# PT Avia Avian Tbk

Investor Presentation
Q2 2024 Results

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# Avian Brands team

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# Avian Brands Q2 2024 snapshot

| SALES | GROSS PROFIT | EBITDA | NET PROFIT |
|---|---|---|---|
| **IDR 1.7 T**<br>( US$ 106 m ) | **IDR 744 B**<br>( US$ 46 m )<br>**43.3%** | **IDR 447 B**<br>( US$ 28 m )<br>**26.1%** | **IDR 362 B**<br>( US$ 22 m )<br>**21.1%** |

| EMPLOYEES | DISTRIBUTION CENTERS | COVERAGE | CUSTOMERS |
|---|---|---|---|
| **8,000+** | **162** | **38 Provinces**<br>**99 Cities** | **57,000+**<br>**Retail outlets** |

Convenience translation from IDR based on the average USD/IDR exchange rate in Q2 2024 of 16,187

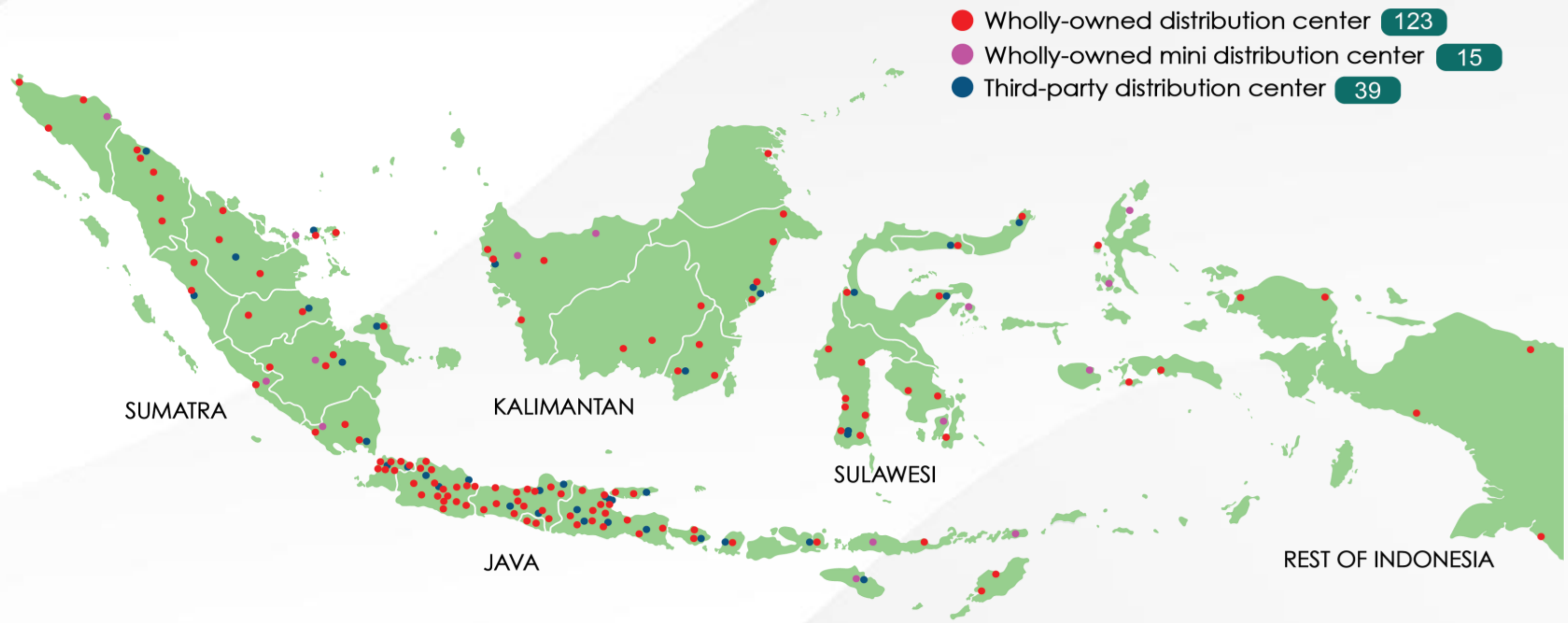
# Q2 2024 financial performance highlights

| In IDR billion (except per share data) | 2024 | 2023 | Change |
|---|---|---|---|
| **Consolidated sales** | **1,716** | **1,726** | **-0.6%** |
| Architectural solutions | 1,320 | 1,397 | -5.5% |
| Trading goods | 395 | 330 | 19.9% |
| **Gross profit** | **744** | **777** | **-4.3%** |
| Architectural solutions | 673 | 718 | -6.2% |
| Trading goods | 71 | 59 | 19.2% |
| **Gross margin** | **43.3%** | **45.0%** | **-1.7%** |
| Architectural solutions | 51.0% | 51.4% | -0.4% |
| Trading goods | 17.8% | 17.9% | -0.1% |
| **EBITDA** | **447** | **495** | **-9.6%** |
| **EBITDA margin** | **26.1%** | **28.7%** | **-2.6%** |
| **Net profit** | **362** | **390** | **-7.3%** |
| **Net profit margin** | **21.1%** | **22.6%** | **-1.5%** |
| **EPS** | **5.9(1)** | **6.3** | **-6.2%** |

(1) Calculated based on the weighted average number of shares in Q2 2024 after taking into account the treasury shares
(2) Bank Indonesia

- In Q2, Avian Brands recorded consolidated sales of IDR 1.7 trillion, reflecting a slight decrease from the same period last year.
- The inflation rate was softer during Q2, hovering around 3%(2) primarily driven by the pressure on consumer spending.
- The primary food inflation persists in Q2. In addition, consumer purchasing power has been negatively impacted by the growing issues of online gambling and digital lending.
- Through our sustainable growth strategies, the company is focused on seizing market share from other competitors amidst the challenging market conditions.

# Distribution center expansion




- During Q2 2024, we opened 2 wholly-owned distribution centers.
- Our logistical infrastructure enables us to make ~12,000 daily deliveries.
- We are able to achieve 92%(1) 1-day delivery service fulfilment.

