Avia Avian Tbk. (AVIA)

Tetap Berwarna di 3Q24: Pemulihan Volume Penjualan Cat & NPM Terkontraksi Akibat Biaya Marketing yang Lebih Agresif

AVIA mengalami pertumbuhan laba bersih sebesar +1.62% YoY menjadi IDR 1.16T di 9M24 (9M23: IDR 1.14T, QoQ growth: -2.7% QoQ, 3Q24: IDR 352B). Jika menelisik pendapatan penjualan AVIA di semua segmen masih bertumbuh +4.67% YoY menjadi IDR 5.4T di 9M24 (9M23: IDR 5.16T, QoQ growth: +4.0% QoQ, 3Q24: IDR 1.78T). Industri cat dan pelapis yang termasuk benda non—primer saat ini masih cukup terkontraksi kinerjanya mengingat tren pelemahan aktivitas konsumsi yang masih berlangsung. Walaupun dari segi biaya COGS relatif staibil, kinerja laba bersih AVIA secara basis kuartalan mengalami pelemahan dikarenakan peningkatan biaya promosi dan marketing yang cukup signifikan. Hal tersebut dipicu oleh aktivitas dari kompetitor industri cat dan pelapis yang melakukan promosi marketing yang lebih agresif dan intensif.

Kinerja 3Q-24 AVIA: ASP Cat Mengalami Perlemahan & Segmen Trading Goods Cukup Mendongkrak Kinerja

- Jika melihat kinerja 3Q24, pendapatan AVIA masih bertumbuh secara kuartalan sebesar +4% QoQ menjadi IDR 1.78T (2Q24: IDR 1.72T). Adapun pertumbuhan pendapatan AVIA disumbang oleh pertumbuhan dari segmen architectural solutions (Cat dan pelapis) yang bertumbuh +2.4% QoQ menjadi IDR 1.35T di 3Q24 (2Q24: IDR 1.32T) serta pertumbuhan penjualan segmen Trading Goods (Barang dagangan) yang cukup kuat sebesar +9.4% QoQ menjadi IDR 432B (2Q24: IDR 395B). Dalam dua kuartal terakhir, segmen ini membantu memberikan pertumbuhan pendapatan yang cukup atraktif di tengah penjualan cat dan pelapis yang mengalami sedikit kelesuan dalam dua kuartal terakhir.
- Berbicara mengenai kinerja dari segmen architectural solutions, kinerja dari volume penjualan dari segmen tersebut per periode 3Q24 mengalami pertumbuhan pemulihan volume yang kuat dimana bertumbuh +12.1% YoY dan +14.7% QoQ menjadi 42,552 MT (3Q23: 37,955 MT & 2Q24: 42,552 MT). Jika kita melihat dari perspektif sisi penjualan architectural solutions, secara YoY dan QoQ tidak bertumbuh signifikan, ASP secara QoQ nampaknya mengalami kontraksi. Salah satu hal yang menyebabkan kondisi tersebut adalah pertumbuhan penjualan yang kuat di segmen wall paint mencapai 2 digit, sedangkan segmen lain seperti pelapis anti bocor (waterproofing), cat kayu dan besi hanya bertumbuh single digit. Selain itu, ASP per liter untuk wall paint cenderung lebih rendah dibandingkan cat pelapis anti bocor, kayu dan besi. Hal tersebut yang menjawab mengenai adanya gap antara pertumbuhan nilai penjualan cat di 3Q24 yang relatif flat dengan penguatan volume cat di kuartal tersebut.
- Jika di kuartal sebelumnya (2Q24) AVIA sama sekali tidak merilis produk baru, AVIA per kuartal 3Q24 meluncurkan 4 produk baru yang tersebar di beberapa jenis produk segmentasi. Produk tersebut antara lain: Superslik Semi Kilap (Segmen cat dinding), No Drop Beton & Batu Alam (Segmen cat pelapis anti bocor), Avian Non Sag Hemat (epoksi, Segmen Lem & perekat) dan GM385 (Segmen semen instant).

