

# Avia Avian Tbk. (AVIA)

## Tetap Berwarna Walaupun Kinerja 2Q24 Tertekan

Di semester I 2024, AVIA mencetak laba yang flat jika dibandingkan dengan periode yang sama tahun lalu, yaitu IDR 808.1B di 1H24 (1H23: IDR 807.6B). Pendapatan penjualan masih bertumbuh +3.21% YoY menjadi IDR 3.62T di 1H24 (1H23: IDR 3.51T). Kinerja yang stagnan tersebut disebabkan oleh adanya penurunan kinerja di periode 2Q-24, di mana pendapatan turun sebesar -0.63% YoY dan -9.95% QoQ menjadi IDR 1.71T di 2Q24 dan laba bersih yang berkontraksi -7.32% YoY dan -18.9% QoQ menjadi IDR 362B di 2Q24. Pelemahan pendapatan ini merupakan tantangan yang dihadapi AVIA, terlihat dari sisi daya beli masyarakat yang cukup tergerus. Hal tersebut juga terlihat dari penurunan volume dan nominal penjualan yang mengalami penurunan di 2Q24. Selain itu, beberapa kompetitor di industri cat dan pelapis juga menunjukkan strategi pemasaran yang lebih agresif, sehingga menyebabkan AVIA harus melakukan peningkatan budget untuk kegiatan pemasaran.

### Kinerja 2Q-24 AVIA: Pelemahan di Segmen Solusi Arsitektural

- Kinerja 2Q24 AVIA mengalami pelemahan, terlihat dari turunnya pendapatan perusahaan sebesar -9.95% QoQ dan -0.63% YoY menjadi IDR 1.71T di 2Q24. Selain daripada inflasi bahan pangan, penurunan daya beli konsumen yang diakibatkan oleh maraknya perjudian online dan pinjaman online mulai nampak di bahan kebutuhan non-primer, khususnya cat dan pelapis sebagai bahan finishing. Hal ini juga terlihat dari kinerja penjualan 2Q24 AVIA, di mana kuantitas volume segmen solusi arsitektural yang terjual mengalami penurunan -17.1% QoQ dan -6.2% YoY (2Q24: 37,099 MT).
- Secara nominal, penjualan di segmen solusi arsitektural secara basis YoY relatif stagnan +0.34% YoY menjadi IDR 2.89T di 1H24. Namun secara basis kuartalan, kinerja penjualan segmen solusi arsitektural per 2Q24 mengalami penurunan -16.1% QoQ dan -5.5% YoY menjadi IDR 1.32T di 2Q24. Dalam satu tahun terakhir, nampaknya AVIA belum menaikkan harga jual produk di mana tercermin dari Average Selling Price (ASP) yang sustain. ASP dari segmen solusi arsitektural ini masih cukup stabil dan tidak naik, di mana secara YoY +0.8% dan QoQ +1.2% menjadi IDR 35,580 / Kg di 2Q24. ASP AVIA di 1H24 berada di angka IDR 35,354 / Kg di mana secara YoY hanya naik 0.34%.
- Segmen barang dagangan mengalami peningkatan pertumbuhan pendapatan dengan naik +19.7% YoY dan +19.3% QoQ menjadi IDR 395 M di 2Q24. Segmen ini mengalami pertumbuhan cukup atraktif di tengah penjualan cat dan pelapis yang mengalami sedikit kelesuan per 2Q24. Akibatnya, kenaikan pendapatan kontribusi dari barang dagangan memicu terjadinya sedikit kontraksi terhadap GPM dari AVIA di 2Q24.

### Pesaingan Industri Cat dan Pelapis Indonesia Cukup Kompetitif dan Agresif

- Selain dampak dari inflasi bahan pangan dan penurunan daya beli yang mengarah pada lemahnya volume penjualan cat dan pelapis, manajemen AVIA memberikan insight terkait dengan industri cat dan pelapis. Beberapa kompetitor industri serupa melakukan kampanye marketing yang cukup agresif, sehingga hal ini memacu AVIA untuk meningkatkan intensitas marketing yang serupa. Akibatnya, hal ini cukup meningkatkan biaya beban iklan dan promosi meningkat menjadi IDR 81.53B di 1H24 (1H23: IDR 44.56B, +82.97% YoY). Selain itu per periode 2Q-24 ini, AVIA tidak merilis produk baru.

