PT Avia Avian Tbk

Investor Presentation
Q2 2022 Results

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Avian Brands Q2 2022 snapshot

SALES	GROSS PROFIT	EBITDA	NET PROFIT
IDR 1.74 T (US$ 121 m)	IDR 718 B (US$ 50 m) 41.3%	IDR 460 B (US$ 32 m) 26.4%	IDR 392 B (US$ 27 m) 22.5%

EMPLOYEES	DISTRIBUTION CENTERS	COVERAGE	CUSTOMERS
8,000+	139	37 Provinces 98 Cities	54,500+ Retail shops

Convenience translation from IDR based on average IDR/USD exchange rate of 14,415.

Business update

- Inflation effects continue to impact businesses in Indonesia
- The government eased mobility curbs during Ramadan, marking the first time it had officially eased restrictions on holiday festivities in the last two years
- This lead to improvements in paint consumption prior to Ramadan
- Avian Brands aims to continue to implement price hikes to offset raw material and other cost inflation. Another price hike was taken during Q2 2022
- New product continued to be launched in Q2 to improve product variants and strengthen our market share
- The Company obtained ISO 50001:2018 for Energy Management System
- The Company adopted ISO 26000:2010 for Guidance on GCG, Social Responsibility, Social Harassment and Gender Equality

Cafeteria at Avian Brands headquarter

New product launched

- Avitex Anti Viruz was launched in April 2022
- This product is Green Label Singapore certified
- It has passed Coronavirus tests from the Analytical Lab Group (USA) as well as Airlangga University (Indonesia)
- More than 1500 shops have participated since its launch
- Press conference in collaboration with Doctor Reisa Broto Asmoro (head of communication for Indonesian Covid-19 Response Acceleration Task Force) was conducted to strengthen the product positioning

Press conference in Jakarta – 16 June 2022

New product launched

- In April 2022, No Drop Tape was launched
- Adding product variants to expand and strengthen the waterproofing segment
- Distinguishing feature against competitors' products: can be painted with wall paint to blend in with its surrounding area
- More than 6,000 retail shops have participated since its launch

Distribution centers expansion

139 Distribution centers spread across the nation:

● 105 wholly-owned DCs and ● 34 third-party DC

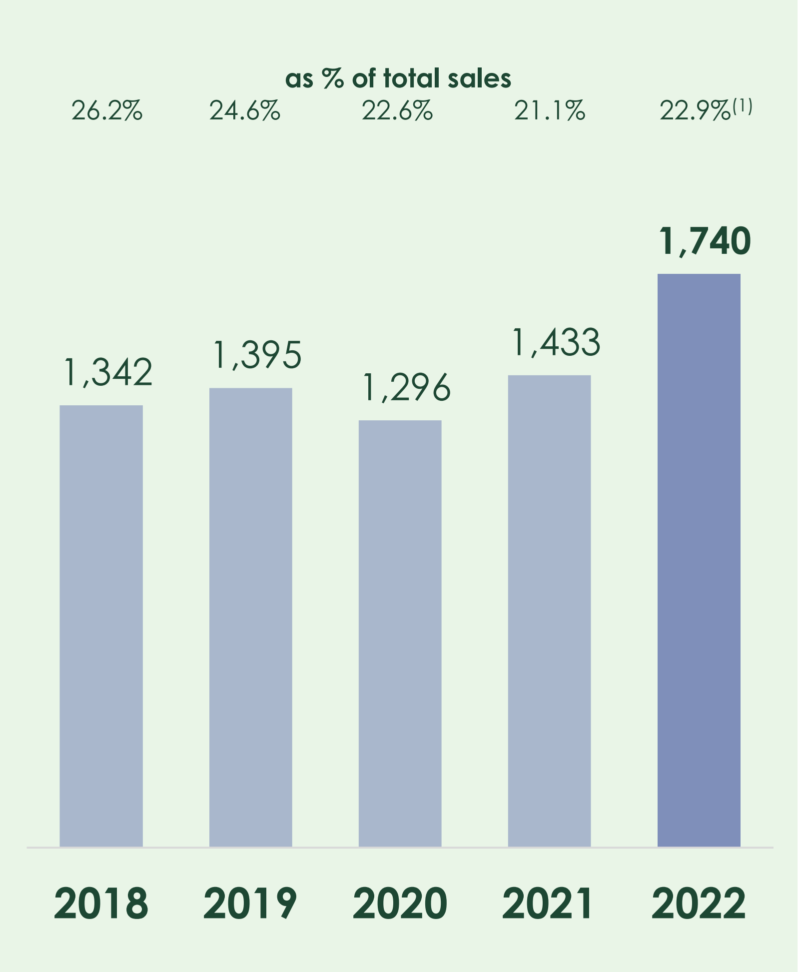
Benefits from continued expansion of distribution centers:

- Improve product penetration and service quality
- Enhance inventory management and minimize loss opportunity
- Maximize 1-day delivery service to all retail shops

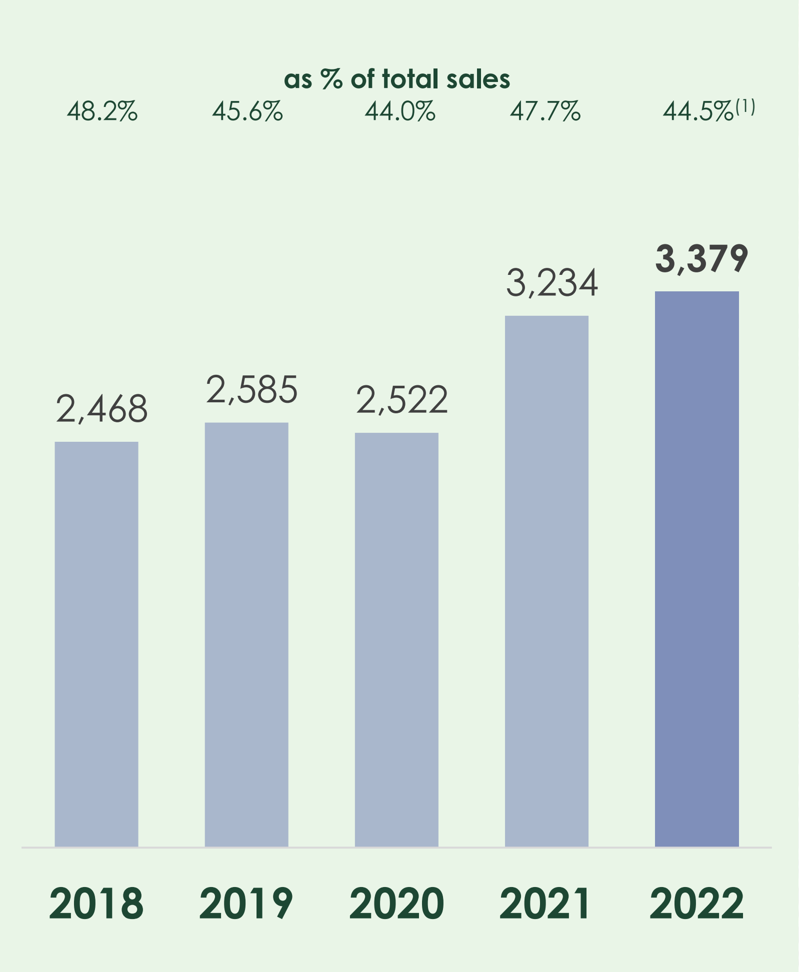
Product picking at Sidoarjo DC

Consolidated business segment - sales

Q2 sales by value
(IDR billion)