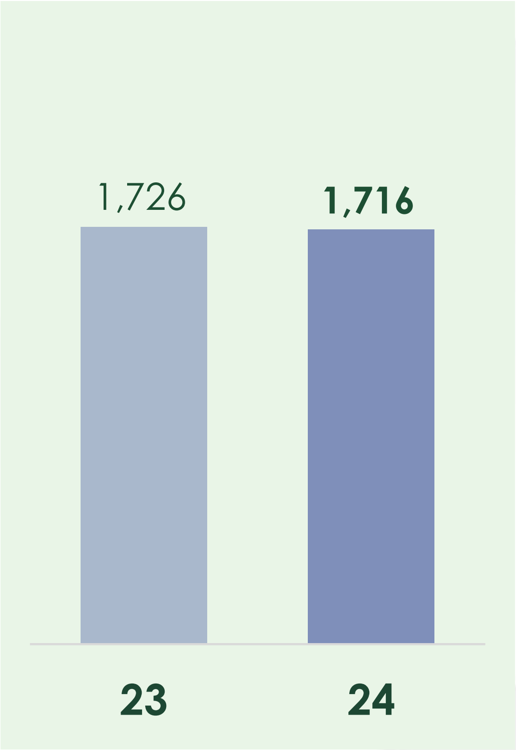
(1) For retail outlets located within a 50 km radius of a wholly-owned distribution center

Benefits from the continued expansion of distribution centers:

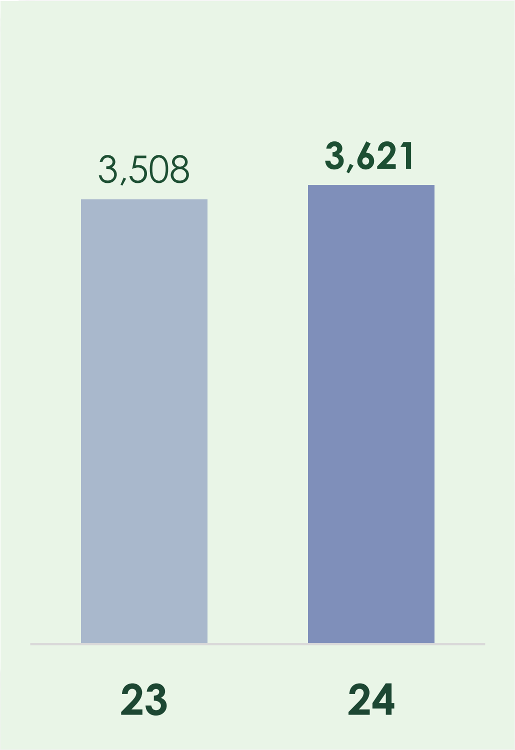
- Improve product penetration by reaching a wider range of customers nationwide.
- Provide superior quality of service and enhance customer relationships.
- Optimize inventory management and minimize loss opportunities.

# Consolidated business – sales & customers

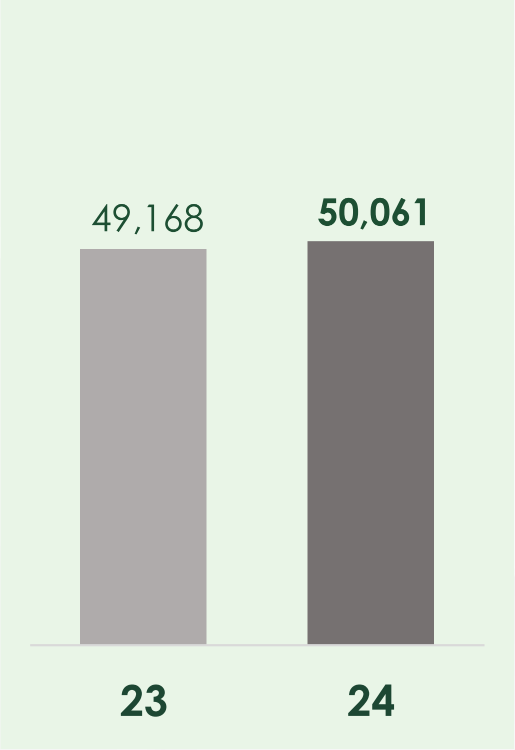
**Q2 sales by value**
(IDR billion)