### Update Perkembangan Fabrik Cirebon

- Saat ini, tahapan pembangunan pabrik ketiga AVIA yang berada di Cirebon khususnya struktur bawah—tiang pancang pondasi sudah berhasil diselesaikan dan saat ini sedang memulai konstruksi untuk bangunan pabrik. Adapun ke depannya, Pabrik Cirebon ditargetkan akan memiliki kapasitas produksi terencana sebesar 225,000 MT, di mana di tahap awal nantinya hanya akan menggunakan kapasitas 80,000-100,000 MT khususnya difokuskan untuk produksi cat dinding dan secara bertahap ditingkatkan sesuai kebutuhan.

### Rekomendasi Buy dengan TP yang Lebih Rendah di Level IDR 620 (Potensi Upside +38.4%)

- NHKS Research tetap mempertahankan rekomendasi BUY rating untuk AVIA, namun dengan target price yang lebih rendah di IDR 620 (+38.4% upside potensial, mengimplikasikan 20.3x Forward-PE 2024). Terlepas kinerja AVIA per 2Q24 mengalami sedikit hambatan dan kontraksi akibat pelemahan penjualan, valuasi AVIA masih cukup atraktif mengingat posisinya sebagai pemimpin pasar di industri cat dan pelapis Indonesia, serta memiliki neraca yang kuat jika ingin melakukan ekspansi anorganik. Hal yang menjadi risiko dari AVIA antara lain: pelemahan rupiah yang bisa menyebabkan meningkatnya harga beberapa jenis bahan baku, masih lemahnya daya beli masyarakat yang cukup tertekan akibat inflasi pangan dan situasi makro-ekonomi yang belum kondusif.

## Avia Avian Tbk | Summary (IDR Bn)

In IDR Bn	2023A	2024E	2025F	2026F
Revenues	7,017	7,559	8,164	8,833
Revenues growth	4.8%	7.7%	8.0%	8.2%
Net profit	1,643	1,746	1,898	2,081
Growth	17.3%	6.3%	8.7%	9.6%
EPS (IDR)	27	28	31	34
PIE	16.9x	22.0x	21.1x	20.2x
P/BV	2.8x	3.8x	3.8x	3.9x
EV/EBITDA	11.3x	15.5x	15.2x	14.5x
ROE	16.6%	17.2%	18.1%	19.3%
Dividend yield	4.9%	3.9%	4.0%	4.2%
BVPS (IDR)	160	164	169	174
EBITDA margin	27.5%	27.2%	26.6%	27.5%
NPM	23.4%	23.1%	23.3%	23.6%
ROE	16.6%	17.2%	18.1%	19.3%
ROA	14.7%	14.5%	15.0%	16.0%
DPS (IDR)	22.0	24.0	26.0	28.5
EBITDA	1,928	2,057	2,175	2,426

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | 7 August 2024

## Buy

Target Price (IDR)	620
Consensus Price (IDR)	694
TP to Consensus Price	-10.7%
Potential Upside	+38.4%

### Shares data

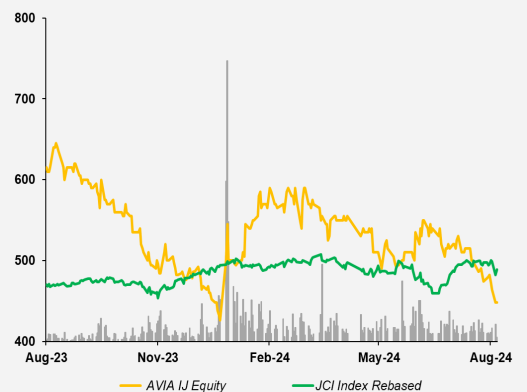
Last Price (IDR)	448
Price date as of	6 August, 2024
52 wk range (Hi/Lo)	650 / 422
Free float (%)	24.36
Outstanding sh. (mn)	61,954
Market Cap (IDR bn)	27,879
Market Cap (USD mn)	1,725
Avg. Trd Vol - 3M (mn)	25
Avg. Trd Val - 3M (IDR bn)	12.49
Foreign Ownership	16.7%

### Financial Services

#### Banking

Bloomberg	AVIA IJ
Reuters	AVIA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-10.4%	-12.2%	-14.7%	-30.0%
Rel. Ret.	-7.7%	-10.5%	-14.7%	-33.5%

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## Summary of 1H24 / 2Q24 AVIA Result

