

PT Avia Avian Tbk

Investor Presentation
Q1 2022 Results



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Avian Brands Q1 2022 snapshot



SALES

IDR 1.64 T
(US\$ 114 m)

GROSS PROFIT

IDR 669 B
(US\$ 47 m)
40.8%

EBITDA

IDR 457 B
(US\$ 32 m)
27.9%

NET PROFIT

IDR 385 B
(US\$ 27 m)
23.5%



EMPLOYEES

8,000+

DISTRIBUTION CENTERS

139

COVERAGE

34 Provinces
98 Cities

CUSTOMERS

54,500+
Retail shops

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

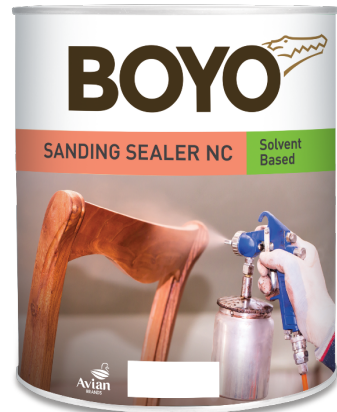
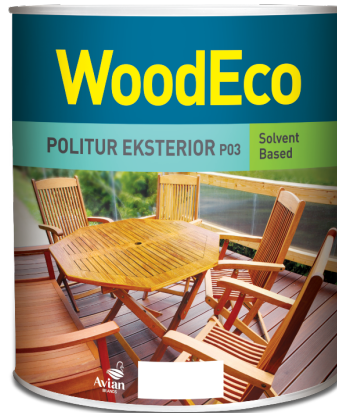
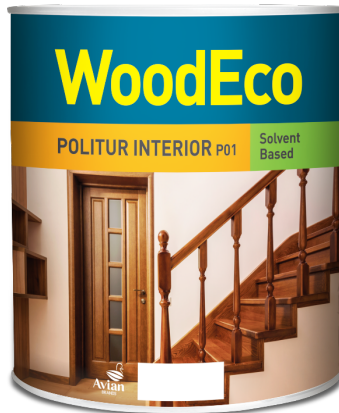
Business update

- For many businesses in Indonesia, inflation is turning into a significant headwind.
- Expansion of distribution centers continued. Successfully added new customers across the nation. The company possesses the highest level of product availability in the nation
- Avian Brands aims to continue to offset raw material and other cost inflation (including freight) through pricing initiatives and various internal cost savings
- Q1 2022 performance was impacted due to anomalous results during Q1 2021 due to pent-up demand
- New products were launched in order to strengthen our market share



PT Tirtakencana Tatawama office

New product launched

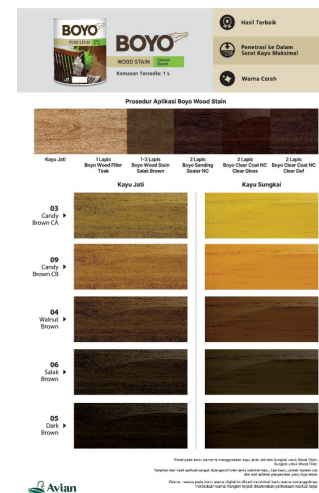
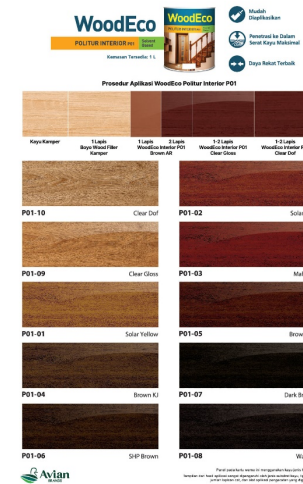


Why wood care segment?

- In Q1 2022, new wood care products were launched
- Adding product variants to expand and strengthen this segment
- ~5,500 retail shops have participated since its February launch
- FY 21 sales contribution from this segment was 6.6% (IDR 447 billion)
- According to Frost & Sullivan, estimated wood care market size for FY 22 is IDR 1,600 billion