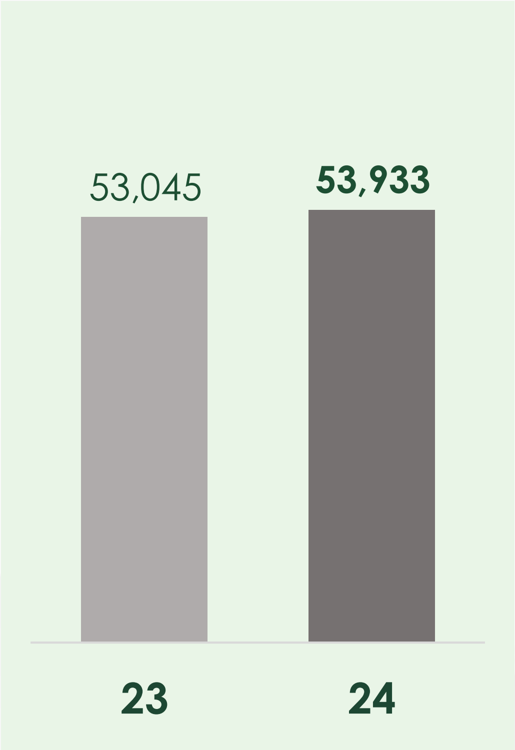

**H1 sales by value**
(IDR billion)




**Q2 number of customers**

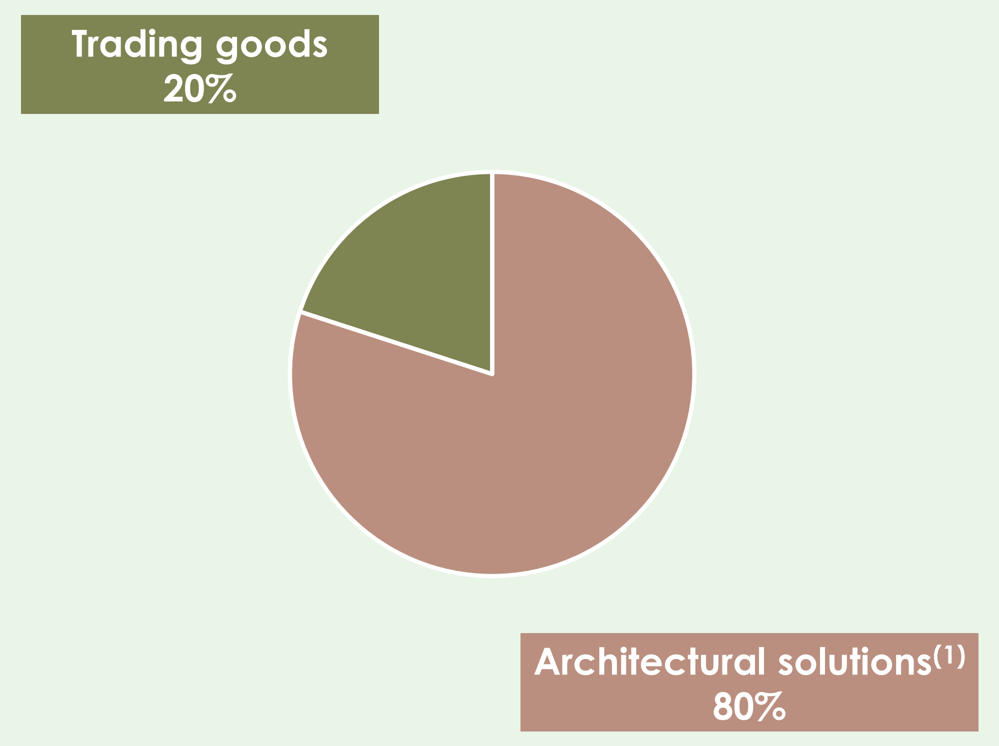



**H1 number of customers**



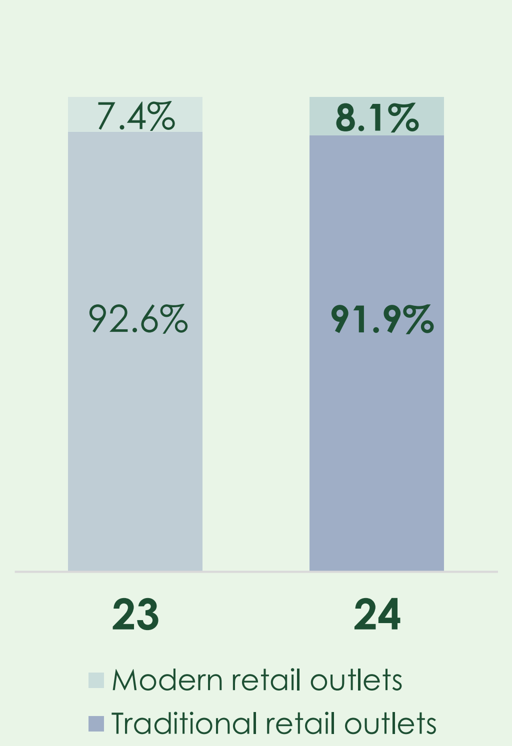
# Consolidated business – sales

## H1 2024 sales by segments

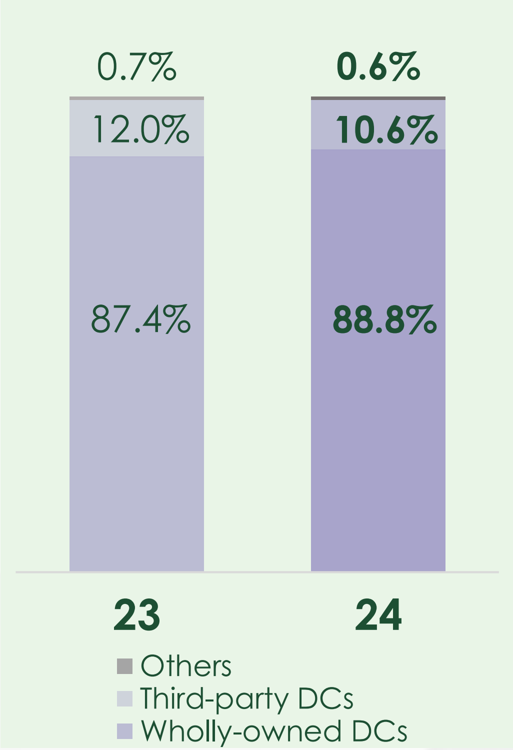



(1) For investors who require details on the sales breakdown by segments, please contact our Head of Investor Relations