(In IDR Billion)	1H23	1H24	YoY Growth	1Q23	2Q23	1Q24	2Q24	QoQ Growth	YoY Growth
<b>AVIA Income Statement 1H24</b>									
Revenue	IDR 3,508	IDR 3,621	3.21%	IDR 1,782	IDR 1,726	IDR 1,905	IDR 1,716	-9.95%	-0.63%
COGS	IDR (1,924)	IDR (1,991)	3.49%	IDR (975)	IDR (949)	IDR (1,019)	IDR (972)	-4.66%	2.37%
Gross Profit	IDR 1,584	IDR 1,629	2.87%	IDR 807	IDR 777	IDR 886	IDR 744	-16.03%	-4.29%
GPM	45.2%	45.0%		45.3%	45.0%	46.5%	43.3%		
<b>Operating Expenses</b>									
Marketing Expenses	IDR (548)	IDR (621)	13.21%	IDR (268)	IDR (280)	IDR (332)	IDR (289)	-12.81%	3.28%
G&A Expenses	IDR (113)	IDR (125)	10.70%	IDR (52)	IDR (61)	IDR (58)	IDR (67)	14.61%	8.72%
Operating Profit	IDR 923	IDR 884	-4.23%	IDR 487	IDR 436	IDR 496	IDR 388	-21.78%	-10.99%
OPM	26.3%	24.4%		27.3%	25.2%	26.0%	22.6%		
Other Income	IDR (17)	IDR (3)	-83.48%	IDR (22)	IDR 5	IDR (1)	IDR (2)	98.41%	-137.51%
Finance Income (Expenses)	IDR 138	IDR 142	2.58%	IDR 73	IDR 65	IDR 73	IDR 69	-5.95%	6.07%
Finance Costs	IDR (2)	IDR (1)		IDR (1)	IDR (1)	IDR (1)	IDR (1)	12.45%	-29.23%
Earning Before Tax	IDR 1,042	IDR 1,021	-2.00%	IDR 538	IDR 505	IDR 567	IDR 454	-19.98%	-10.02%
Income Tax Expenses	IDR (235)	IDR (213)	-9.13%	IDR (121)	IDR (114)	IDR (121)	IDR (92)	-23.95%	-19.26%
Net Profit	IDR 808	IDR 808	0.07%	IDR 417	IDR 390	IDR 446	IDR 362	-18.90%	-7.32%
NPM	23.0%	22.3%		23.4%	22.6%	23.4%	21.1%		

	1H23	1H24	YoY Growth	1Q23	2Q23	1Q24	2Q24	QoQ Growth	YoY Growth
<b>AVIA Segment Breakdown</b>									
<b>Revenue (In IDR Billion)</b>									
Architectural Solution	IDR 2,888	IDR 2,894	0.21%	IDR 1,491	IDR 1,397	IDR 1,574	IDR 1,320	-16.14%	-5.51%
Trading Goods	IDR 620	IDR 726	17.10%	IDR 290	IDR 330	IDR 331	IDR 395	19.34%	19.70%
<b>Gross Profit Margin Per Segment</b>									
Architectural Solution	51.0%	51.8%		50.6%	51.4%	52.4%	51.0%		
Trading Goods	18.0%	18.1%		18.1%	17.9%	18.4%	17.8%		