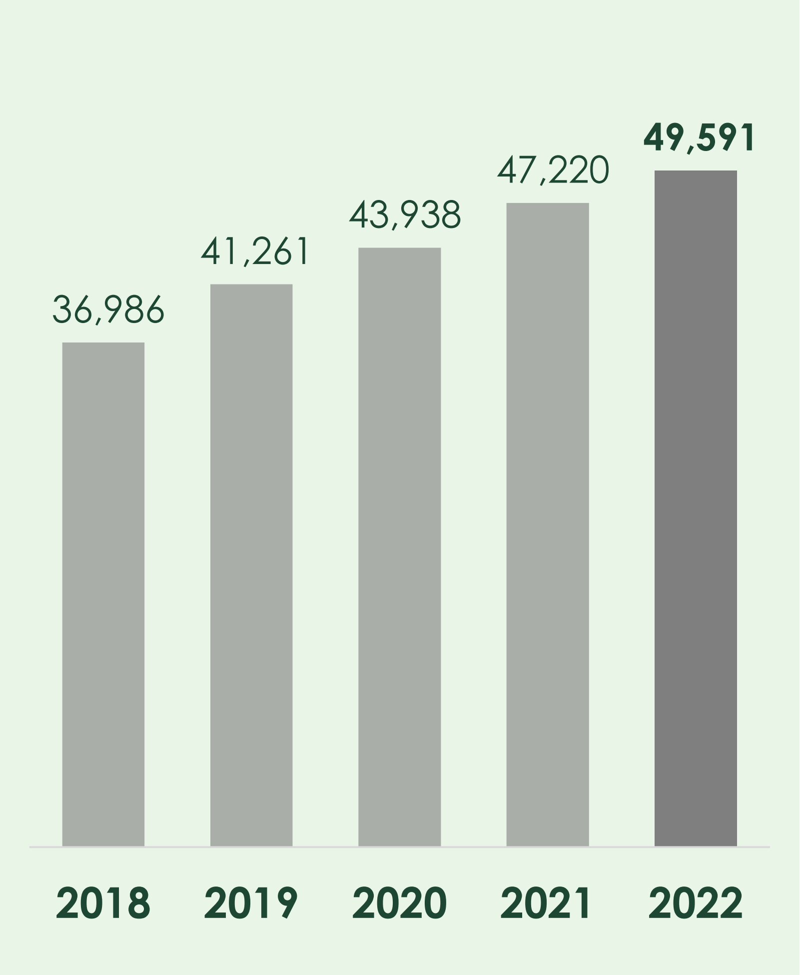
H1 sales by value
(IDR billion)