Colour cards for new wood care products



Distribution centers expansion



139 Distribution centers spread across the nation, consisting of:

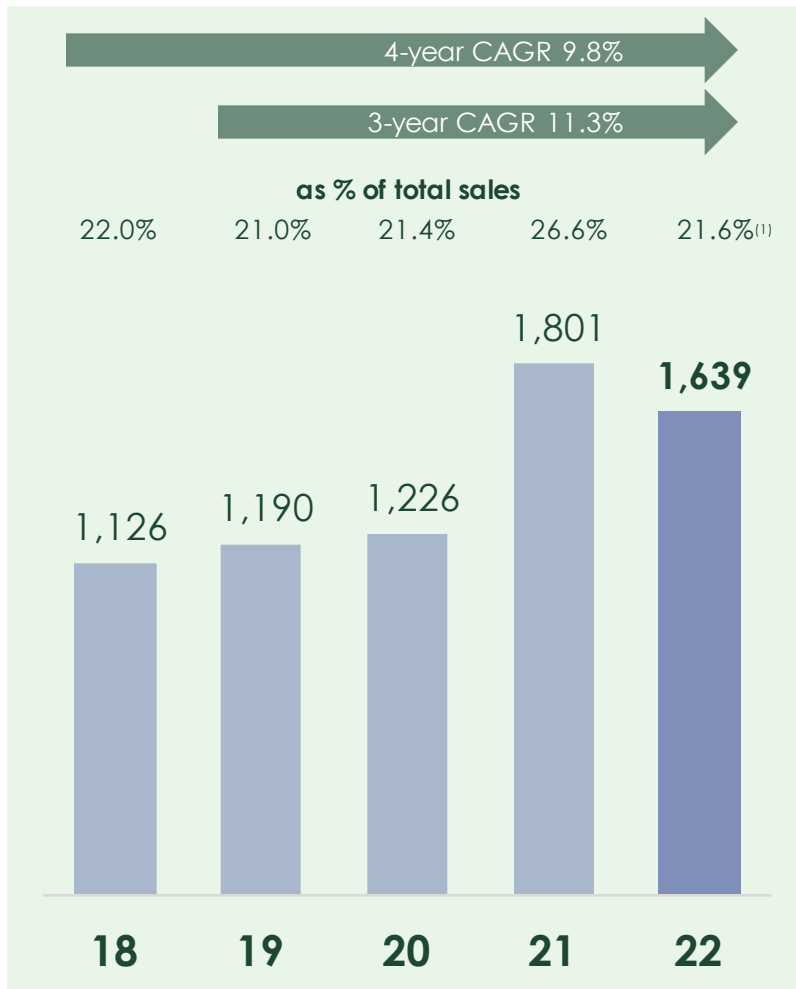
- 105 wholly-owned DCs (4 new additions) and ● 34 third-party DC (1 new addition)

Benefits from continued expansion of distribution centers:

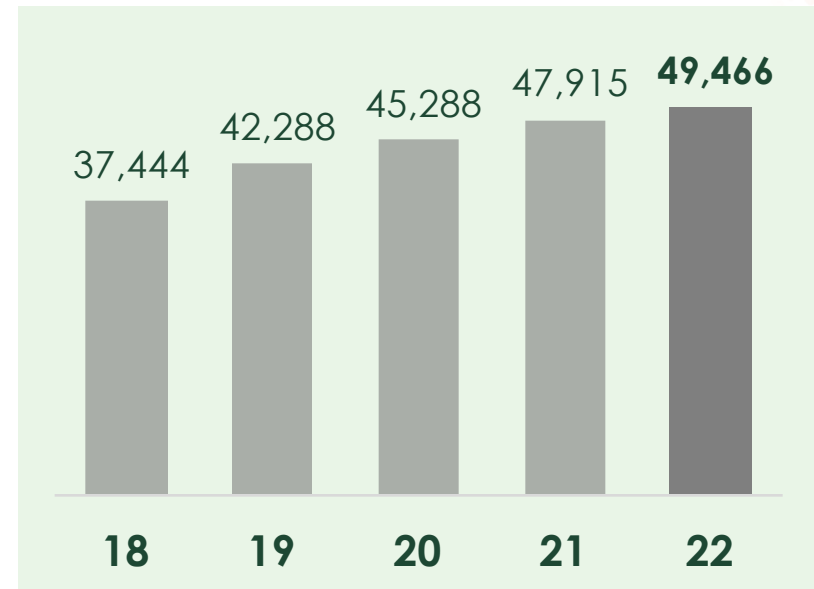
- Improve product penetration and provide superior service quality to as many retail shops as possible
- Enhance inventory management and minimize loss opportunity during peak demand
- Increase product shipping accuracy and ease product returns from customers
- Maximize 1-day delivery service to all retail shops

Consolidated business segment

Q1 sales by value (IDR billion)