Source: Company Data, Bloomberg, NHKSI Research

## AVIA Global—Asian Peers Comparison

Ticker Name	Country	Market Cap (IDR Bn)	Net Profit LTM (IDR Bn)	ROE (LTM)	Dividend Yield (%)									
Sherwin-Williams	United States	1,227,282	36,397	72.5%	0.9									
RPM International Inc.	United States	228,321	7,243	25.3%	1.7									
Nippon Point Holdings Co. Ltd	Japan	258,011	12,865	9.4%	1.3									
Kansai Paint Co. Ltd.	Japan	54,305	7,127	22.3%	1.6									
Asian Paints Ltd.	India	539,146	10,121	31.5%	1.2									
Berger Paints India Ltd.	India	114,385	2,164	23.7%	0.5									
Akzo Nobel N.V	Netherlands	172,236	7,282	11.8%	3.5									
<b>Average</b>				<b>28.0%</b>	<b>1.5</b>									
Avia Avian Tbk.	Indonesia	27,879	1,642	16.9%	4.9									
Ticker Name	Country	P/E Ratio		P/B Ratio		Gross Profit Margin (%)			EBITDA Margin (%)			Net Profit Margin (%)		
		2022	2023	2022	2023	2022	2023	2024F	2022	2023	2024F	2022	2023	2024F
Sherwin-Williams	United States	30.2x	32.4x	26.0x	19.8x	21.4x	18.2x	18.2x	42.1%	46.7%	48.1%	18.4%	20.5%	19.2%
RPM International Inc.	United States	23.8x	17.0x	22.3x	5.7x	4.8x	5.7x	38.3%	37.9%	41.2%	13.7%	13.8%	15.2%	7.3%
Nippon Point Holdings Co. Ltd	Japan	30.7x	22.6x	19.3x	2.1x	2.0x	1.7x	37.2%	39.9%	41.8%	12.1%	15.3%	15.3%	6.1%
Kansai Paint Co. Ltd.	Japan	19.1x	17.1x	7.3x	1.6x	1.4x	1.5x	29.8%	26.9%	30.8%	11.5%	10.2%	13.2%	6.3%
Asian Paints Ltd.	India	97.5x	64.5x	50.0x	21.4x	16.6x	14.6x	37.8%	38.3%	42.5%	16.6%	18.2%	21.4%	10.5%
Berger Paints India Ltd.	India	81.6x	65.7x	57.2x	17.3x	12.6x	12.4x	38.7%	36.2%	40.7%	15.7%	14.5%	16.6%	9.8%
Akzo Nobel N.V	Netherlands	30.2x	28.6x	15.7x	2.5x	3.0x	2.3x	36.2%	39.7%	41.0%	9.9%	13.0%	14.4%	3.2%
<b>Average</b>		<b>44.7x</b>	<b>35.4x</b>	<b>28.3x</b>	<b>10.1x</b>	<b>8.8x</b>	<b>8.1x</b>	<b>36.9%</b>	<b>37.9%</b>	<b>40.8%</b>	<b>14.0%</b>	<b>15.1%</b>	<b>16.5%</b>	<b>7.5%</b>
Avia Avian Tbk.	Indonesia	27.9x	18.9x	20.3x	4.1x	3.1x	3.8x	40.8%	45.4%	43.9%	25.0%	27.5%	27.2%	20.9%

Source: Bloomberg, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12A	2024/12E	2025/12F	2026/12F
<b>Revenues</b>	<b>7,017</b>	<b>7,559</b>	<b>8,164</b>	<b>8,833</b>
<i>Growth (% y/y)</i>	<i>4.8%</i>	<i>7.7%</i>	<i>8.0%</i>	<i>8.2%</i>
Cost of Revenues	(3,834)	(4,239)	(4,537)	(4,906)
<b>Gross Profit</b>	<b>3,183</b>	<b>3,320</b>	<b>3,627</b>	<b>3,927</b>
<i>Gross Margin</i>	<i>45.4%</i>	<i>43.9%</i>	<i>44.4%</i>	<i>44.5%</i>
Operating Expenses	(1,475)	(1,464)	(1,633)	(1,745)
<b>EBIT</b>	<b>1,709</b>	<b>1,856</b>	<b>1,994</b>	<b>2,183</b>
<i>EBIT Margin</i>	<i>24.4%</i>	<i>24.6%</i>	<i>24.4%</i>	<i>24.7%</i>
Depreciation	219	201	181	243
<b>EBITDA</b>	<b>1,928</b>	<b>2,057</b>	<b>2,175</b>	<b>2,426</b>
<i>EBITDA Margin</i>	<i>27.5%</i>	<i>27.2%</i>	<i>26.6%</i>	<i>27.5%</i>
Interest Expenses	284	360	408	451
<b>EBT</b>	<b>1,992</b>	<b>2,216</b>	<b>2,402</b>	<b>2,633</b>
Income Tax	(349)	(470)	(504)	(553)
<b>Net Profit</b>	<b>1,643</b>	<b>1,746</b>	<b>1,898</b>	<b>2,081</b>
<i>Growth (% y/y)</i>	<i>17.3%</i>	<i>6.3%</i>	<i>8.7%</i>	<i>9.6%</i>
<i>Net Profit Margin</i>	<i>23.4%</i>	<i>23.1%</i>	<i>23.3%</i>	<i>23.6%</i>