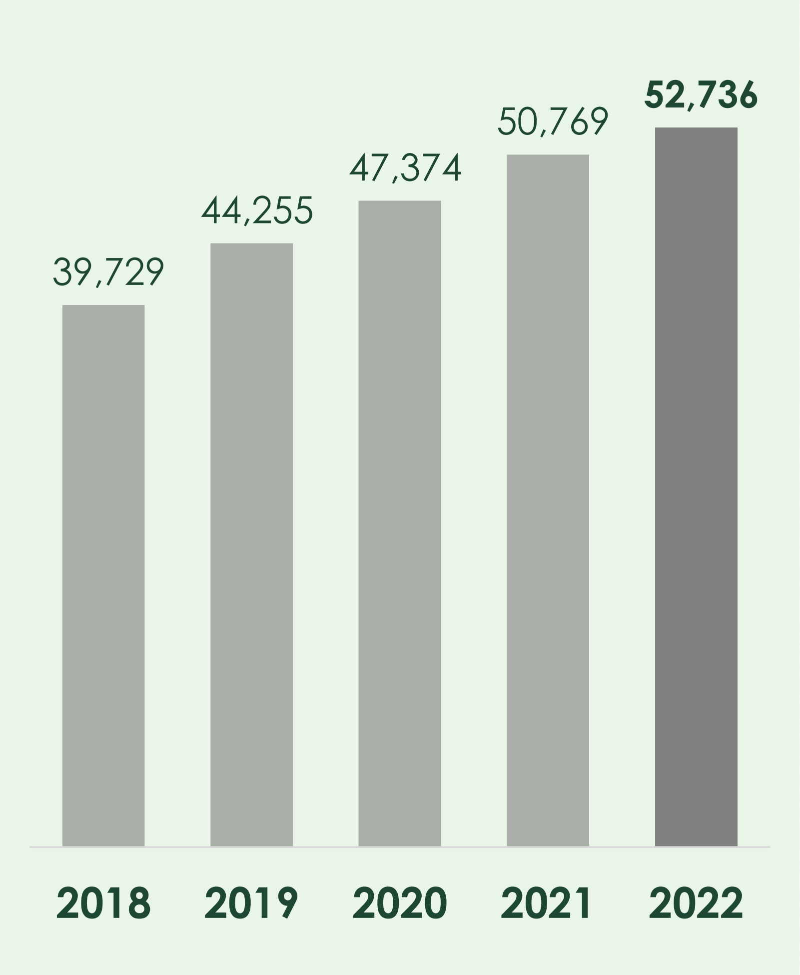
(1) based on management estimation

Consolidated business segment - customers

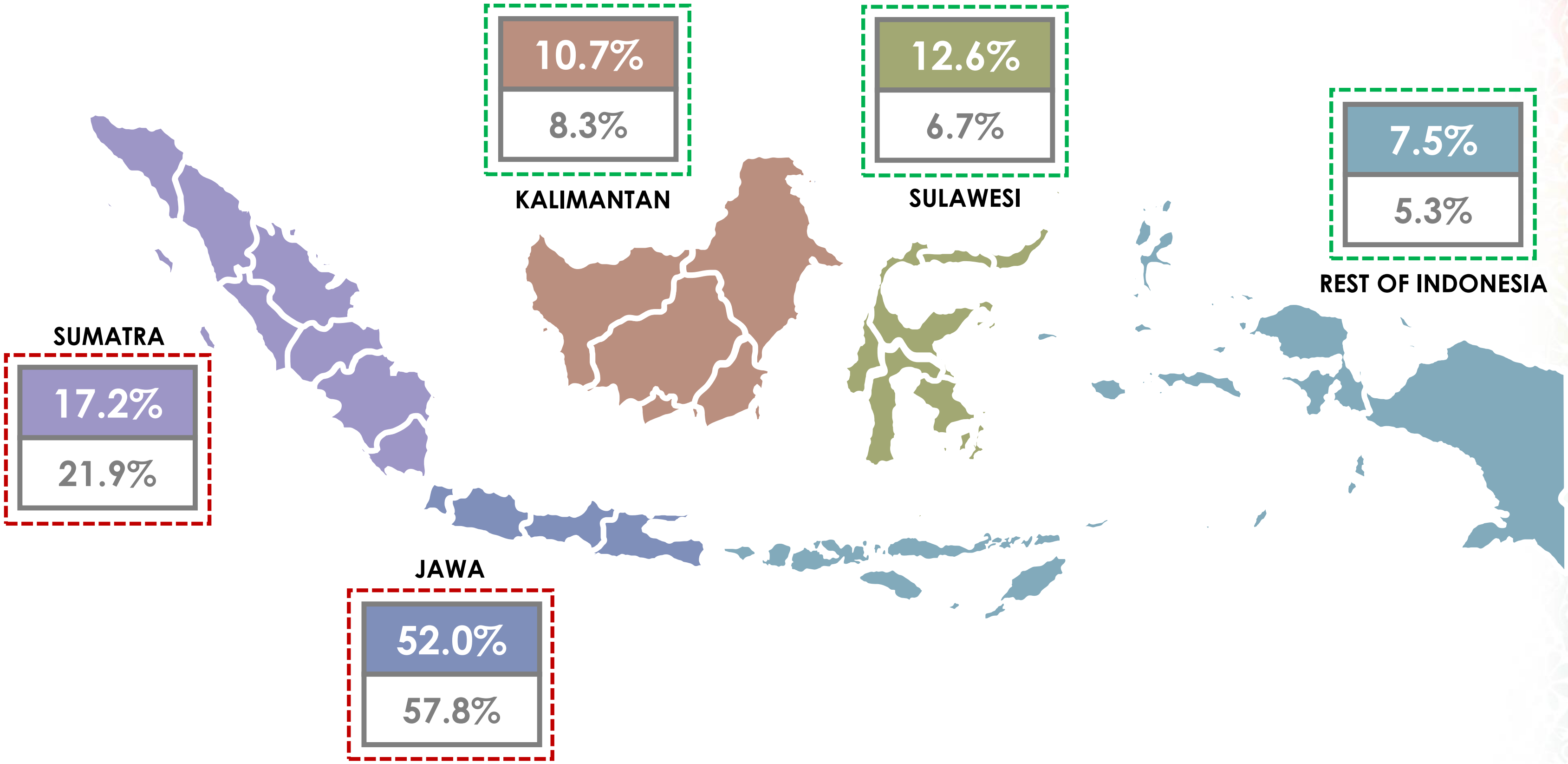
Q2 number of customers



H1 number of customers



H1 2022 sales split by regions



AVIA

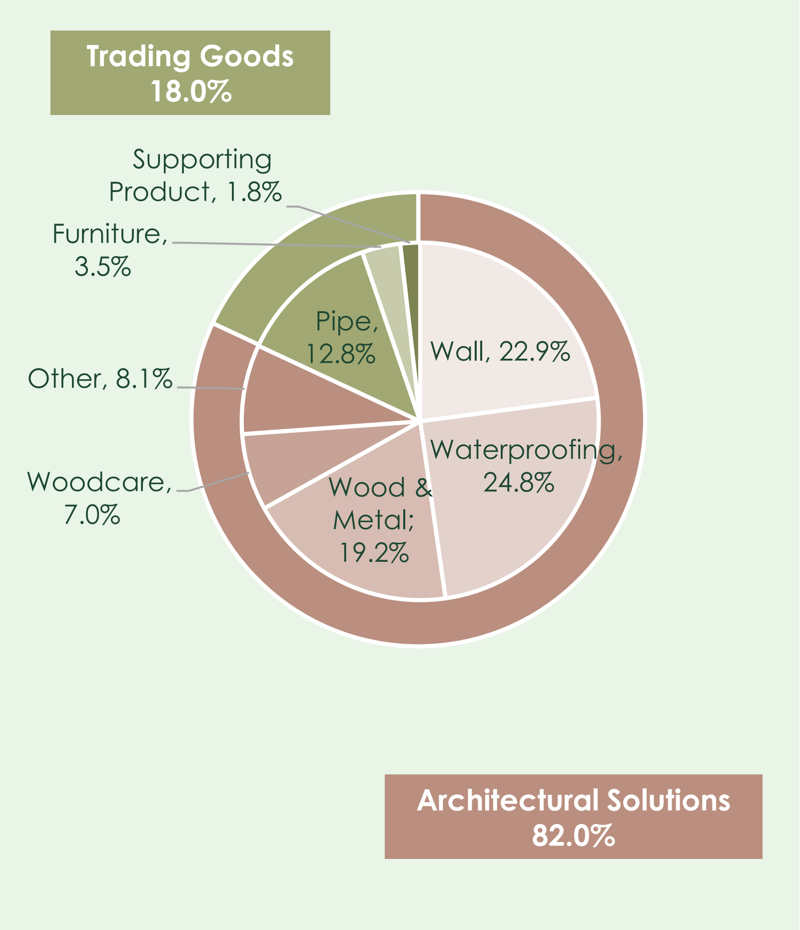
GDP(1)

- Avian Brands sales split by regions vs. Indonesia GDP
- We are trailing Indonesia GDP in Jawa and Sumatra islands
- We are significantly ahead of Indonesia GDP contribution in Kalimantan, Sulawesi and the rest of Indonesia

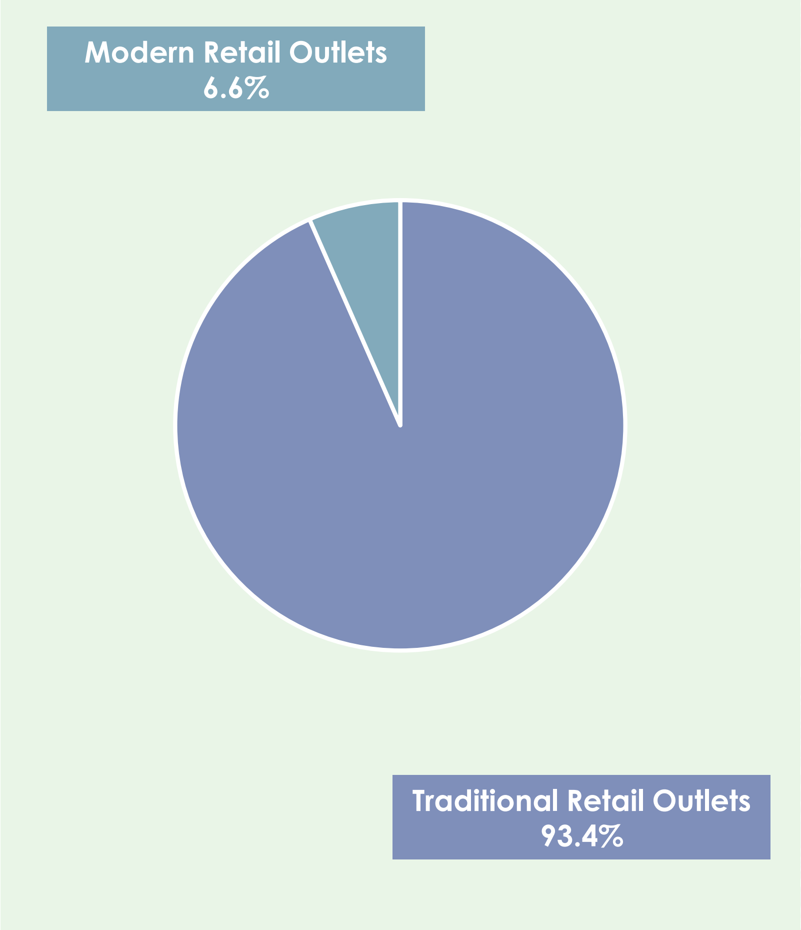
(1) https://www.bps.go.id/website/materi_ind/materiBrsInd-20220509115801.pdf

Consolidated business segment

H1 2022 sales by segment



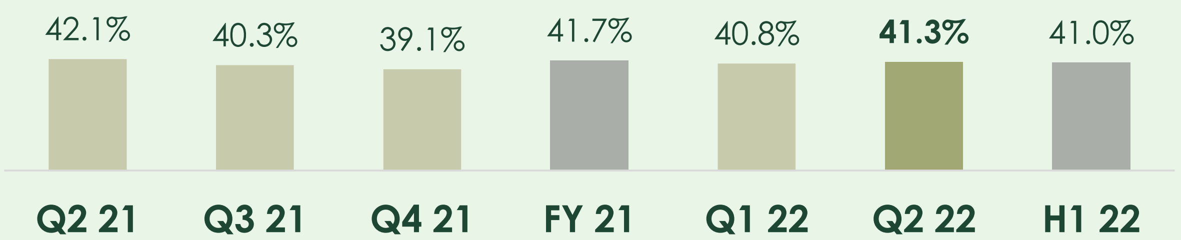
H1 2022 sales by customers



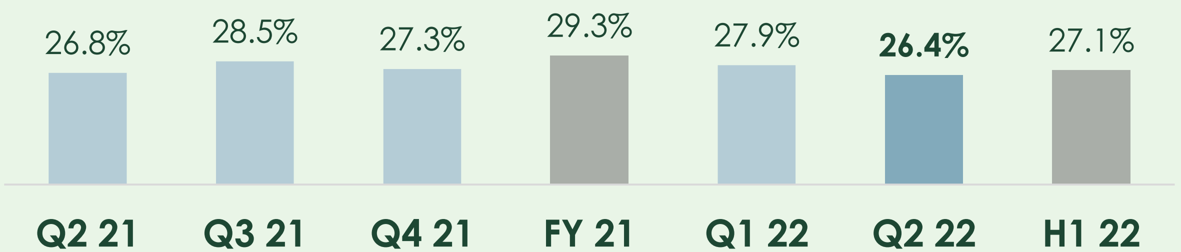
(1) includes paint-rollers, paint brushes, seal tape and sand paper
(2) includes Roof Paint, Instant Cement, Automotive and Other
(3) includes Wood Care and Glue