## H1 sales by customers

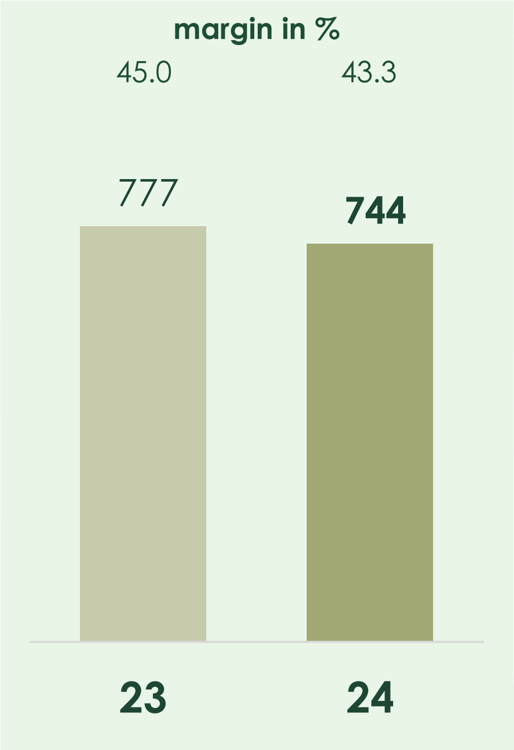



## H1 sales by distribution networks

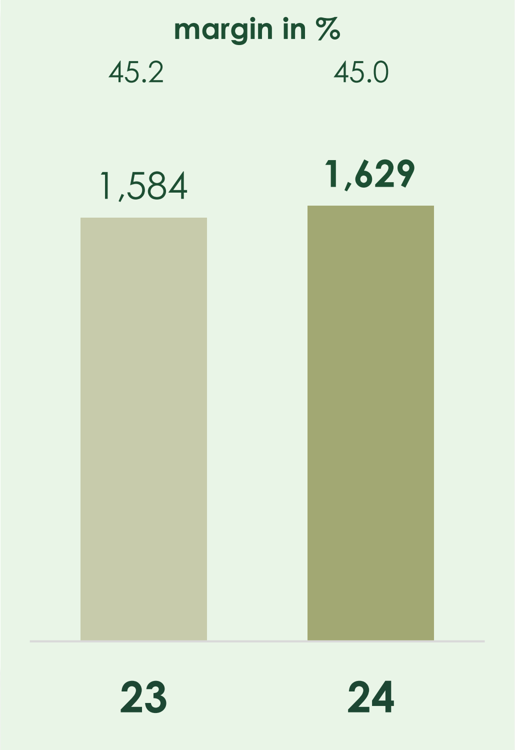


# Consolidated business – gross profit

**Q2 gross profit**
**(IDR billion)**

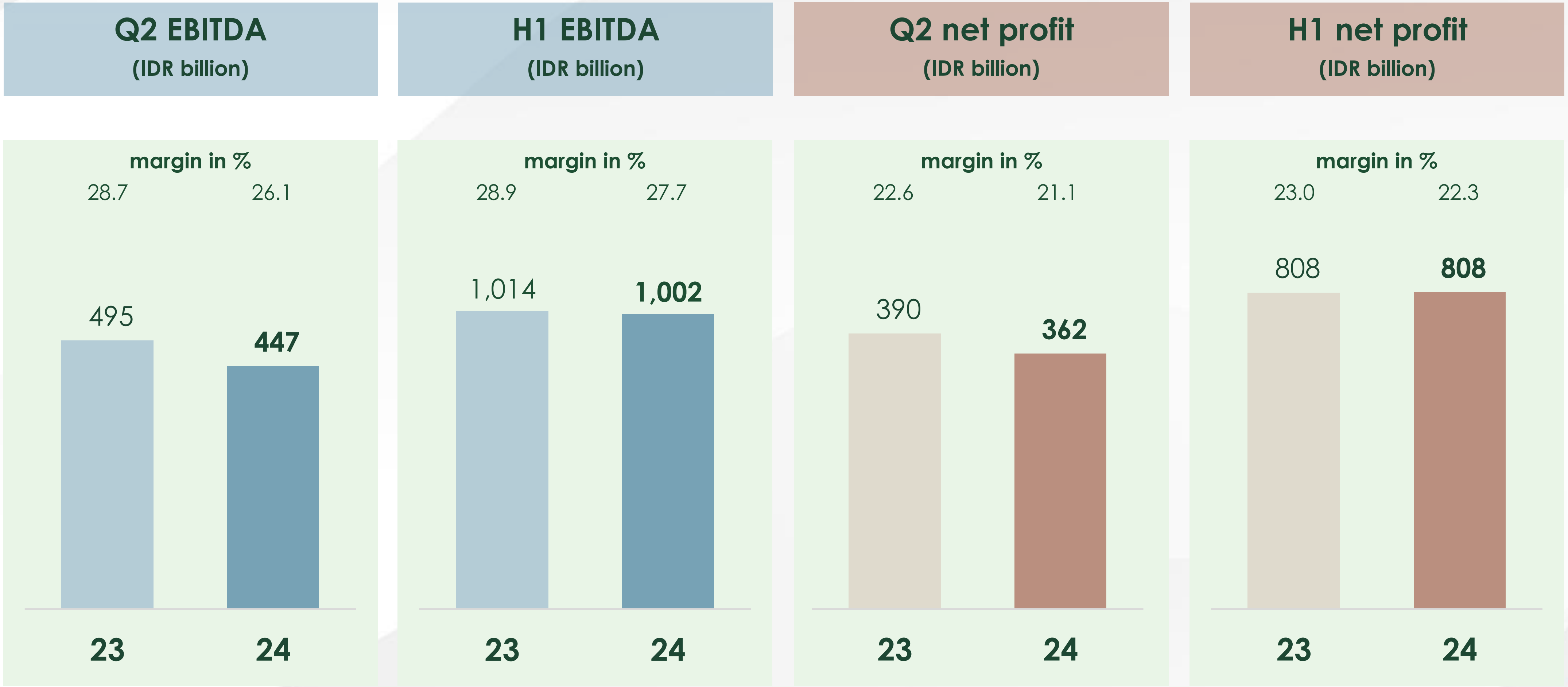



**H1 gross profit**
**(IDR billion)**



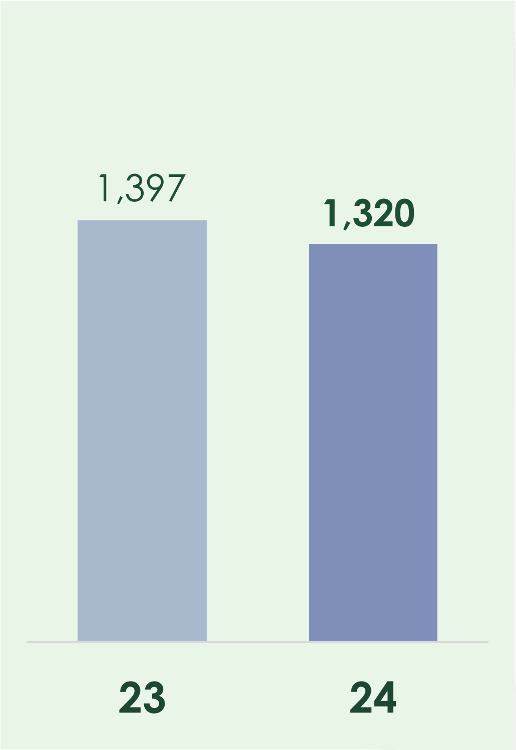

- In Q2, the company registered a consolidated gross profit of IDR 744 billion. The gross margin for the quarter was 43.3%.
- For the first half, consolidated gross profit exceeded IDR 1.6 trillion. During the same period, the consolidated gross margin was recorded at 45.0%.
- Throughout the second quarter of 2024, raw material prices remained relatively stable. However, certain materials started to show a rising trend.
- The company has decided to ramp up its promotional activities in response to the more aggressive competition, which impacted the gross margins.
- In Q2, sales contribution from the trading goods segment rose to 23%, higher than the normal level of 20%. This led to a contraction of Q2 gross margin.