### PROFITABILITY & STABILITY

	2023/12A	2024/12E	2025/12F	2026/12F
ROE	16.6%	17.2%	18.1%	19.3%
ROA	14.7%	14.5%	15.0%	16.0%
Inventory Turnover	2.52x	2.71x	2.68x	2.66x
Receivables Turnover	5.64x	5.74x	5.92x	5.91x
Payables Turnover	0.01x	0.01x	0.01x	0.01x
Dividend Yield	4.9%	3.9%	3.9%	3.9%
Dividend Payout Ratio	83.0%	85.0%	85.0%	85.0%
DER	0.00x	0.01x	0.01x	0.01x
Equity Ratio	88.8%	84.6%	82.7%	82.8%
Debt Ratio	0.00x	0.01x	0.00x	0.00x
Financial Leverage	112.6%	115.4%	119.6%	120.9%
Current Ratio	762.2%	554.7%	484.2%	475.7%
Quick Ratio	633.0%	462.6%	415.5%	403.4%
Par Value (IDR)	10	10	10	10
Total Shares (mn)	61,954	61,954	61,954	61,954
Share Price (IDR)	448	620	670	730
Market Cap (IDR tn)	27.8	38.4	41.5	45.2

### BALANCE SHEET

(IDR bn)	2023/12A	2024/12E	2025/12F	2026/12F
Cash & Liquid Investments	5,987	6,519	6,996	6,811
Receivables	1,349	1,389	1,368	1,474
Inventories	1,519	1,611	1,437	1,556
Other Current Assets	102	180	330	391
<b>Total Current Assets</b>	<b>8,957</b>	<b>9,698</b>	<b>10,132</b>	<b>10,232</b>
Net Fixed Assets	1,754	1,953	2,134	2,378
Other Non Current Assets	455	377	396	409
<b>Total Non Current Assets</b>	<b>2,210</b>	<b>2,330</b>	<b>2,530</b>	<b>2,787</b>
<b>Total Assets</b>	<b>11,167</b>	<b>12,028</b>	<b>12,662</b>	<b>13,019</b>
Payables	1,036	1,436	1,513	1,661
ST Debt	16	34	37	30
Others Current Liab.	123	278	543	459
<b>Total Current Liabilities</b>	<b>1,175</b>	<b>1,748</b>	<b>2,092</b>	<b>2,151</b>
LT Debt	16	31	26	26
Others Non Current Liab.	55	71	71	66
<b>Total Liabilities</b>	<b>1,245</b>	<b>1,850</b>	<b>2,189</b>	<b>2,242</b>
Capital Stock + APIC	8,413	8,413	8,413	8,413
Retained Earnings	1,335	1,597	1,882	2,194
<b>Shareholders' Equity</b>	<b>9,921</b>	<b>10,178</b>	<b>10,472</b>	<b>10,776</b>

### VALUATION INDEX

	2023/12A	2024/12E	2025/12F	2026/12F
Price /Earnings	16.9x	22.0x	21.9x	21.7x
PE/EPS Growth	1.0x	3.5x	2.5x	2.3x
Price /Book Value	2.8x	3.8x	4.0x	4.2x
EV/EBITDA	11.3x	15.5x	15.9x	15.9x
EV (IDR bn)	21,800	31,956	34,576	38,471
Revenues CAGR (3-Yr)	-	3.7%	6.8%	8.0%
Net Income CAGR (3-Yr)	-	6.8%	10.7%	8.2%
Basic EPS (IDR)	27	28	31	34
BVPS (IDR)	160	164	169	174
DPS (IDR)	22.0	24.0	26.0	28.5

### OWNERSHIP

By Geography	%
Indonesia	83.3
Singapore	7.0
Ireland	3.0
Others	6.7

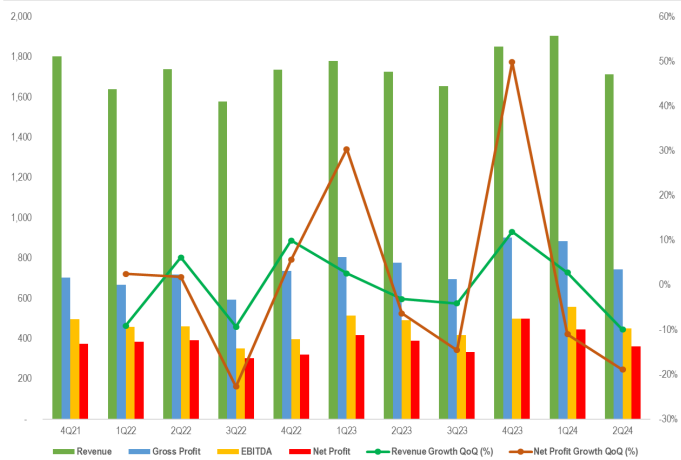
  

Shareholders	%
PT Tancorp Surya Sentosa	36.6
PT Wahana Lancar Rejeki	32.5
Archipelago Investment Private Ltd. (GIC Singapore)	6.3
Others	24.6