Consolidated business segment - margin

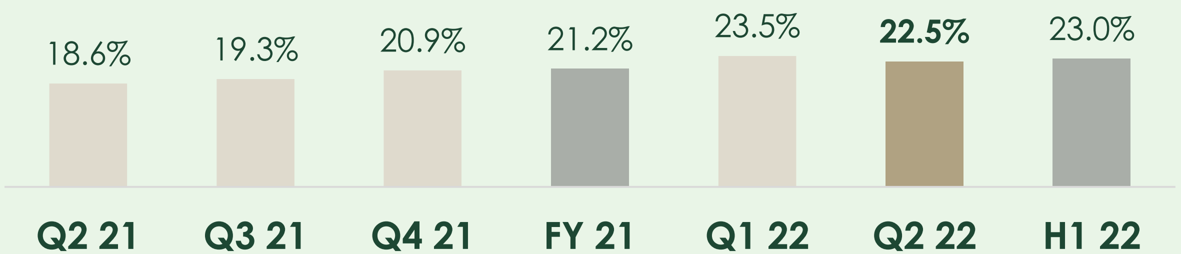
Quarterly Gross margin



Quarterly EBITDA margin

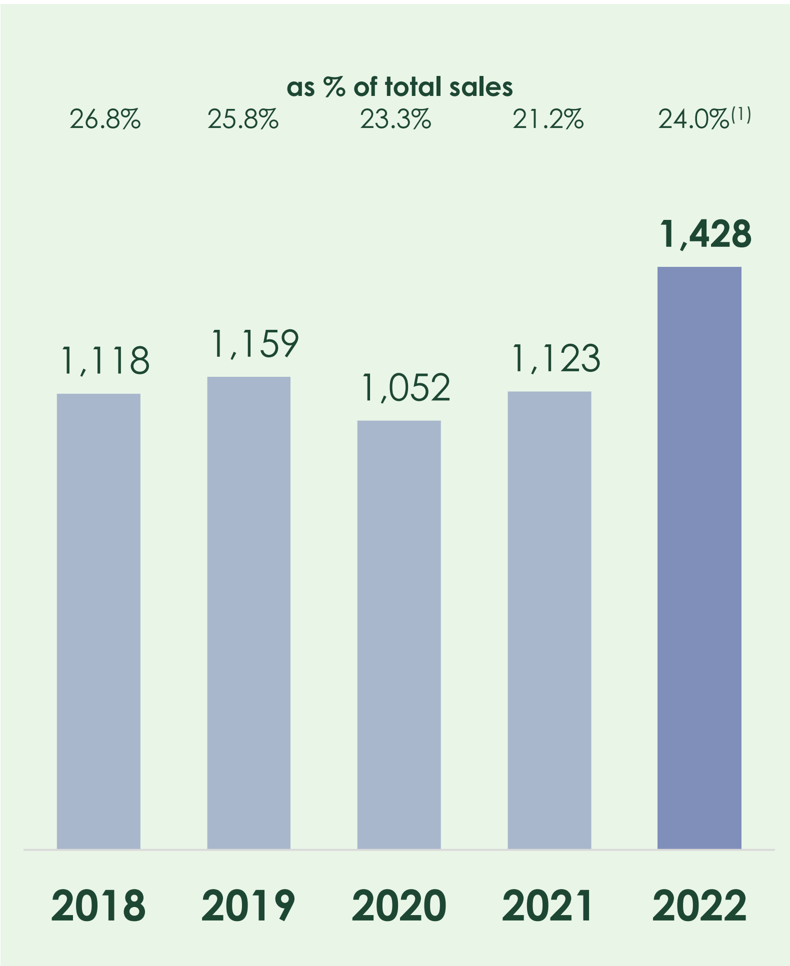


Quarterly Net income margin

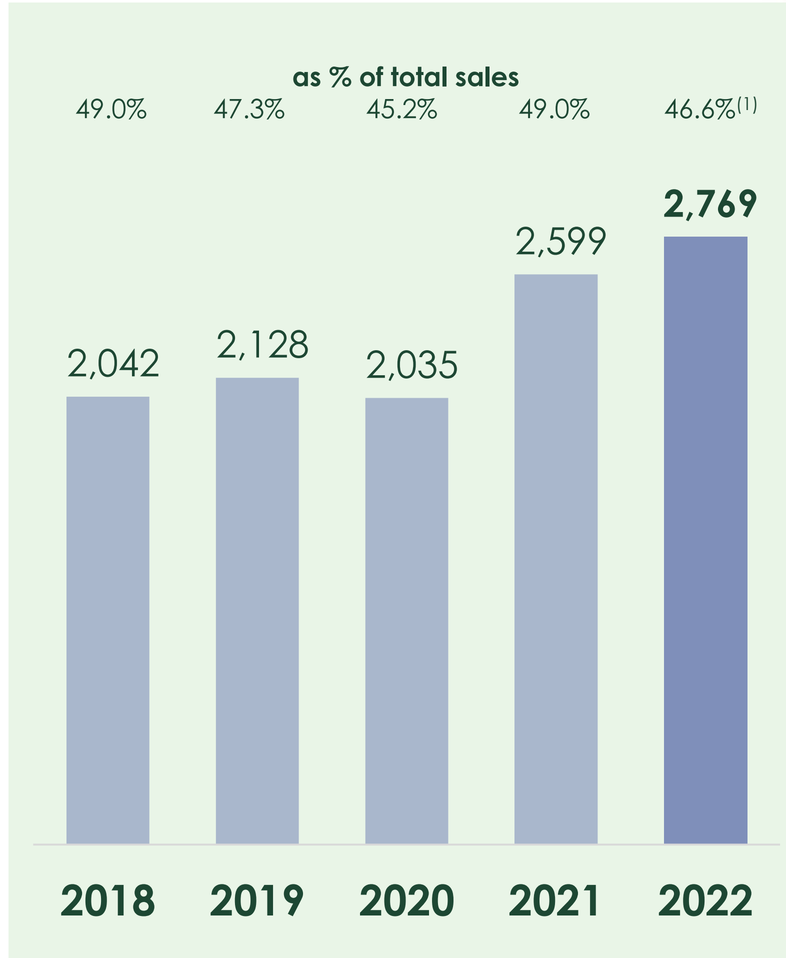


Architectural solutions segment - sales

Q2 sales by value
(IDR billion)



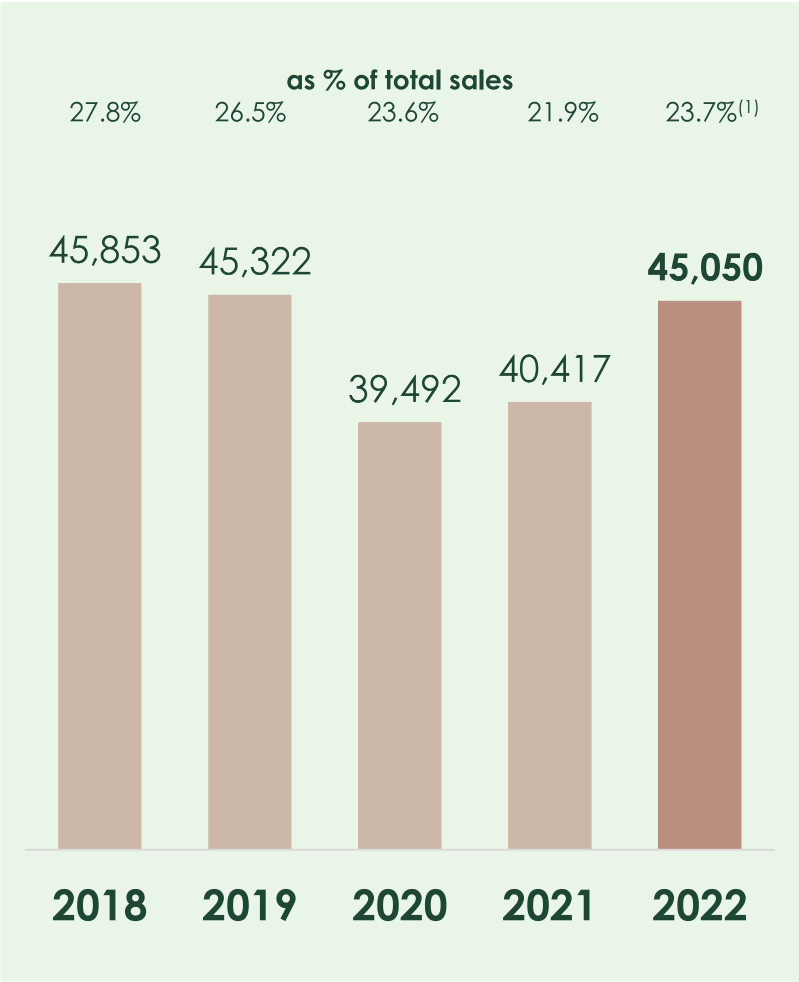
H1 sales by value
(IDR billion)