# Consolidated business – EBITDA & net profit

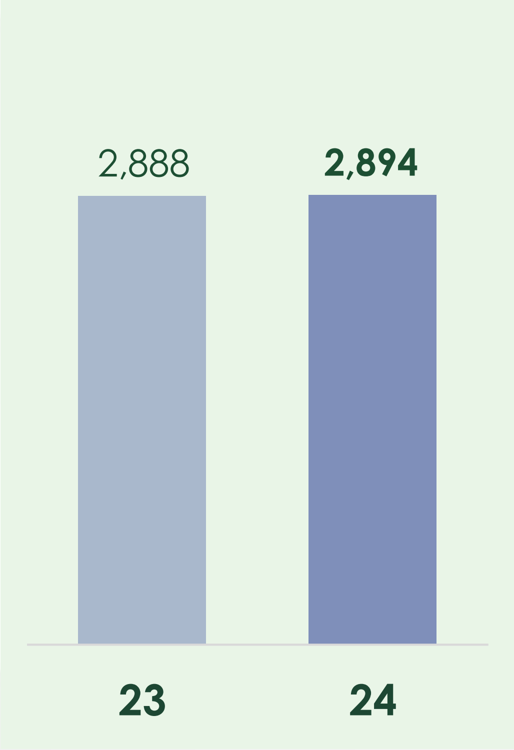


# Architectural solutions – sales

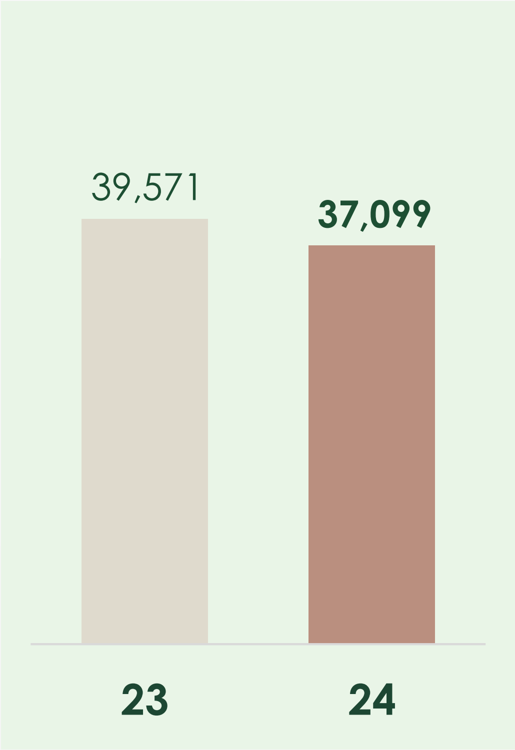
**Q2 sales by value**
(IDR billion)