Source: Company Data, Bloomberg, NHKSI Research

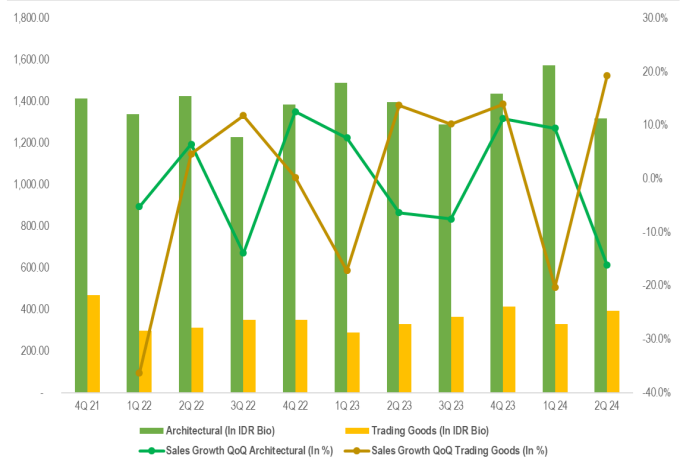
# Performance Highlight For AVIA

**Fig 1. AVIA Performance Quarterly**



Source: AVIA, NHKSI Research

**Fig 2. AVIA Sales Breakdown (Quarterly Basis)**



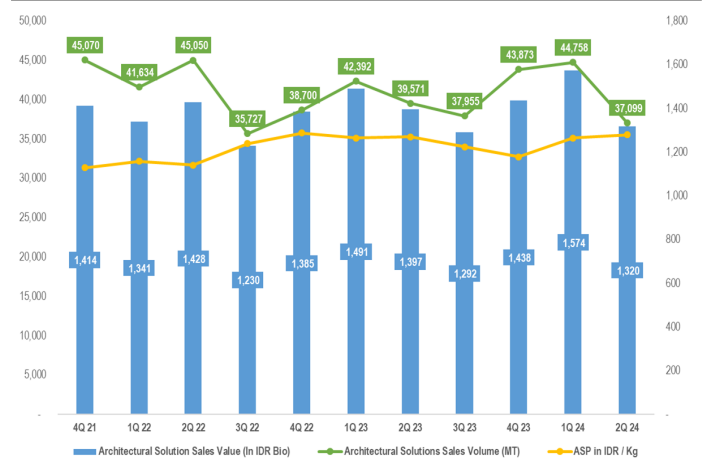
Source: AVIA, NHKSI Research

**Fig 3. AVIA Architectural Solutions Sales Volume**



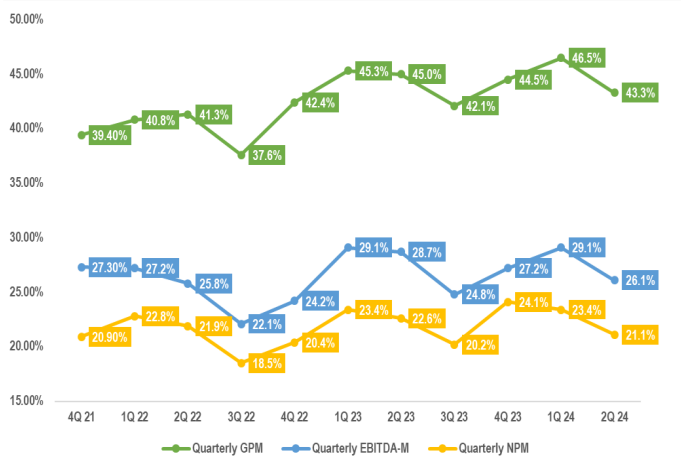
Source: AVIA, NHKSI Research

**Fig 4. AVIA Quarterly ASP**



Source: AVIA, NHKSI Research

**Fig 5. AVIA Profitability Margin (Quarterly | In %)**



Source: AVIA, NHKSI Research

**Fig 6. AVIA Forward PE**



Source: NHKSI Research

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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