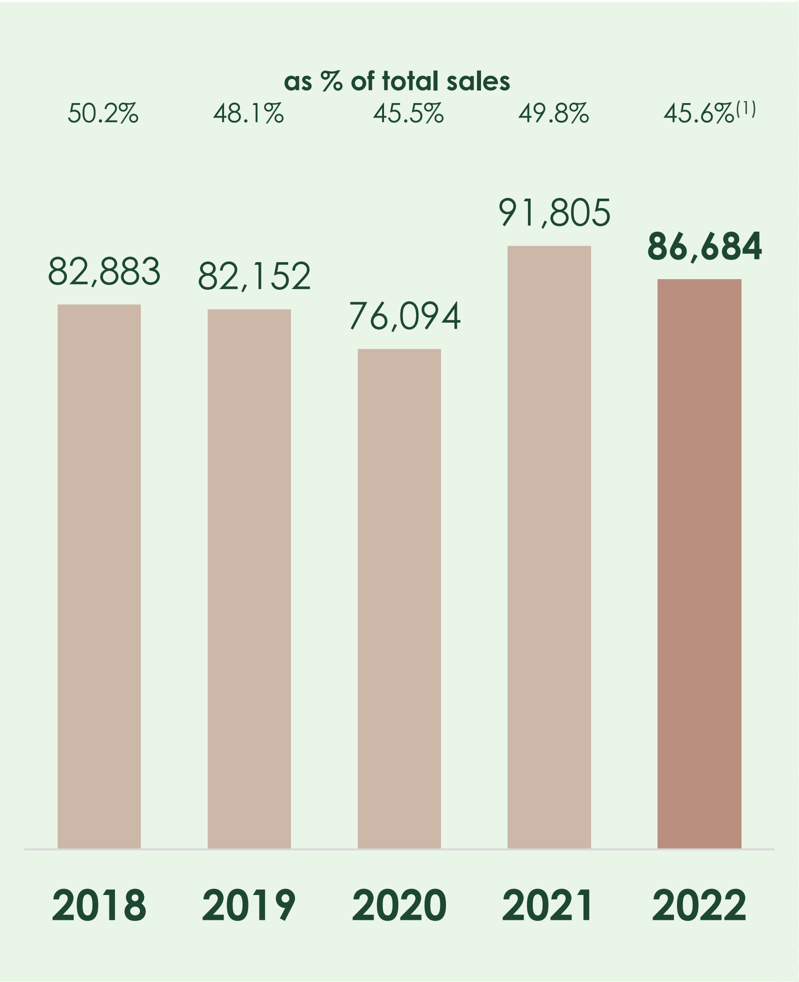
(1) based on management estimation

Architectural solutions segment - volume

Q2 sales by volume[2]
(metric ton)



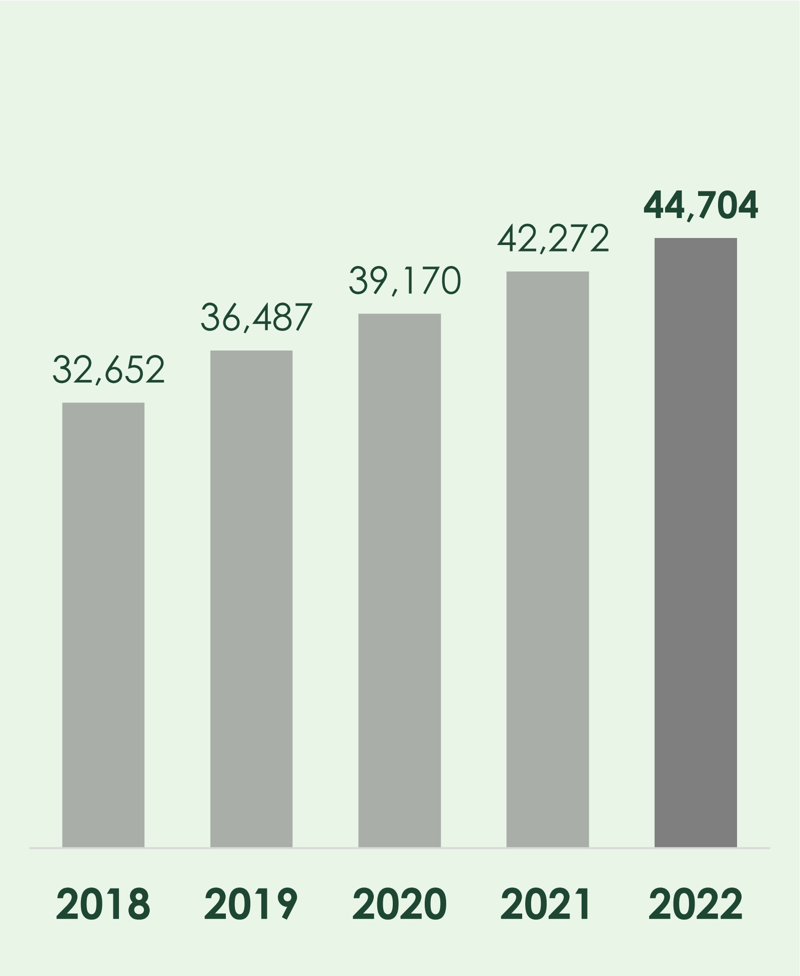
H1 sales by volume[2]
(metric ton)



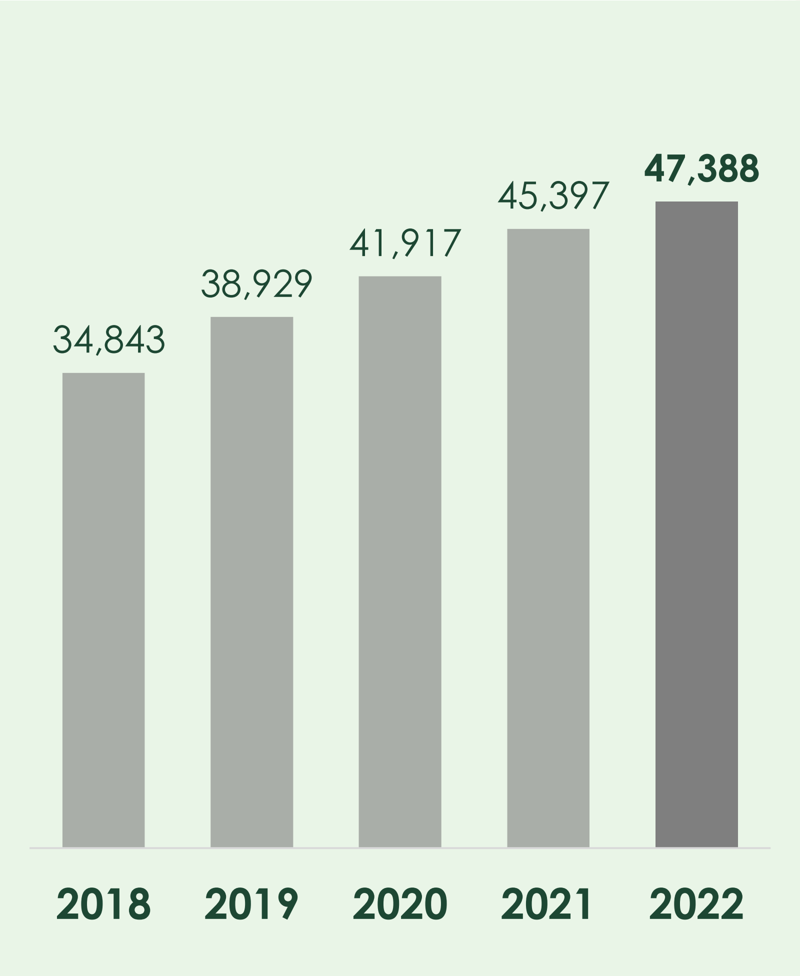
(1) based on management estimation
(2) Excluding instant cement

