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Bracing for headwinds

Corporate Presentation
18 April 2024

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Presentation outline

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- Who we are
- How have we invested?
- Financial highlights for 2023
- Taiga Building Products

AVARGA
LIMITED

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Who we are

Our core businesses

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AVARGA
LIMITED

72%



Taiga Building
Products Ltd

Wholesale distribution of building
materials in Canada & USA

Listed on Toronto Stock Exchange

100%



UPP Pulp & Paper
(M) Sdn Bhd

Paper manufacturing in
Ijok, Selangor, Malaysia

100%



UPP Power
(Myanmar) Ltd

50 MW power plant
in Yangon, Myanmar

Our core businesses

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Building Materials Distribution

- Taiga Building Products is Canada's largest wholesale distributor of building material products, with sales of C\$1.7 billion in 2023
- Our wood preservation plants, distribution centres and reload stations are strategically located across Canada and USA
- Through the purchase of Exterior Wood, we have a fast-growing presence in USA

Paper Manufacturing

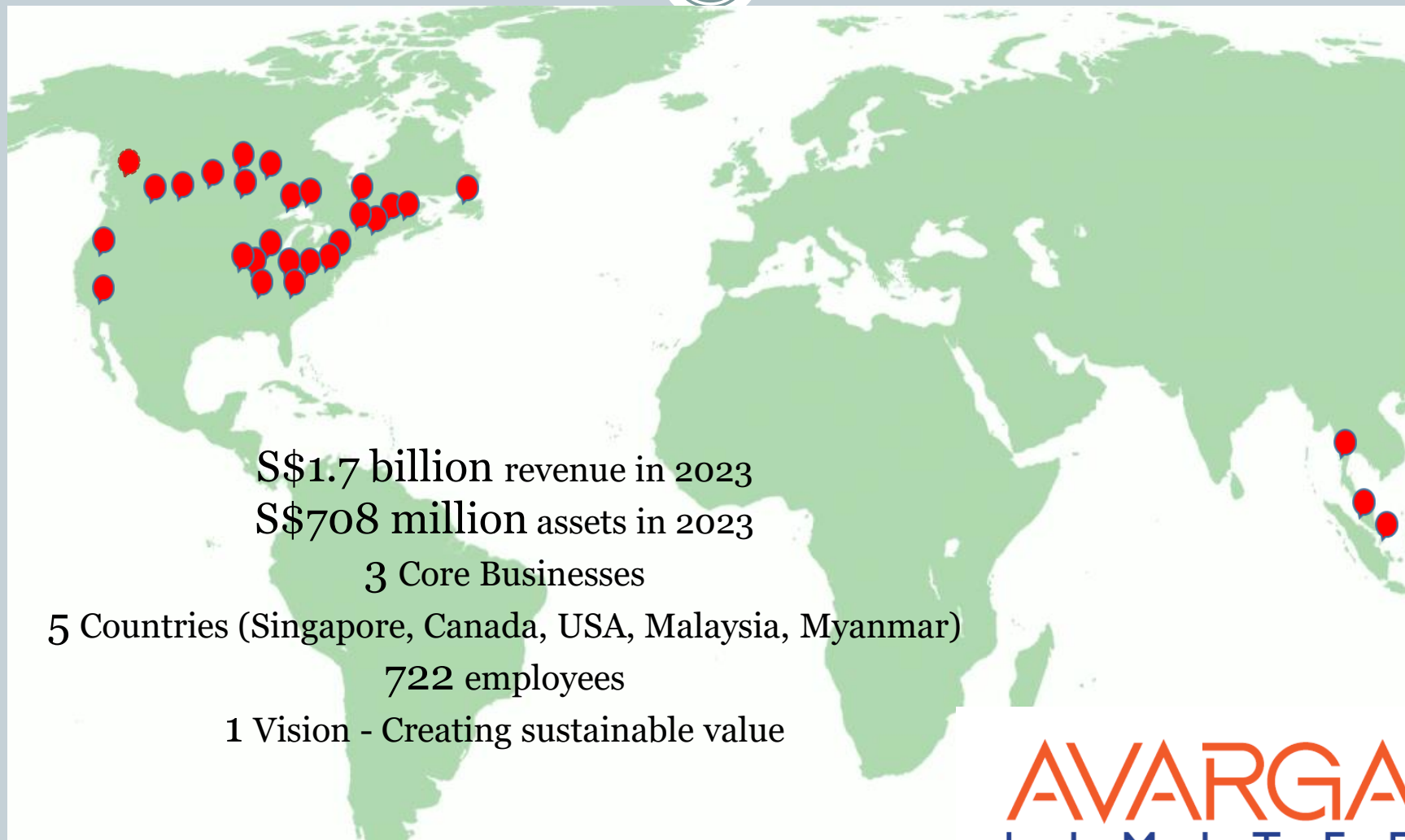
- UPP Pulp & Paper (M) is paper manufacturer in Ijok, Selangor, Malaysia, producing coreboard and industrial packaging paper by recycling waste paper
- We operate from a 32-acre plant, with strategic real estate assets. We have re-strategized our business to meet the increasingly competitive environment