Net Profit Margin (NPM) Mengalami Kontraksi Akibat Tren Kenaikan Biaya Marketing yang Tajam

- Salah satu faktor yang cukup menggerus angka NPM dari AVIA adalah tren kenaikan biaya operasional yang cukup tajam terutama dari biaya marketing. Secara basis 9M24, biaya marketing mengalami kenaikan +16.45% YoY menjadi IDR 980B (9M23: IDR 842B). Jika melihat secara basis kuartalan pertumbuhan kenaikan biaya marketing di 3Q24 cukup tajam, dimana mengalami kenaikan +24.2% QoQ & +22.5% YoY menjadi IDR 359B di periode ini (2Q24: IDR 289B & 3Q23: IDR 293B). Beberapa kompetitor industri cat dan pelapis melakukan aktivitas promosi dan pemasaran yang cukup agresif sehingga hal ini memacu AVIA untuk meningkatkan intensitas marketing yang serupa untuk merespons kompetisi pemasaran yang ketat.

Rekomendasi Buy dengan TP yang Lebih Rendah di Level IDR 620 (Potensi Upside +29.2%)

- NHKSI Research tetap mempertahankan rekomendasi BUY rating untuk AVIA, namun dengan target price di level IDR 620 (+29.2% upside potensial, mengimplikasikan 20.5x Forward-PE 2024). Terlepas kinerja AVIA per 3Q24 relatif stagnan akibat intensitas persaingan serta masih belum pulihnya tingkat consumer spending, 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 Billions)

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
P/E	18.1x	22.0x	21.1x	20.2x
P/BV	3.0x	3.8x	3.8x	3.9x
EV/EBITDA	12.3x	15.5x	15.2x	14.5x
ROE	16.6%	17.2%	18.1%	19.3%
Dividend yield	4.6%	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, NHKSI Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS INDONESIA

Company Report | 5 November 2024

Buy

Target Price (IDR)	620
Consensus Price (IDR)	656
TP to Consensus Price	-5.5%
Potential Upside	+29.2%

Shares data

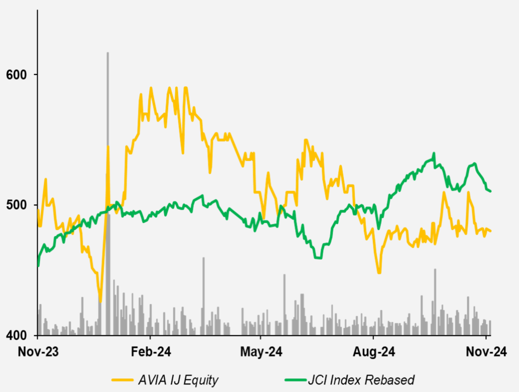
Last Price (IDR)	480
Price date as of	4 November, 2024
52 wk range (Hi/Lo)	610 / 422
Free float (%)	24.36
Outstanding sh.(mn)	61,954
Market Cap (IDR bn)	29,738
Market Cap (USD mn)	1,887
Avg. Trd Vol - 3M (mn)	26
Avg. Trd Val - 3M (IDR bn)	12.29
Foreign Ownership	17.2%

Financial Services

Banking

Bloomberg	**AVIA IJ**
Reuters	**AVIA.JK**

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-4.0%	-0.4%	7.1%	-5.9%
Rel. Ret.	-6.1%	-0.2%	3.2%	-14.6%

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Summary of 9M24 / 3Q24 AVIA Result