Architectural solutions segment - customers

Q2 number of customers

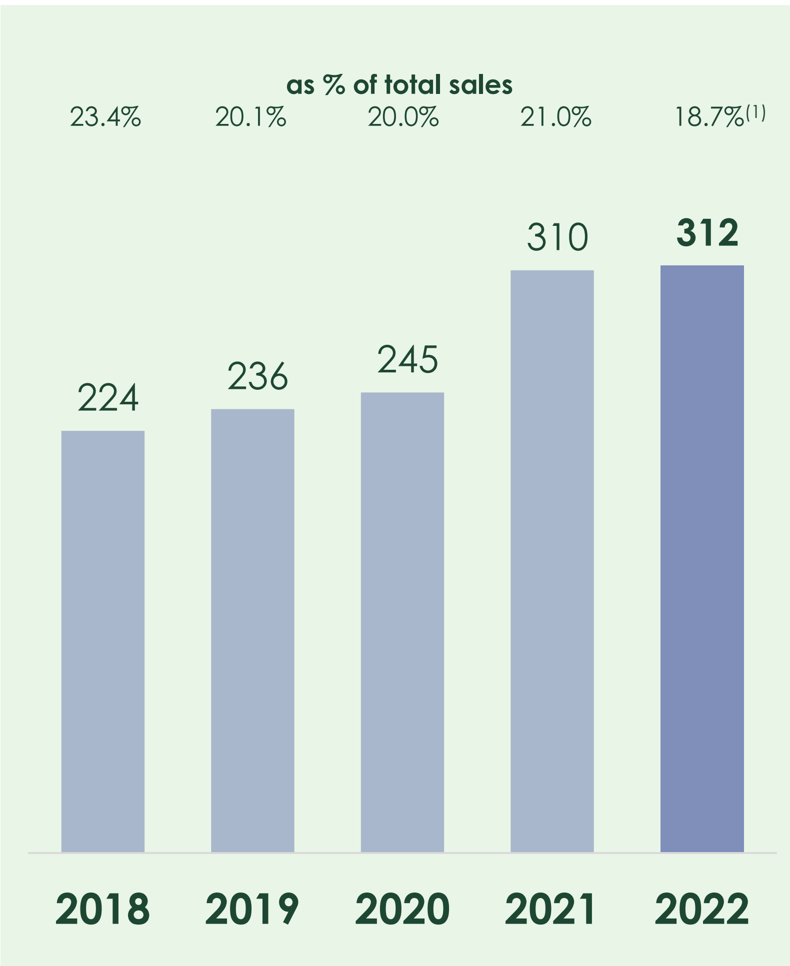


H1 number of customers

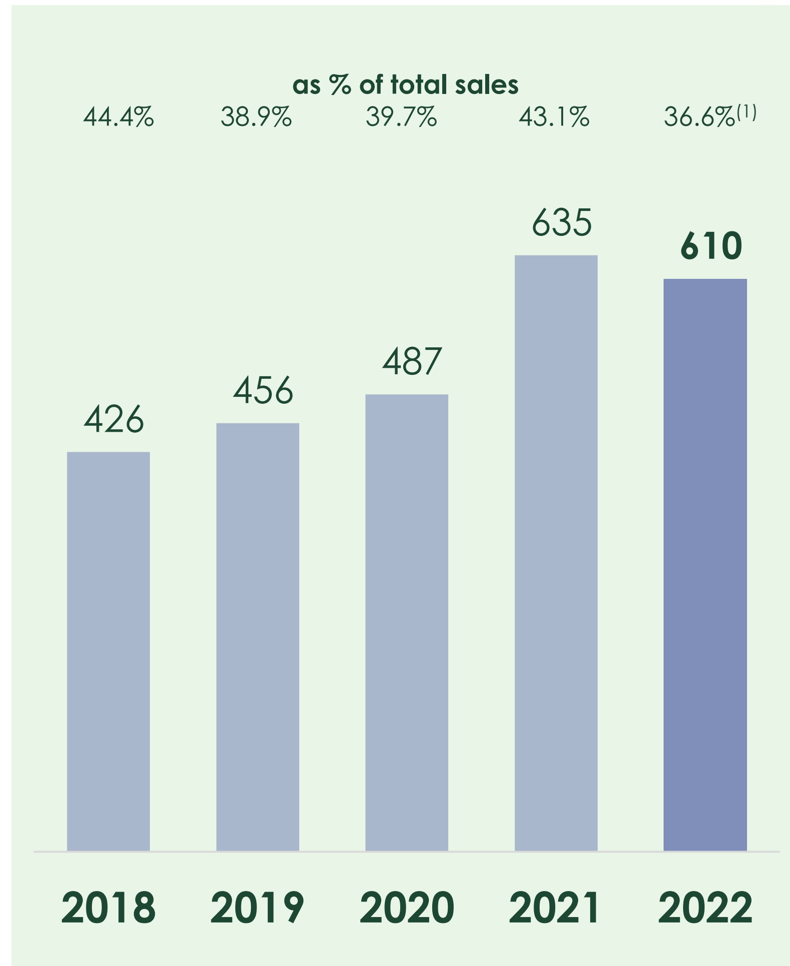


Trading goods segment - sales

Q2 sales by value
(IDR billion)



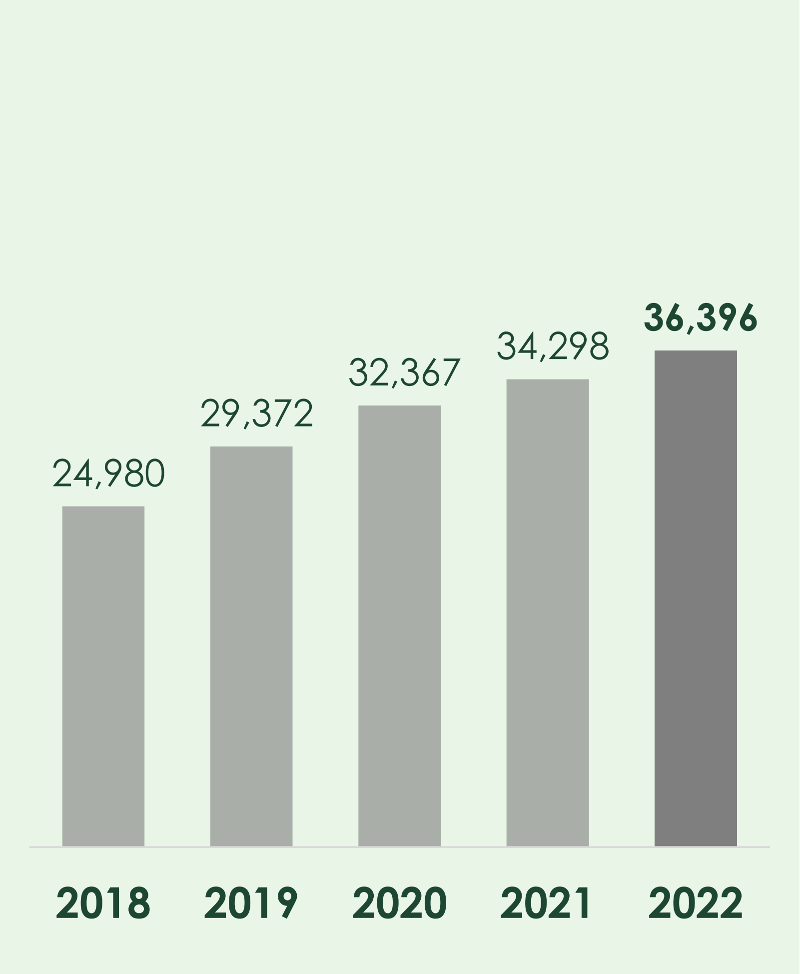
H1 sales by value
(IDR billion)