Power Generation

- One of Myanmar's first foreign IPPs, UPP Power (Myanmar) owns a 50 MW gas fired plant in Yangon, Myanmar, operating under a 30-year PPA, expiring Feb 2044
- Our IPP started in Feb 2014, and is currently in its 11th year of operations

Where we are

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S\$1.7 billion revenue in 2023

S\$708 million assets in 2023

3 Core Businesses

5 Countries (Singapore, Canada, USA, Malaysia, Myanmar)

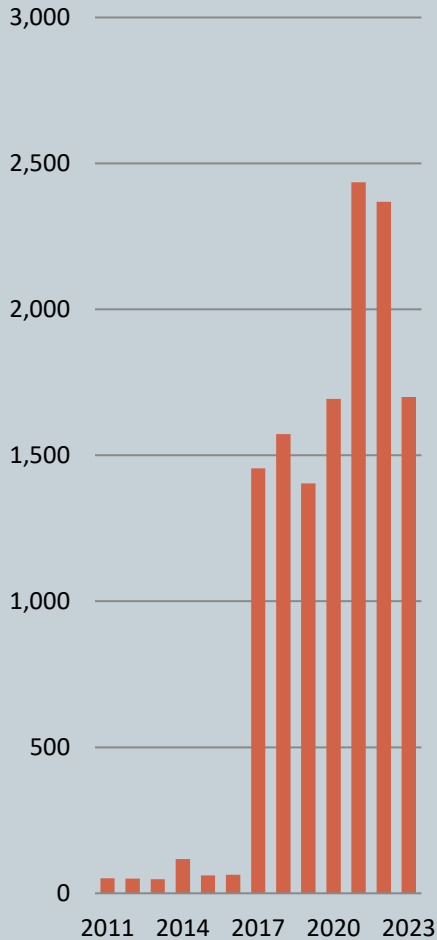
722 employees

1 Vision - Creating sustainable value

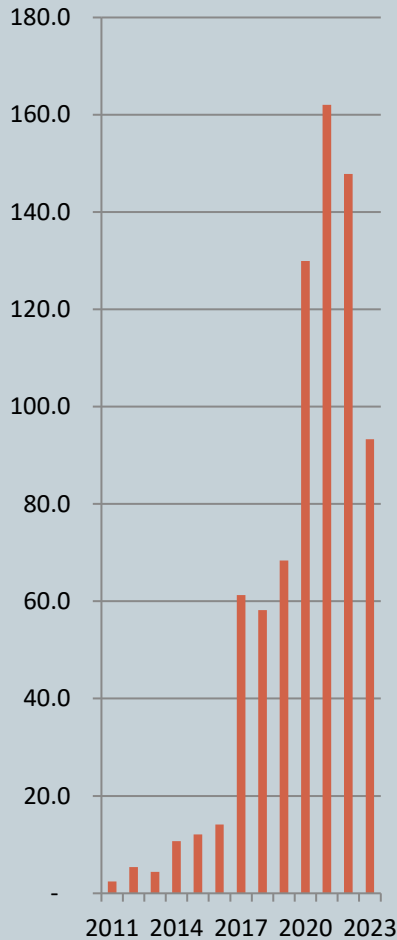
Our financial performance

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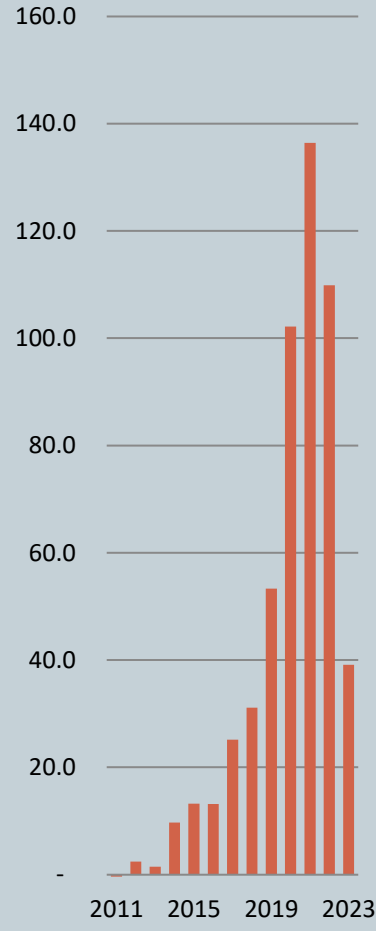
Revenue