Number of customers in Q1

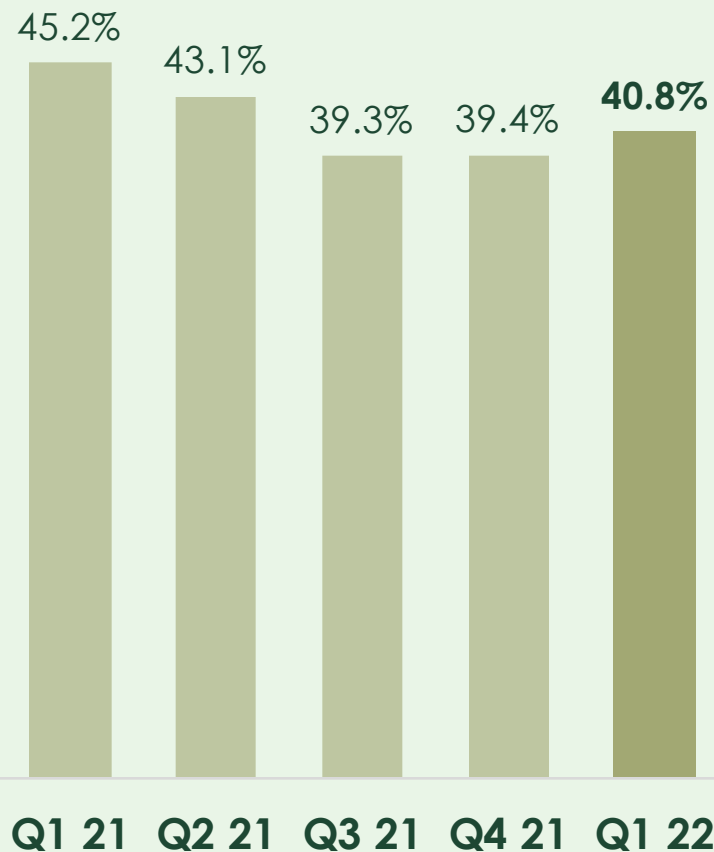


- Very strong sales in Q1 2021 due to pent-up demand from previous covid year
- During Q1 2022, high inflation continues to weaken market demand
- Positive trend in the number of customers continues, added more than 1,500 customers.

⁽¹⁾ based on management estimation

Consolidated business segment

Quarterly gross margin

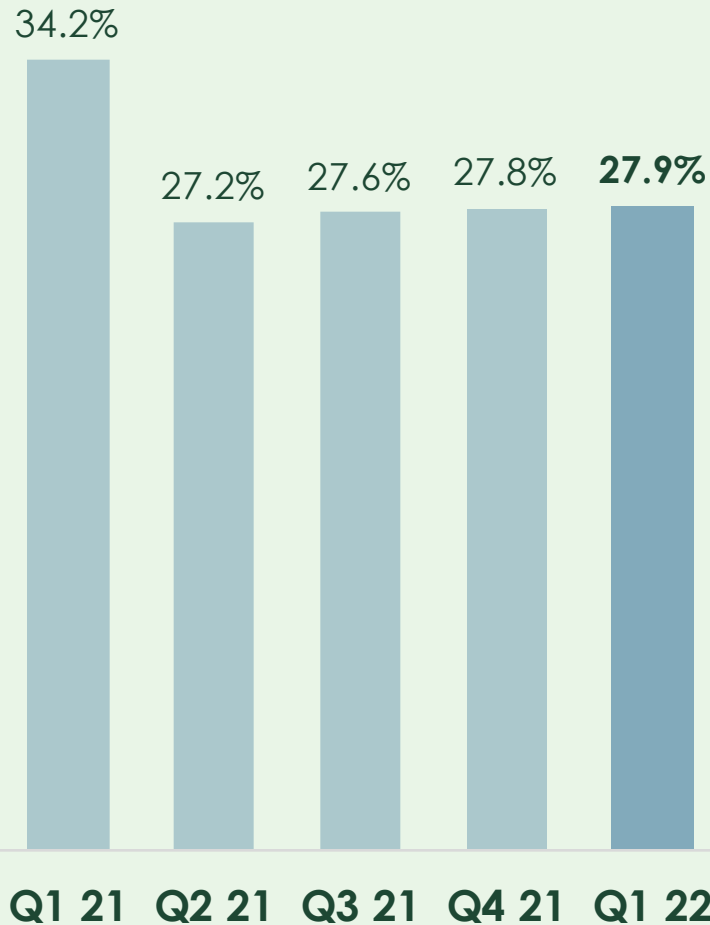


- Avian Brands actively monitors its gross margin and will take actions to offset raw materials and other cost inflation through pricing initiatives as well as cost savings
- We expect pressures from raw materials to gradually ease during the second half of 2022