(In IDR Billion)	9M23	9M24	YoY Growth	3Q23	2Q24	3Q24	QoQ Growth	YoY Growth
AVIA Income Statement 1H24								
Revenue	**IDR 5,164**	**IDR 5,405**	4.67%	**IDR 1,656**	**IDR 1,716**	**IDR 1,784**	4.0%	7.8%
COGS	*IDR (2,882)*	*IDR (3,000)*	4.07%	*IDR (958)*	*IDR (972)*	*IDR (1,009)*	3.8%	5.2%
Gross Profit	**IDR 2,281**	**IDR 2,405**	5.42%	**IDR 697**	**IDR 744**	**IDR 776**	4.3%	11.2%
GPM	44.2%	44.5%		42.1%	43.3%	43.5%		
Operating Expenses								
Marketing Expenses	*IDR (842)*	*IDR (980)*	*16.45%*	*IDR (293)*	*IDR (289)*	*IDR (359)*	*24.2%*	*22.5%*
G&A Expenses	*IDR (166)*	*IDR (186)*	*11.88%*	*IDR (53)*	*IDR (67)*	*IDR (61)*	*-8.7%*	*14.4%*
Operating Profit	**IDR 1,273**	**IDR 1,239**	-2.72%	**IDR 351**	**IDR 388**	**IDR 355**	-8.4%	1.3%
OPM	24.7%	22.9%		21.2%	22.6%	19.9%		
Other Income	*IDR (13)*	*IDR 7*		*IDR 4*	*IDR (2)*	*IDR 10*		
Finance Income (Expenses)	*IDR 210*	*IDR 214*	2.20%	*IDR 71*	*IDR 69*	*IDR 72*	5.5%	1.5%
Finance Costs	*IDR (2)*	*IDR (2)*		*IDR (1)*	*IDR (1)*	*IDR (1)*	7.7%	-35.9%
Earning Before Tax	**IDR 1,467**	**IDR 1,459**	-0.58%	**IDR 425**	**IDR 454**	**IDR 437**	-3.7%	2.9%
Income Tax Expenses	IDR (326)	IDR (299)	-8.31%	IDR (91)	IDR (92)	IDR (85)	-7.4%	-6.2%
Net Profit	**IDR 1,142**	**IDR 1,160**	1.62%	**IDR 334**	**IDR 362**	**IDR 352**	-2.7%	5.4%
NPM	22.1%	21.5%		-23.9%	21.1%	19.7%	-6.5%	

	9M23	9M24	YoY Growth	3Q23	1Q24	2Q24	3Q24	QoQ Growth	YoY Growth
AVIA Segment Breakdown									
Revenue (In IDR Billion)									
Architectural Solution	IDR 4,180	**IDR 4,247**	1.60%	IDR 1,292	IDR 1,574	IDR 1,320	**IDR 1,352**	2.4%	4.64%
Trading Goods	IDR 984	**IDR 1,158**	17.68%	IDR 364	IDR 331	IDR 395	**IDR 432**	9.4%	18.68%

	9M23	9M24	YoY Growth	3Q23	1Q24	2Q24	3Q24
Gross Profit Margin Per Segment							
Architectural Solution	50.4%	**50.8%**		49.1%	52.4%	51.0%	**48.1%**
Trading Goods	17.8%	**21.3%**		17.4%	18.4%	17.8%	**26.7%**

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	1,420,587	36,397	64.5%	0.8
RPM International Inc.	United States	256,395	9,151	24.9%	1.5
Nippon Point Holdings Co. Ltd	Japan	279,415	12,865	8.4%	1.3
Kansai Paint Co. Ltd.	Japan	47,293	7,127	13.5%	1.8
Asian Paints Ltd.	India	523,871	10,121	31.5%	1.1
Berger Paints India Ltd.	India	114,552	2,164	23.7%	0.7
Akzo Nobel N.V	Netherland	173,801	7,282	12.5%	3.3
			Average	**25.6%**	**1.5**
Avia Avian Tbk.	**Indonesia**	**29,738**	**1,642**	**16.9%**	**4.6**

Ticker Name	Country	P/E Ratio			P/B Ratio			Gross Profit Margin (%)			EBITDA Margin (%)			Net Profit Margin (%)		
		2022	2023	2024F	2022	2023	2024F	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	42.1%	46.7%	48.1%	18.4%	20.5%	19.2%	9.1%	10.4%	11.7%
RPM International Inc.	United States	23.8x	17.0x	22.3x	5.7x	4.8x	5.7x	36.3%	37.9%	41.2%	13.7%	13.8%	15.2%	7.3%	6.6%	8.6%
Nippon Point Holdings Co. Ltd	Japan	30.7x	22.6x	19.3x	2.1x	2.0x	1.7x	37.2%	39.9%	41.6%	12.1%	15.3%	15.3%	6.1%	8.2%	8.3%
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%	4.9%	11.9%
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%	11.9%	15.4%
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%	8.3%	10.4%
Akzo Nobel N.V	Netherland	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%	4.1%	6.3%
	Average	**44.7x**	**35.4x**	**28.3x**	**10.1x**	**8.8x**	**8.1x**	**36.9%**	**37.9%**	**40.8%**	**14.0%**	**15.1%**	**16.5%**	**7.5%**	**7.8%**	**10.4%**
Avia Avian Tbk.	**Indonesia**	**27.9x**	**18.9x**	**20.5x**	**4.1x**	**3.1x**	**3.8x**	**40.6%**	**45.4%**	**43.9%**	**25.0%**	**27.5%**	**27.2%**	**20.9%**	**23.4%**	**23.1%**

Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

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

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	4.6%	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)	480	620	670	730
Market Cap (IDR tn)	29.7	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
Total Current Assets	**8,957**	**9,698**	**10,132**	**10,232**
Net Fixed Assets	1,754	1,953	2,134	2,378
Other Non Current Assets	455	377	396	409
Total Non Current Assets	**2,210**	**2,330**	**2,530**	**2,787**
Total Assets	**11,167**	**12,028**	**12,662**	**13,019**
Payables	1,036	1,436	1,513	1,661
ST Debt	16	34	37	30
Others Current Liab.	123	278	543	459
Total Current Liabilities	**1,175**	**1,748**	**2,092**	**2,151**
LT Debt	16	31	26	26
Others Non Current Liab.	55	71	71	66
Total Liabilities	**1,245**	**1,850**	**2,189**	**2,242**
Capital Stock + APIC	8,413	8,413	8,413	8,413
Retained Earnings	1,335	1,597	1,882	2,194
Shareholders' Equity	**9,921**	**10,178**	**10,472**	**10,776**

VALUATION INDEX

	2023/12A	2024/12E	2025/12F	2026/12F
Price /Earnings	18.1x	22.0x	21.9x	21.7x
PE/EPS Growth	1.0x	3.5x	2.5x	2.3x
Price /Book Value	3.0x	3.8x	4.0x	4.2x
EV/EBITDA	12.3x	15.5x	15.9x	15.9x
EV (IDR bn)	23,783	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

CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12E	2025/12F	2026/12F
Operating Cash Flow	1,586	2,347	2,377	2,174
Investing Cash Flow	(1,083)	(556)	(608)	(706)
Financing Cash Flow	(1,441)	(1,259)	(1,293)	(1,653)
Net Changes in Cash	**(938)**	**532**	**477**	**(185)**

OWNERSHIP

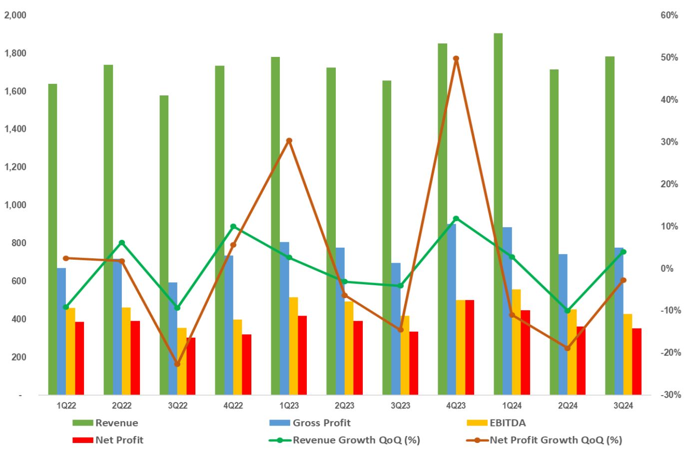
By Geography	**%**
Indonesia	82.8
Singapore	6.9
Ireland	2.9
Others	7.4