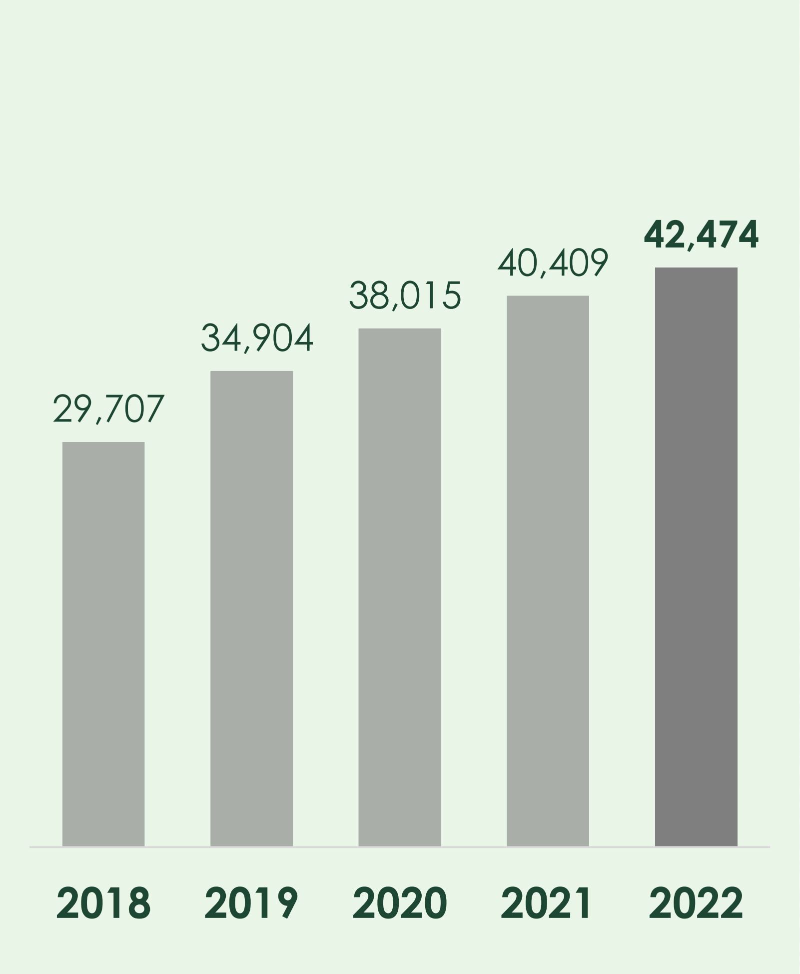
(1) based on management estimation

Trading goods segment - customers

Q2 number of customers

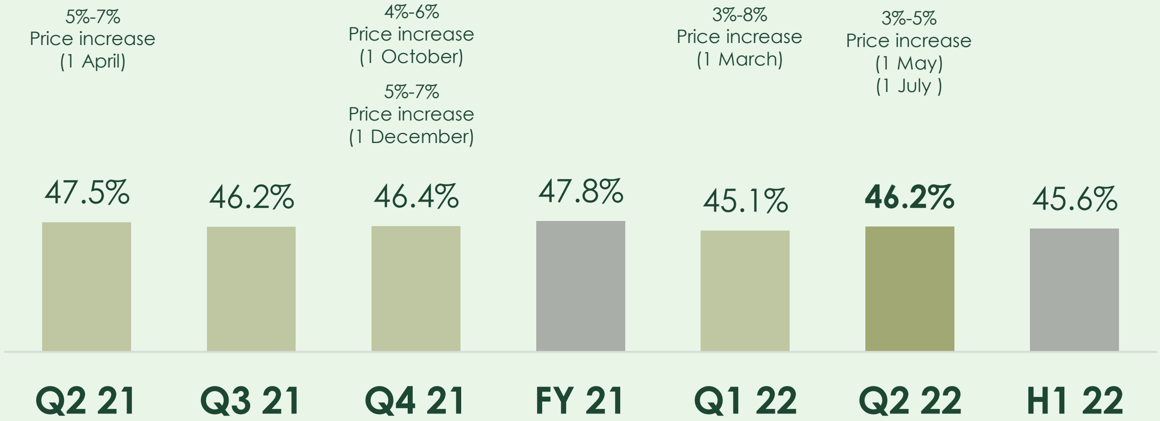


H1 number of customers

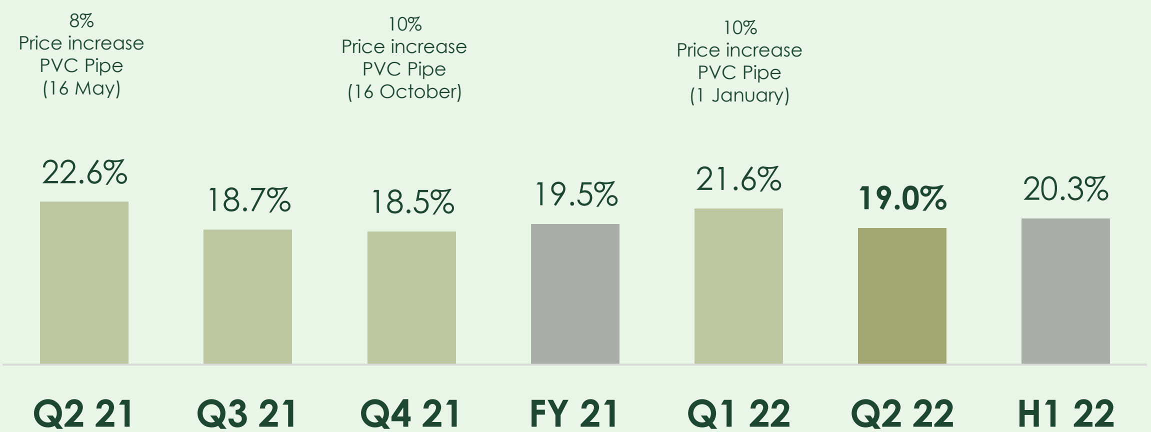


Quarterly gross margin

Architectural solutions segment



Trading goods segment



Well-managed cost structure

Cost Breakdown (as % of sales)

	2018	2019	2020	2021	H1 22
G & A[(1)]	3.0%	3.5%	2.8%	2.7%	3.1%
Sales & Marketing[(2)]	15.1%	15.8%	16.0%	13.1%	14.1%
COGS[(3)]	57.1%	58.6%	56.1%	58.3%	59.0%
Total	**74.4%**	**75.2%**	**77.9%**	**74.9%**	**76.2%**

Cost Breakdown (IDR billion)

	2018	2019	2020	2021	H1 22
G & A[(1)]	152	197	163	182	106
Sales & Marketing[(2)]	772	898	918	889	478
COGS[(3)]	2,926	3,324	3,213	3,954	1.992
Total	**3,850**	**4,419**	**4,294**	**5,025**	**2.576**

Continuous SG&A improvement

Cost advantage through vertical integration

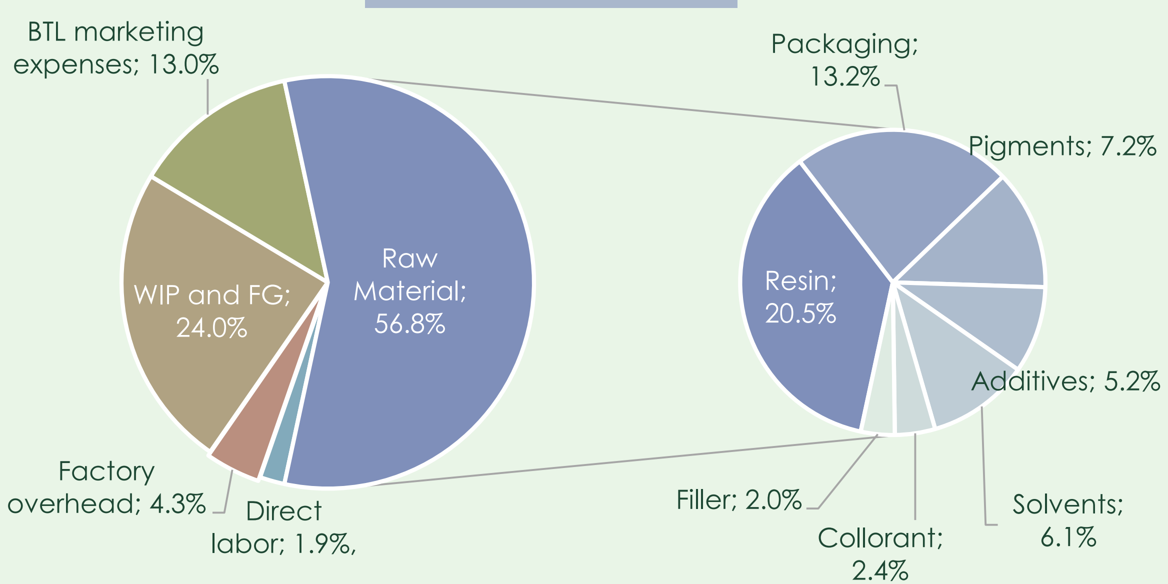
Maintenance of COGS as a percentage of sales