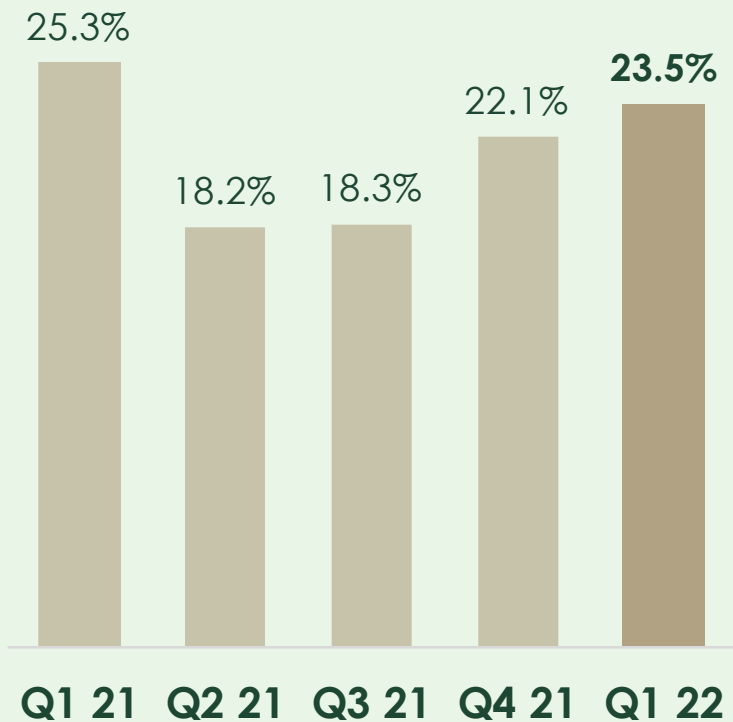


Consolidated business segment

Quarterly EBITDA margin

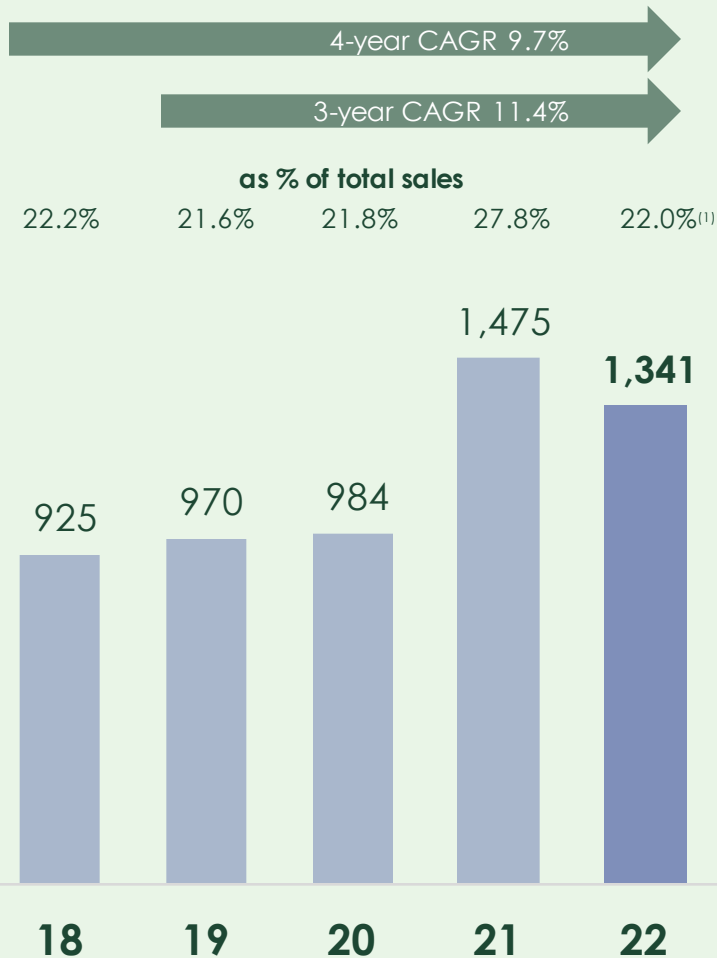


Quarterly Net Income margin



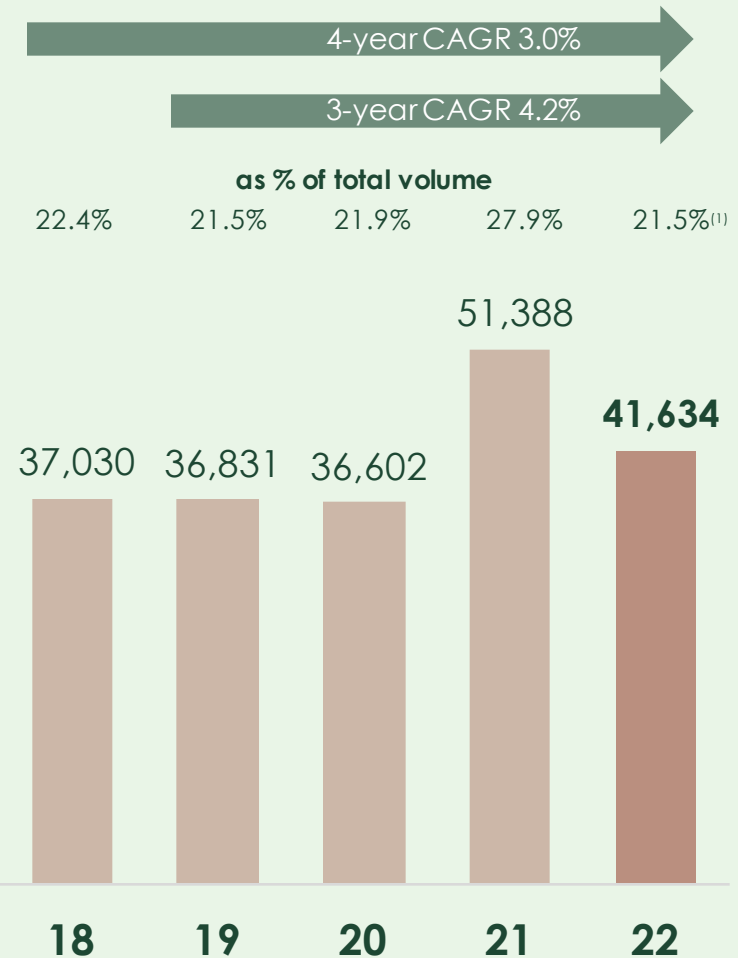