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

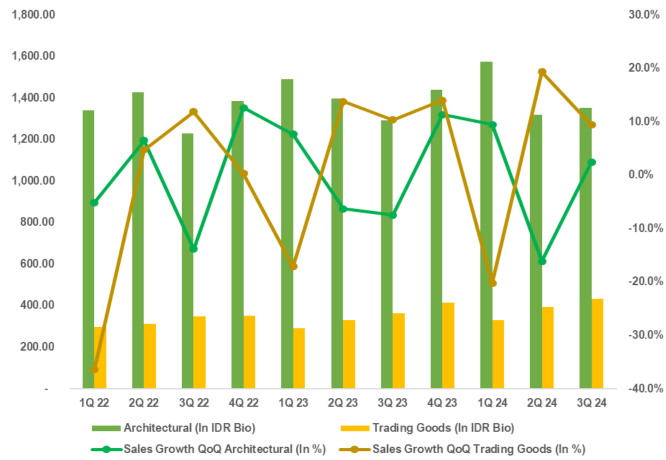
Performance Highlight For AVIA

Fig 1. AVIA Performance Quarterly



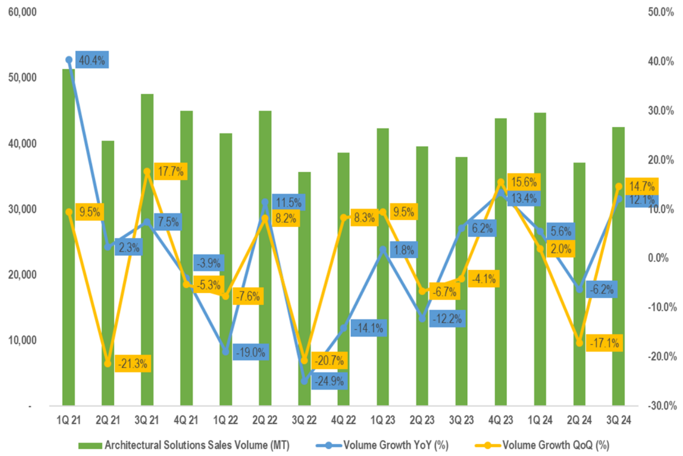
Source: AVIA, NHKSI Research

Fig 2. AVIA Sales Breakdown (Quarterly Basis)



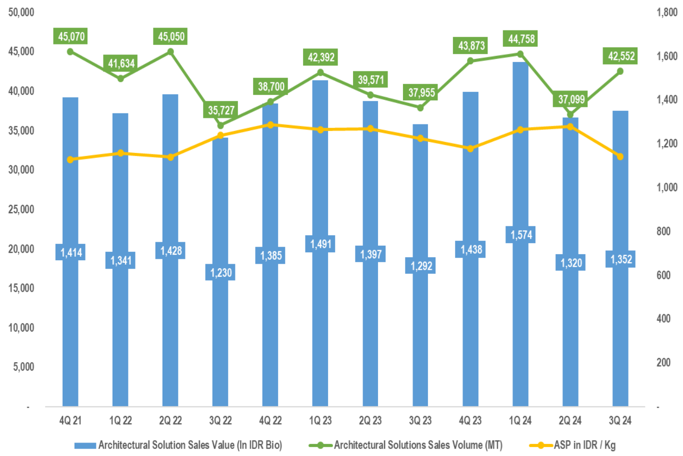
Source: AVIA, NHKSI Research

Fig 3. AVIA Architectural Solutions Sales Volume



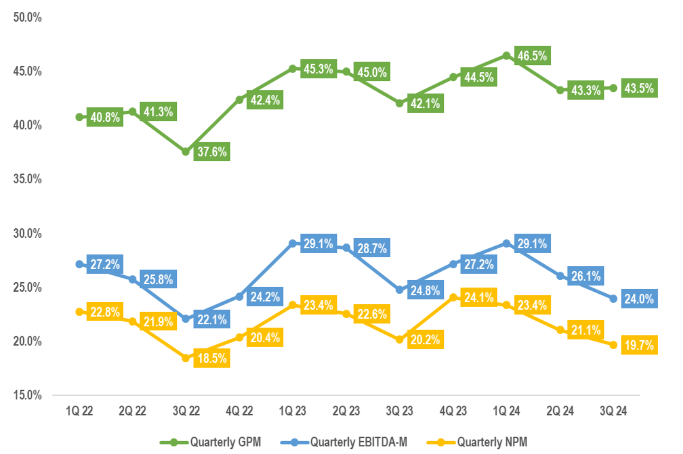
Source: AVIA, NHKSI Research

Fig 4. AVIA Quarterly Architectural Solutions 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%

DISCLAIMER