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

COGS breakdown

	2018	2019	2020	2021	H1 22
Raw materials	61.2%	51.8%	47.5%	58.2%	56.8%
Direct labor	1.9%	1.9%	2.1%	1.9%	1.9%
Factory overhead	4.2%	3.7%	4.2%	4.2%	4.3%
WIP and FG	21.9%	31.1%	33.8%	24.8%	24.0%
BTL marketing expenses	10.8%	11.4%	12.4%	11.0%	13.0%

H1 22 breakdown



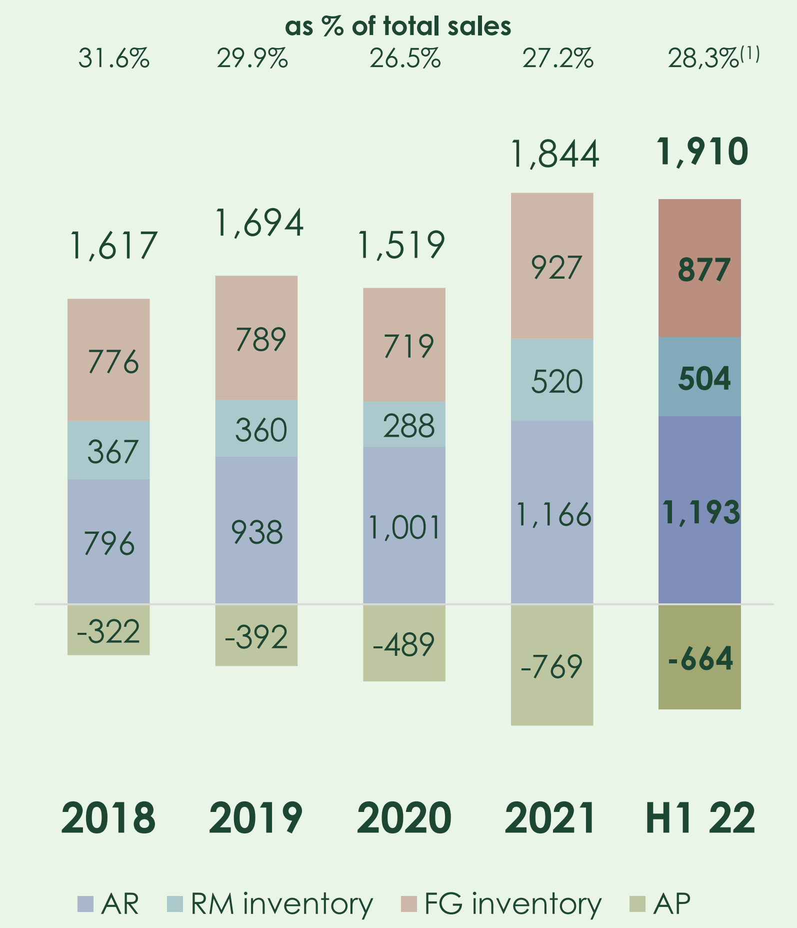
~ 35% of raw material is imported

Direct labor and factory overhead as % of COGS relatively stable over the years

Resin, packaging and solvent are linked to oil price; TiO2 (includes in pigment) accounts for ~ 4%

Robust cash-flow generation

Trade working capital
(IDR billion)



Free cash-flow
(IDR billion)

(1) annualized, measured against two times H1 revenue

Guidance for 2022

Sales projection FY 22

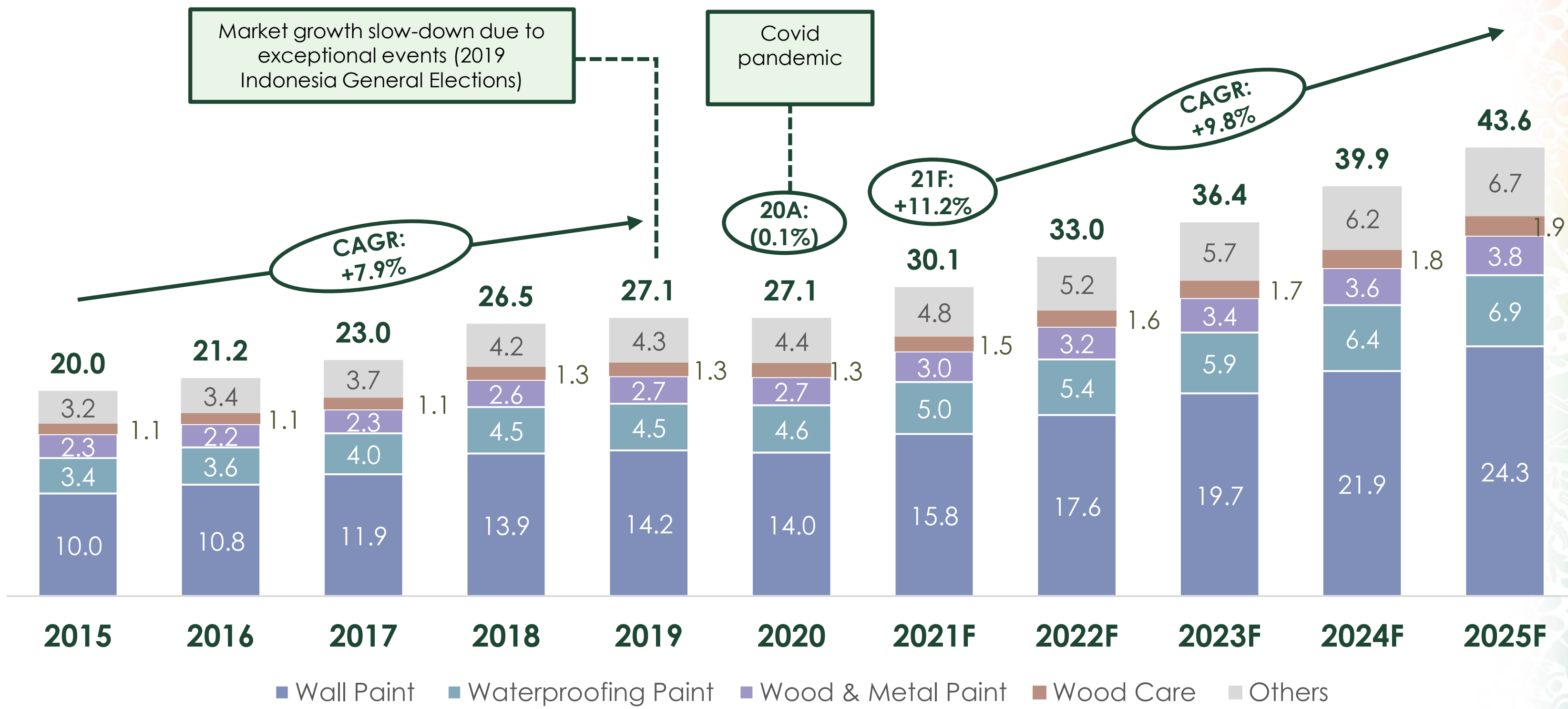
- Value growth 10 – 15%
- Volume growth 1 – 5%

Planned actions in Q3 and Q4:

- 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
- Completion of Cirebon factory permit application in August 2022
- Under PT Multipro Paint Indonesia, economical marine paints will be launched in Q4.These products will be sold through retail shops, specifically those located near coastal region
- Discussions with Saint Gobain continues to improve collaboration. Exploration of other segments are underway at this point in time

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%**

Source: Frost & Sullivan