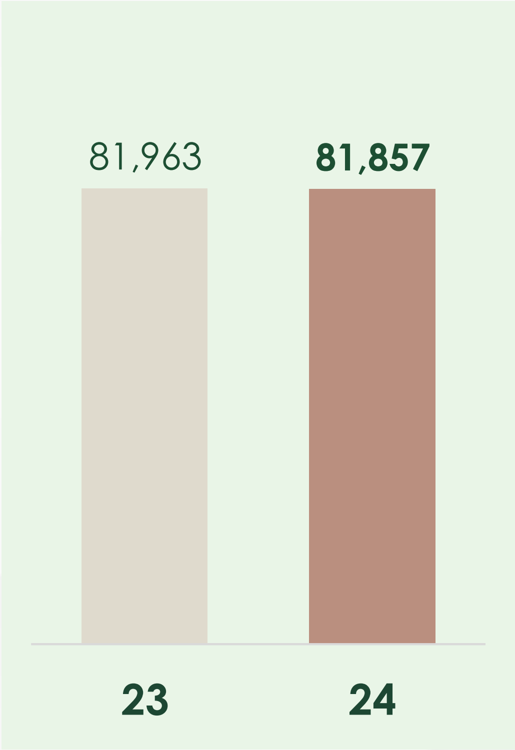

**H1 sales by value**
(IDR billion)




**Q2 sales by volume[1]**
(metric ton)



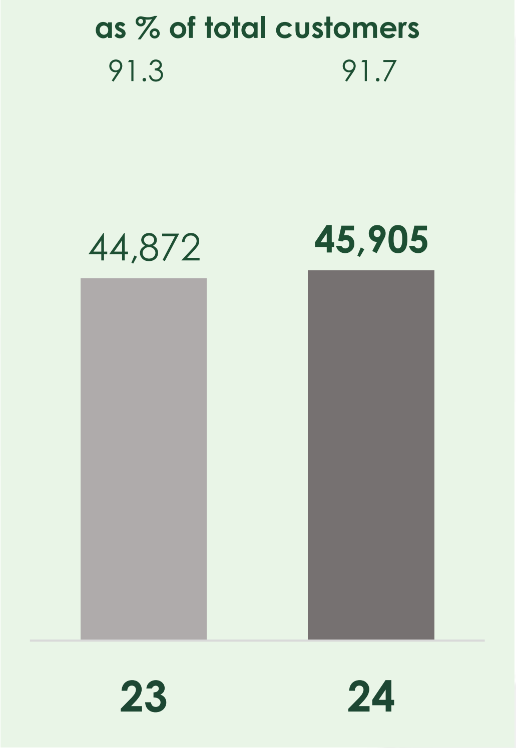

**H1 sales by volume[1]**
(metric ton)



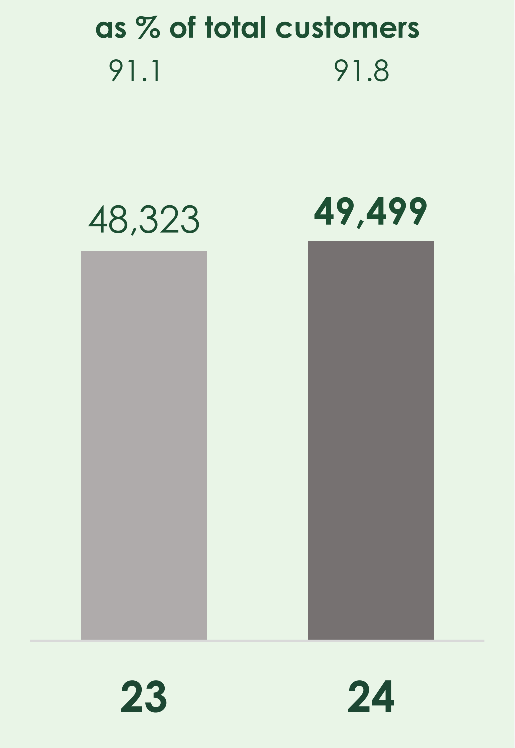

(1) Excluding instant cement

# Architectural solutions – customers

**Q2 number of customers**




**H1 number of customers**

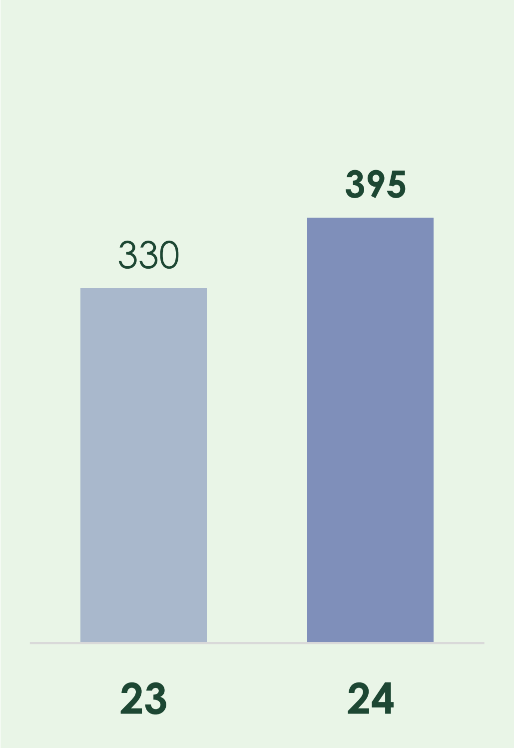




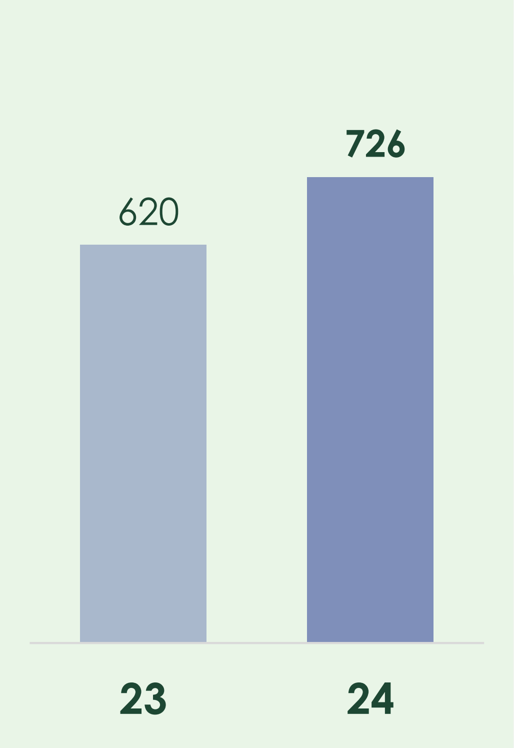
21st June 2024 - Avian Brands' national gathering