Architectural solutions segment

Q1 sales by value (IDR billion)



⁽¹⁾ based on management estimation

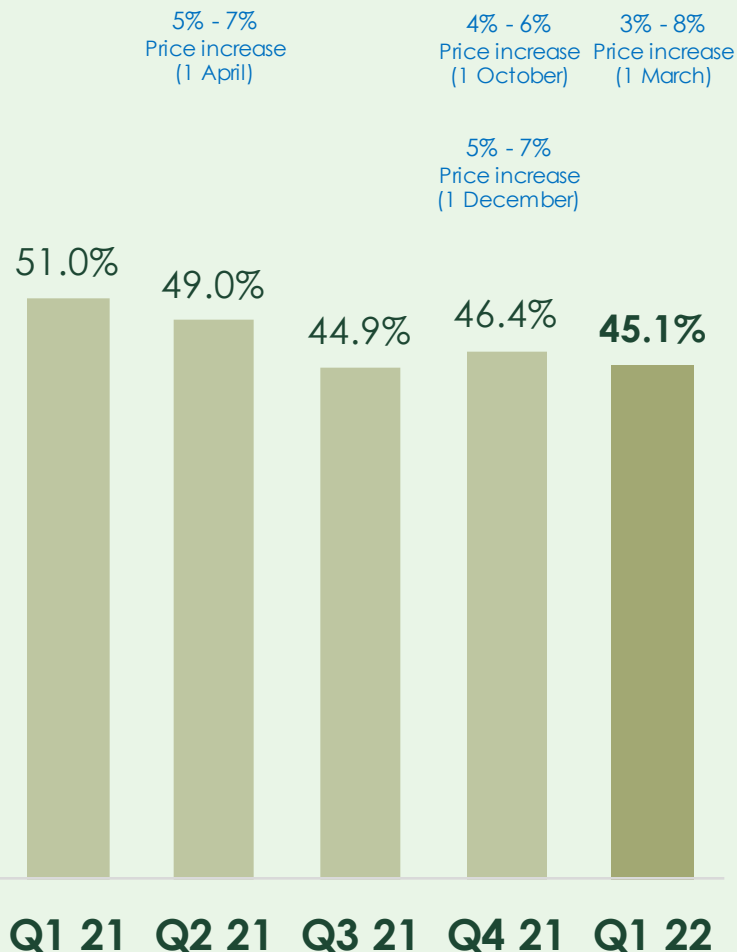
Q1 sales by volume* (metric ton)



