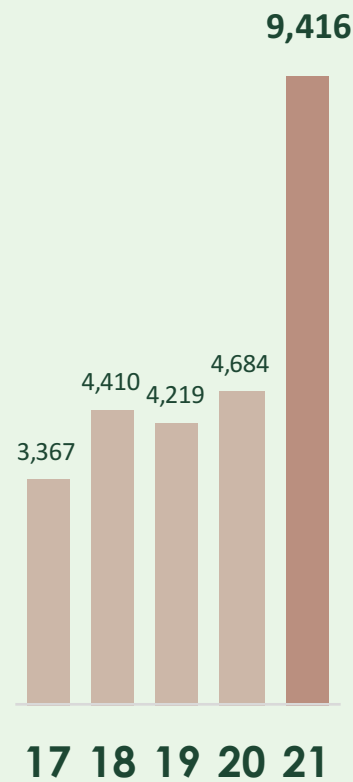
Total Liabilities

(IDR bn)



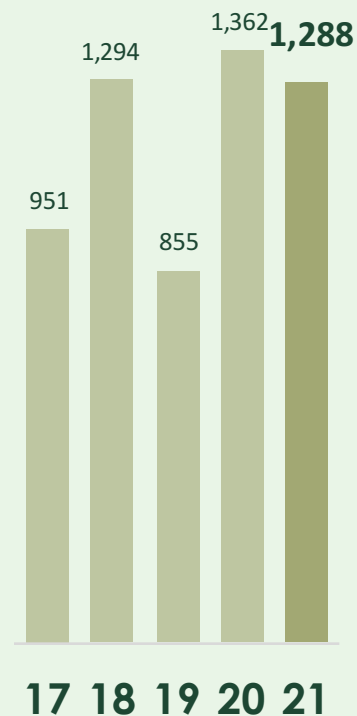
Total Equities

(IDR bn)



Cash⁽¹⁾

(IDR bn)



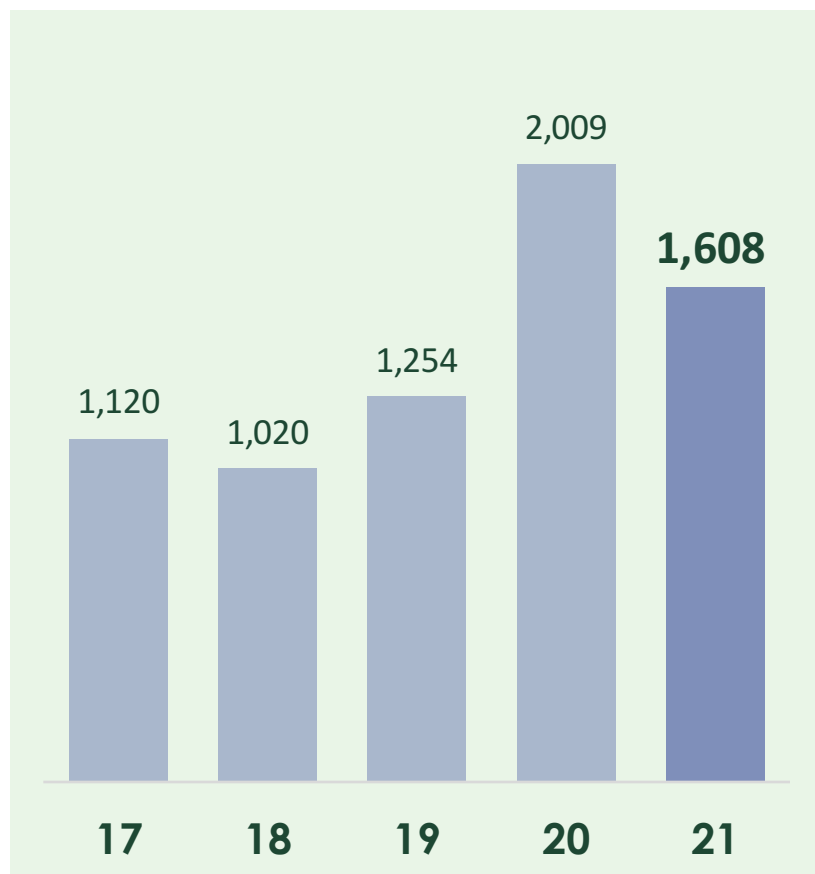
Notes:

¹ Does not include investment in government bonds of IDR 4.84 T as of 31 December 2021

Robust cash flow generation

Operating Cash Flow⁽¹⁾

(IDR bn)



Cash Conversion Rate⁽²⁾

(%)



Notes:

1 Operating cash flow before interest and tax payment

2. Cash Conversion Rate = (EBITDA – Capex) / EBITDA

We aim to maximize capital allocation

**Capex
Investment
Policy**

**Expansion of
owned DCs**

**Dividend
Policy**

**Strategic
JV or M&A**

Target:
~2% of sales

Target:
EBITDA positive
in 12 months

Target:
Minimum 50%
of net profit

Target:
Maximum
synergy in
decorative
paint

Strategy and Future Outlook

Sustainable growth strategy



Avian Innovation Center



1

Continuous innovation in R&D in the architectural solutions segments to anticipate market needs and gain market share

2

Maximize distribution network capabilities to accelerate growth

3

Maintain vertical integration in order to achieve superior operational excellence

4

Actively pursue accretive expansion through JV and M&A in the architectural solutions segment

5

Strong commitment to improve sustainability and corporate responsibility

Why invest in **Avian Brands (AVIA : IJ)**



Growth opportunities



Market leading brands



Robust cash flow generation



Innovative products



Superior margin profile



Experienced management team



Vertically integrated



Extensive distribution coverage



Responsible corporate citizen



Efficient supply chain

Questions?