# Trading goods – sales & customers

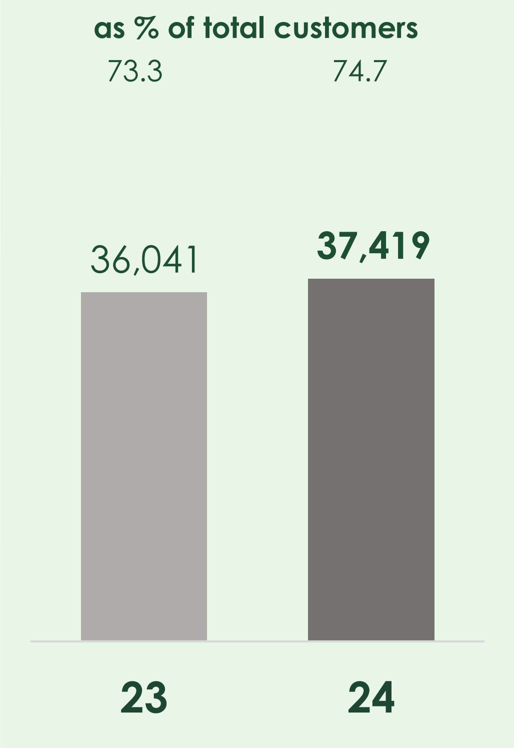
**Q2 sales by value**
**(IDR billion)**



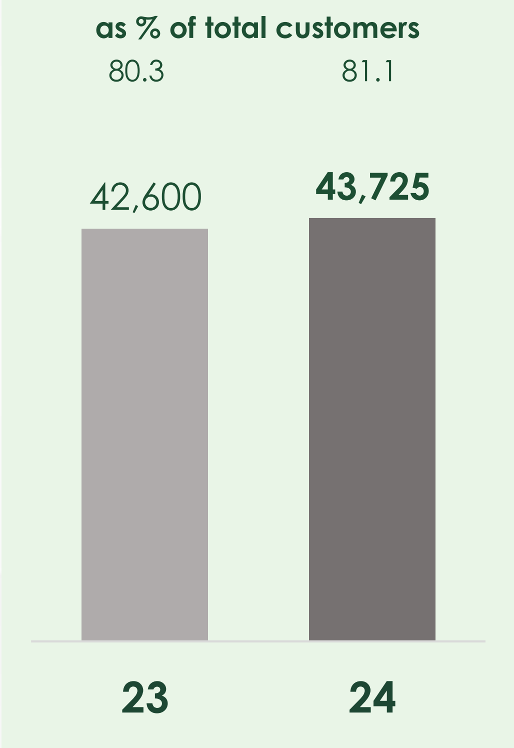

**H1 sales by value**
**(IDR billion)**




**Q2 number of customers**

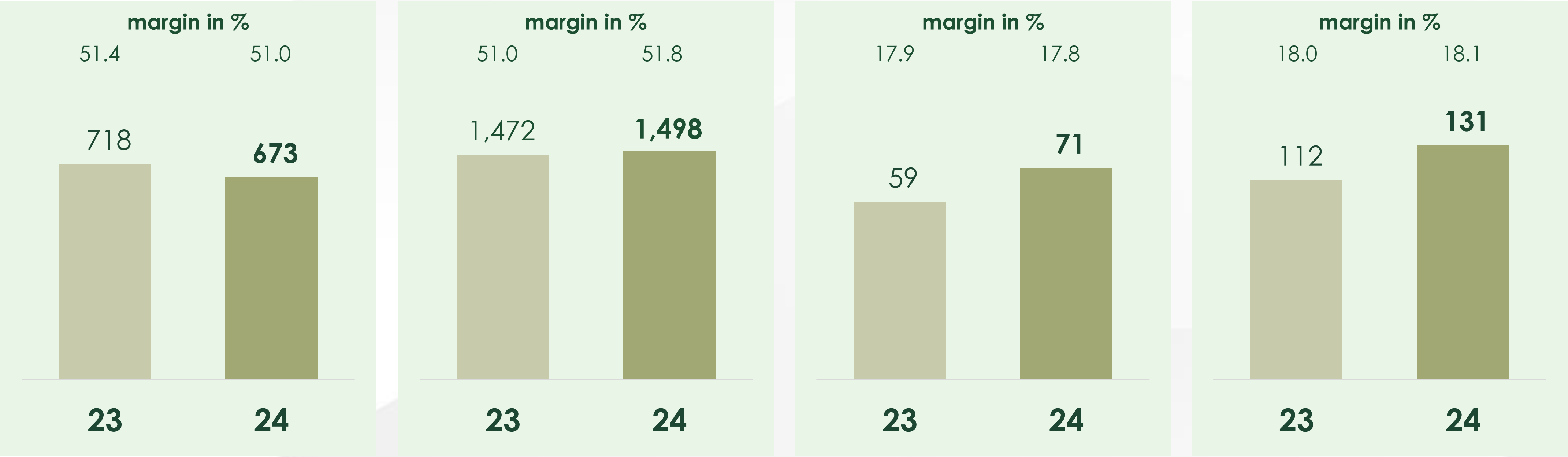



**H1 number of customers**



# Gross profit by segment

| Architectural solutions | | Trading goods | |
|---|---|---|---|
| **Q2 gross profit** (IDR billion) | **H1 gross profit** (IDR billion) | **Q2 gross profit** (IDR billion) | **H1 gross profit** (IDR billion) |



# Well-managed cost structure

**Cost breakdown** (as % of sales)

| | 2023 | H1 24 |
|---|---|---|
| G & A[1] | 3.2% | 3.5% |
| Sales and marketing[1] | 17.7% | 17.1% |
| COGS[1] | 54.6% | 55.0% |
| **Total** | **75.5%** | **75.6%** |

- The company was able to maintain steady operating expenses.
- Avian Brands continues to be aggressive in its sales and marketing endeavours.

**COGS breakdown** (as % of sales)

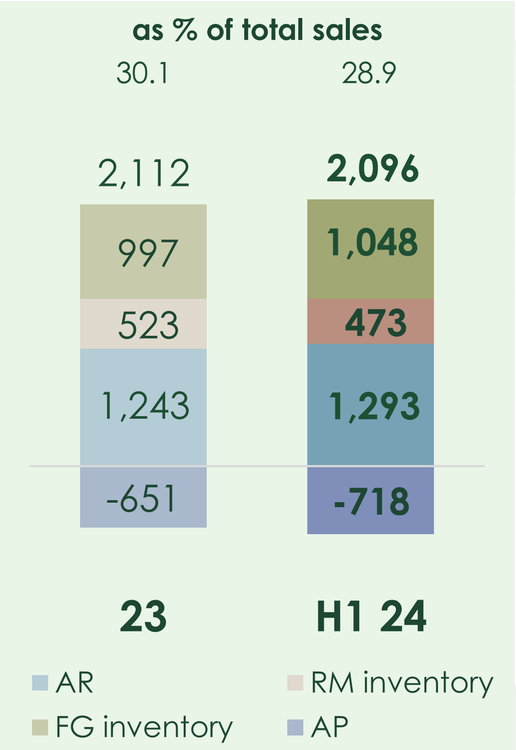
| | 2023 | H1 24 |
|---|---|---|
| Raw material | 27.8% | 25.5% |
| Direct labour | 1.1% | 1.1% |
| Factory overhead | 2.4% | 2.6% |
| WIP and FG | 15.8% | 16.8% |
| Below-the-line (BTL) expenses | 7.6% | 9.0% |
| **Total** | **54.6%** | **55.0%** |

- Direct labour and factory overhead costs remain relatively stable.
- The rise in BTL expenses aligns with the company's escalated promotional efforts, particularly in response to the more intense competition.