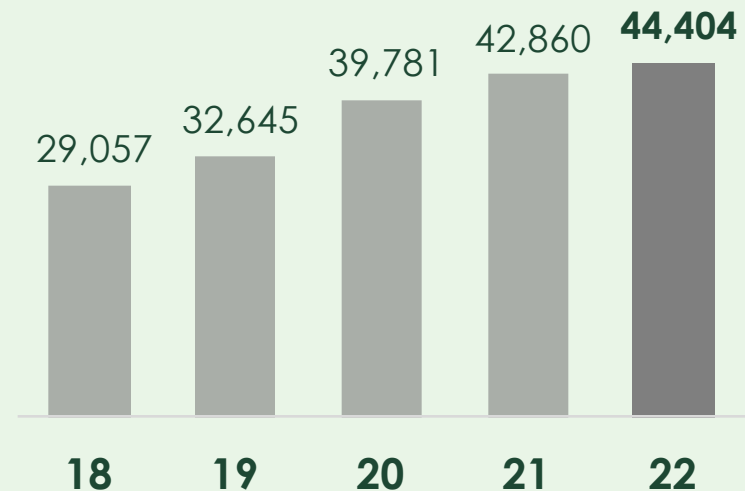
* excluding instant cement

Architectural solutions segment

Quarterly gross margin



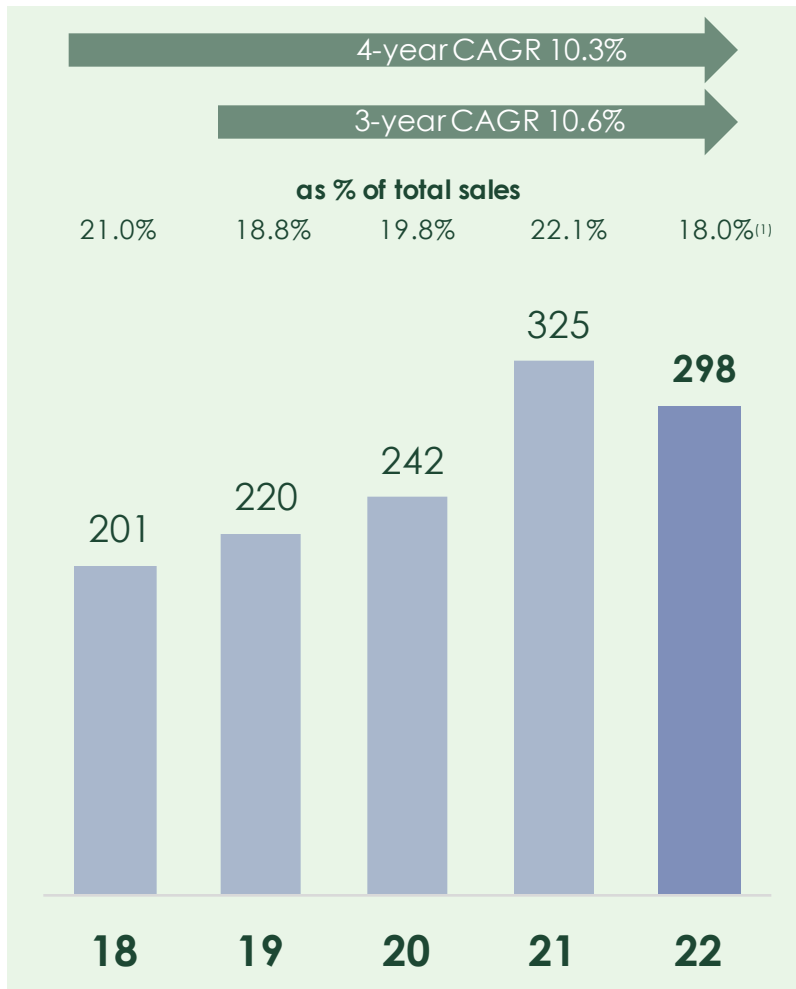
Number of customers in Q1



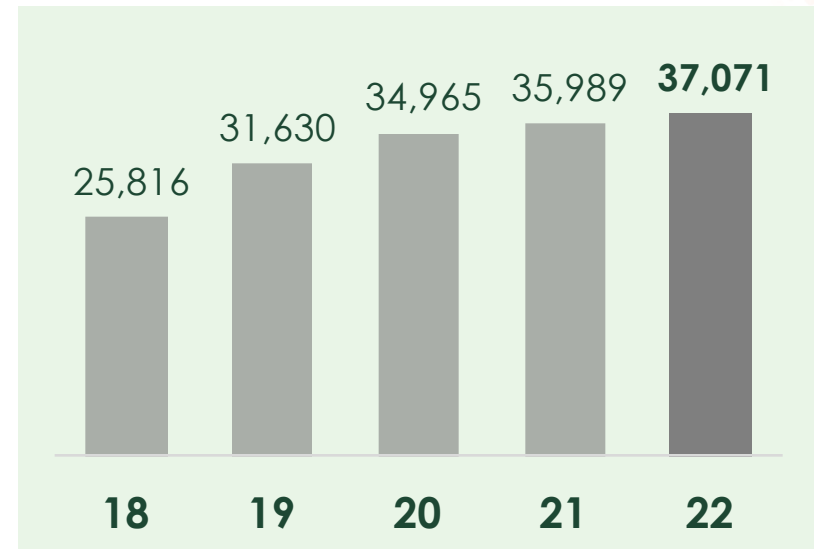
- Gross Margin pressures continue due to unprecedented raw materials price inflations, albeit at slower pace than last year
- Price hikes will be implemented to improve gross margin
- During Q1 2022, the architectural solutions segment was able to add 1,500 customers.

Trading goods segment

Q1 sales by value (IDR billion)



Number of customers in Q1

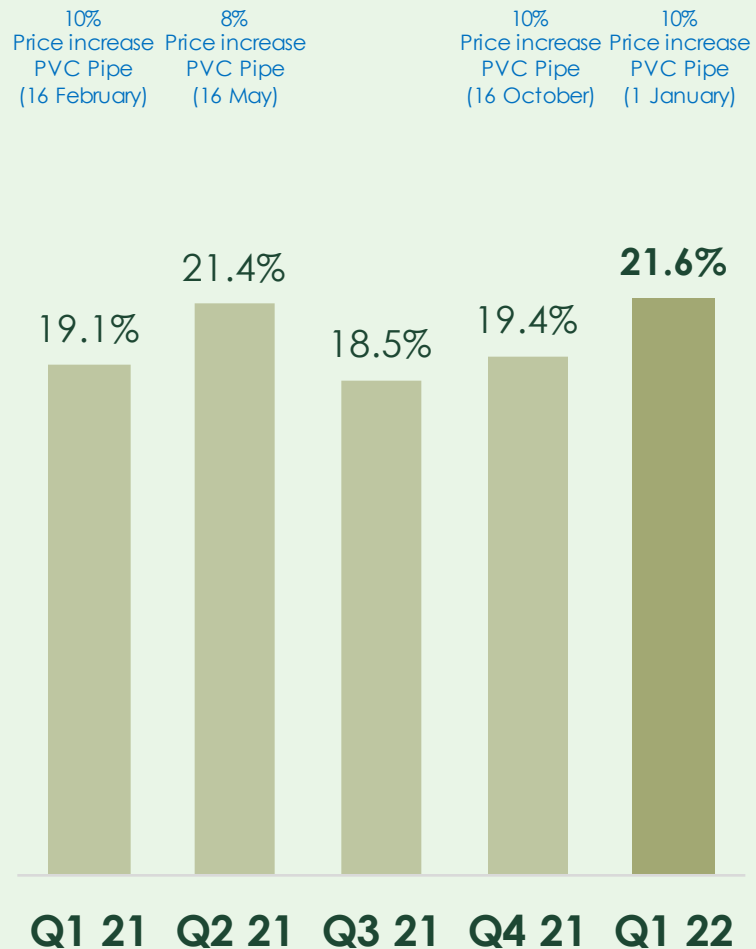


- During Q1 2022, the number of customers increased by around 1,000. Compared to the total customers in Q1, around 76% purchased items from the trading goods segment
- Retail shops enjoy the convenience and take advantage of our superior service quality. Competitors in this segment supply their products via third party DCs. Product supply and service qualities tend to be subpar

⁽¹⁾ based on management estimation

Trading goods segment

Quarterly gross margin



- Record high price hikes and adjustments have taken place for this segment.
- All time high gross margin for this segment
- Gross margin contribution from trading goods segment is ~9%



Well-managed cost structure

Cost Breakdown (as % of sales)

	FY 18	FY 19	FY 20	FY 21	Q1 22
G & A ⁽¹⁾	3.0%	3.5%	2.8%	2.7%	3.0%
Sales & Marketing ⁽²⁾	15.1%	15.8%	16.0%	13.1%	13.3%
COGS ⁽³⁾	57.1%	58.6%	56.1%	58.3%	59.2%
Total	74.4%	75.2%	77.9%	74.9%	75.5%

Continuous SG&A improvement

Cost advantage through vertical integration

Maintenance of COGS as a percentage of sales

Cost Breakdown (IDR billion)

	FY 18	FY 19	FY 20	FY 21	Q1 22
G & A ⁽¹⁾	152	197	163	182	49
Sales & Marketing ⁽²⁾	772	898	918	889	218
COGS ⁽³⁾	2,926	3,324	3,213	3,954	970
Total	3,850	4,419	4,294	5,025	1,237

Note(s):

1. G&A includes depreciation and amortization
2. Sales and Marketing includes depreciation and amortization
3. COGS includes depreciation and amortization

Effective control function

	FY 18	FY 19	FY 20	FY 21
Acct Receivables (IDR million)	796	938	1,001	1,166
Acct Receivables (Days)	56	60	63	62

Proven strong internal control & effective internal audit

Internal Fraud & Uncollectible Receivables (as % of sales)

	FY 18	FY 19	FY 20	FY 21
Sales team	0.0020%	0.0023%	0.0000%	0.0012%
Non-sales team	0.0004%	0.000%	0.0000%	0.0001%
Retail Shops	0.0000%	0.0000%	0.0000%	0.0000%
Total	0.0023%	0.0024%	0.0000%	0.0013%

Supported by efficient auto-block system for overdue payments

Internal Fraud & Uncollectible Receivables (IDR million)

	FY 18	FY 19	FY 20	FY 21
Sales team	102	132	1	80
Non-sales team	18	2	0	6
Retail Shops	0	0	0	0
Total	120	134	1	86

Proper accountability system in place supported by transparency in the company's operations

Guidance for 2022

Sales projection FY 22

- Value growth 10 – 15%
- Volume growth 1 – 5%

Planned actions in Q2 and Q3:

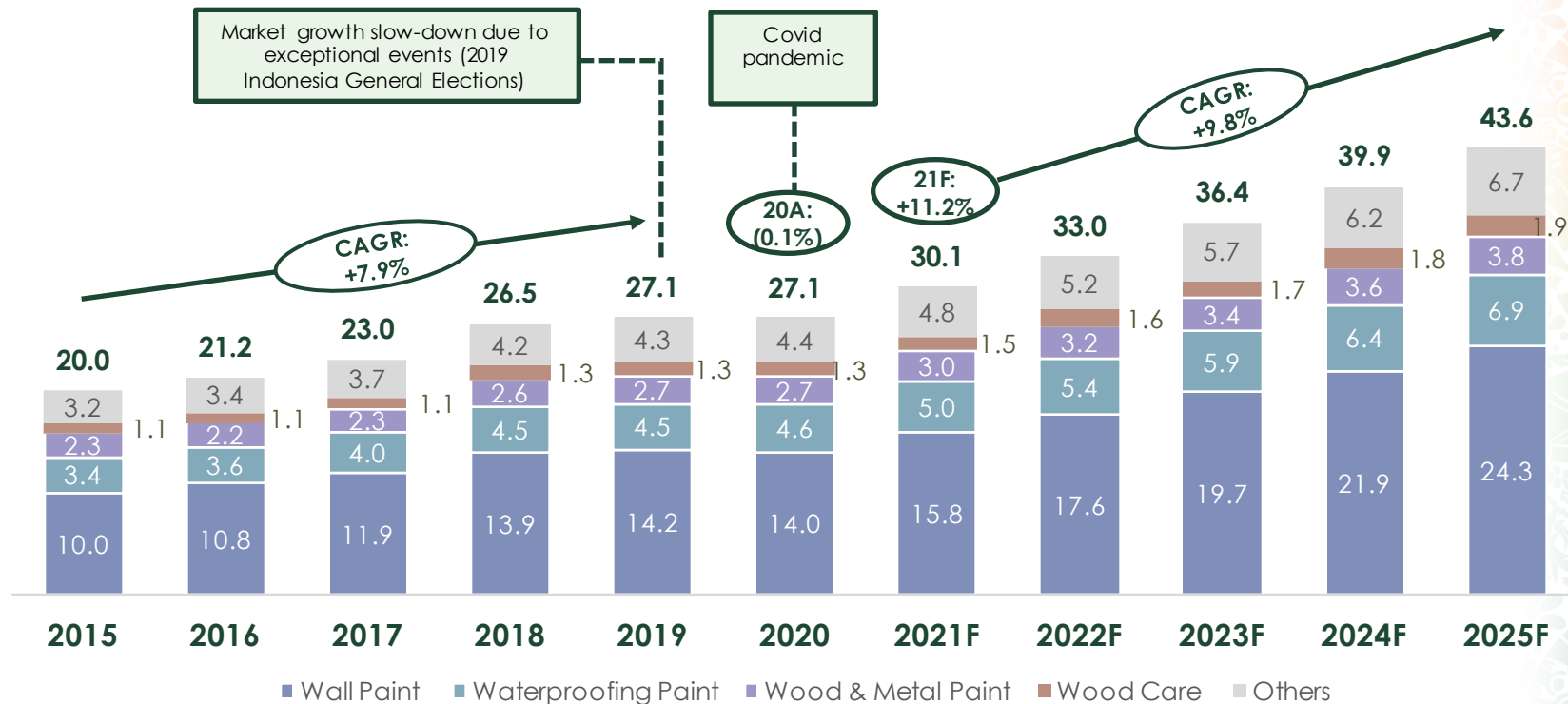
- Another price hike will take place on 1 May and 1 July in the architectural solutions segment to improve gross margin
- Expansion of Distribution Centers will continue
- New product launch will take place as planned. Various sales & marketing strategies will be deployed to gain market share
- Focus on Cirebon factory permit application. Targeted completion in July 2022.
- Continue to support PT Multipro Paint Indonesia as well as PT Bangun Bersama Solusindo (JV company) in order to enhance their top line and bottom-line contribution



Thank
you

Indonesia decorative paints & coatings market size

Indonesia Decorative Paint and Coating by Product Category (IDR Trillion)



Product Category	2015-2019 CAGR	2019-2020 CAGR	2020-2021 CAGR	2021-2025 CAGR
Wall Paint	+9.2%	(1.5%)	+13.0%	+11.4%
Waterproofing Paint	+7.1%	+1.5%	+9.5%	+8.4%
Wood and Metal Paint	+3.9%	+2.1%	+8.0%	+6.5%
Wood Care	+6.0%	+1.1%	+9.2%	+6.9%
Others	+8.2%	+1.2%	+9.7%	+8.5%
Total	+7.9%	(0.1%)	+11.2%	+9.8%