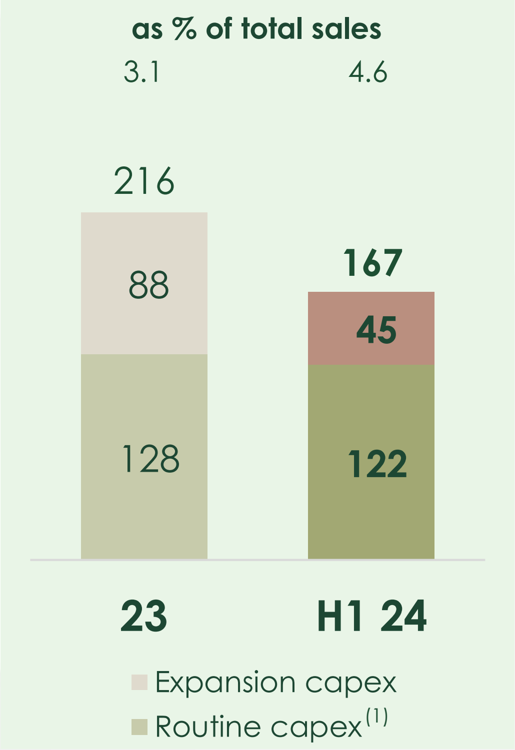
(1) Includes depreciation and amortization

# Robust cash-flow generation & AR management

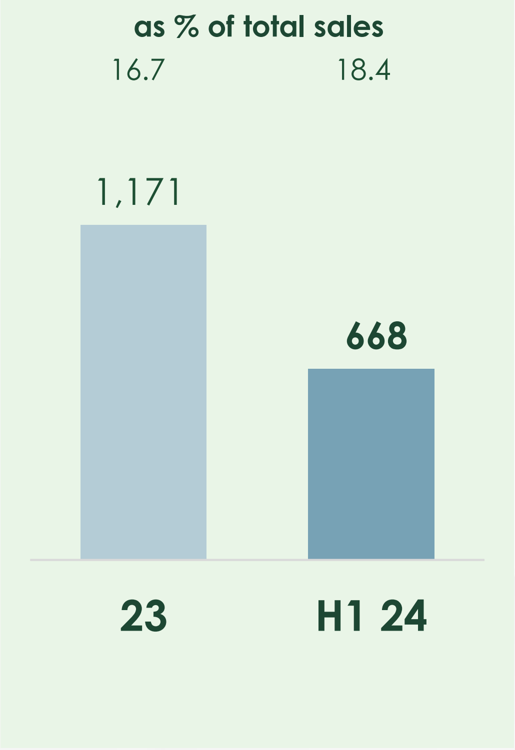
**Trade working capital**
**(IDR billion)**



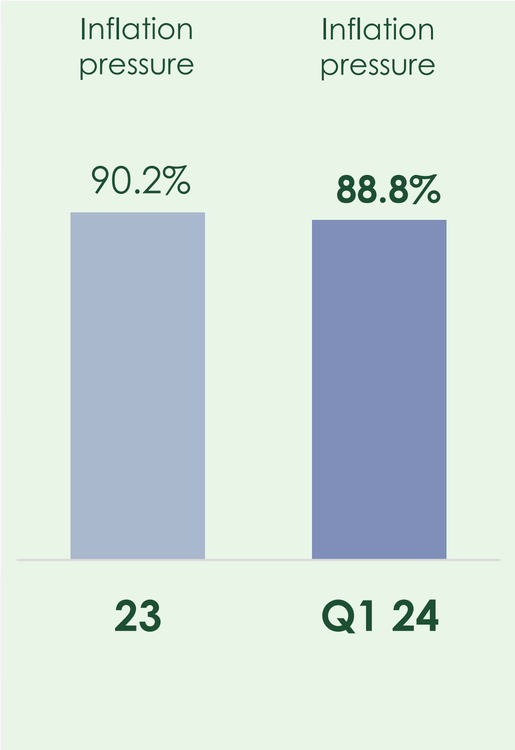

**Capital expenditure**
**(IDR billion)**




**Free cash flow**
**(IDR billion)**



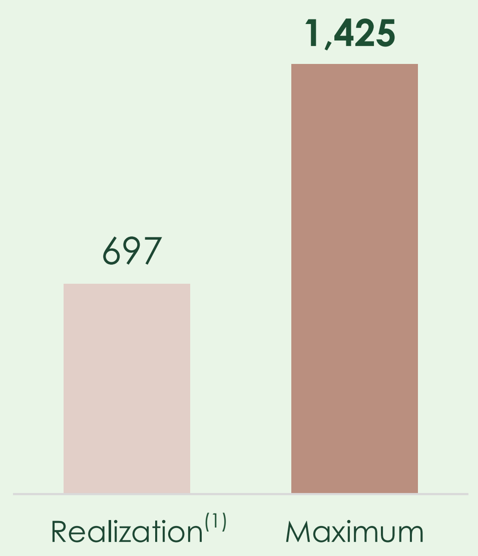

**On-time collection**



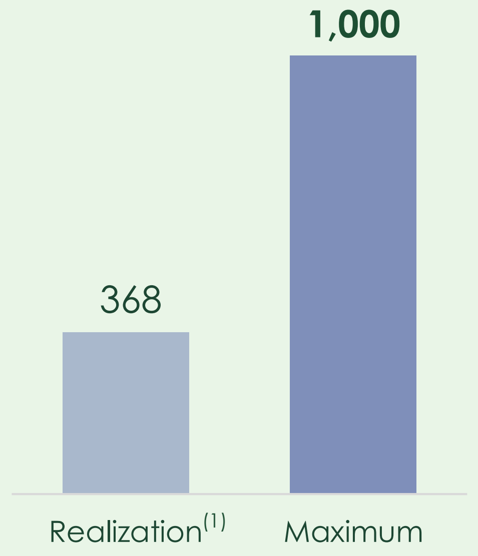

(1) The routine capex consists of upgrades to the manufacturing facilities and IT infrastructure, trucks and vehicles in the distribution centers, and tinting machines for retail outlets

# Updates on the share buyback program

**Number of shares** (million)




**Value in Rupiah** (IDR billion)




- The company initiated the share buyback program in December 2023.
- The maximum authorized number of shares for the buyback program is 1,425 million shares with a maximum allocated fund of IDR 1 trillion.
- As of June 2024, the company has successfully acquired ~49% of the maximum number of shares, using ~37% of the total allocated fund.
- The company's main consideration in conducting the share buyback program is to bolster investor confidence.

(1) As of June 2024

# 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 and accelerate the deployment of tinting machines at retail outlets.
- Expand the distribution centers to strengthen product penetration and market presence.
- Improve our service quality to deliver exceptional value and distinguish ourselves from competitors.
- Proceed with the share buyback program.
- Numerous Internal process and ESG improvements.

*Painting a Beautiful Picture of Indonesia*