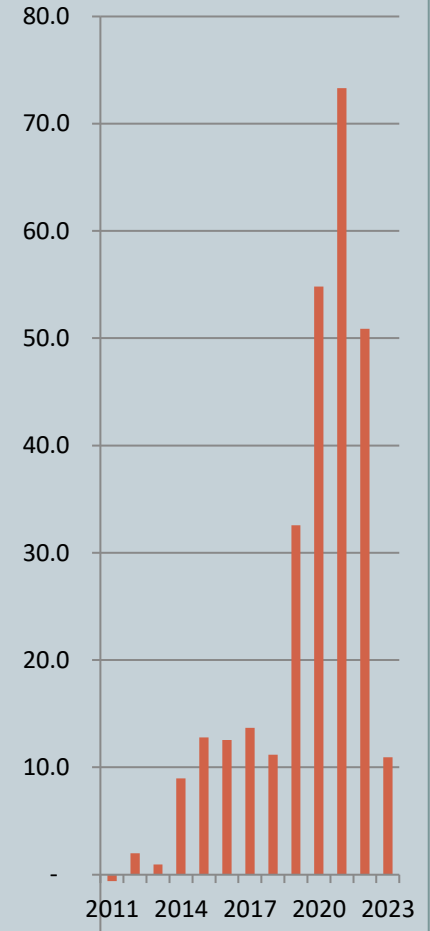
EBITDA



Pre-tax profit



Net profit



(20.0)

(10.0)

Our financial performance

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FY Dec (\$ million)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue	1,700.0	2,368.3	2,435.4	1,693.3	1,403.9	1,572.7	1,455.2	63.3	61.1	116.9	48.1	50.0	51.1
EBITDA	93.3	147.8	162.0	129.9	68.4	58.2	61.3	14.1	12.1	10.7	4.4	5.4	2.4
Pre-tax Profit	39.1	109.9	136.4	102.2	53.3	31.1	25.1	13.1	13.3	9.7	1.5	2.4	(0.4)
Net Profit after MI	10.9	50.9	73.3	54.8	32.6	11.2	13.7	12.6	12.8	9.0	0.9	2.0	(0.6)
Net Cashflow from Operations	110.1	54.6	128.2	60.9	59.8	56.7	56.5	18.4	18.8	14.0	2.4	3.7	1.4
Total Assets	707.9	725.8	768.0	651.0	575.3	512.2	505.1	190.1	189.0	189.0	182.1	183.1	129.3
Total Equity	448.0	432.5	376.9	306.9	252.8	258.1	259.7	183.7	183.4	182.6	174.4	172.8	119.1
EPS (cents)	1.2	5.6	7.98	5.79	3.44	1.25	1.58	1.5	1.53	1.07	0.11	0.30	(0.11)
NAV per share (cents)	37.0	36.2	32.35	25.8	21.3	22.2	22.3	21.4	21.3	21.1	20.0	20.9	19.4
Dividend per share (cents)	-	-	0.84	1.5	2.0	3.50	1.00	1.00	1.00	0.50	0.15	0.15	0.10

Notes:

PBT for 2017 includes one off net charges of \$7.1m in relation to Taiga and notes restructuring

PBT for 2019 includes one off gain of \$10.9m from sale of Tuas property

Segmental performance

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Segmental Revenue													
FY Dec (\$ million)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Paper Manufacturing (Malaysia)	22.1	35.8	46.8	44.8	48.1	55.9	54.3	50.0	49.2	47.9	46.8	48.7	49.8
Power plant (Myanmar)	8.4	9.9	10.8	16.4	18.7	10.5	11.7	13.3	11.9	68.3	-	-	-
Taiga (Canada & USA)	1,669.5	2,322.6	2,377.8	1,632.0	1,337.1	1,506.3	1,389.2	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	0.7	1.3	1.3	1.3
Total revenue	1,700.0	2,368.3	2,435.4	1,693.3	1,403.9	1,572.7	1,455.2	63.3	61.1	117.0	48.1	50.0	51.1
Segmental Pre-tax profit													
FY Dec (\$ million)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Paper Manufacturing (Malaysia)	(18.7)	(12.7)	2.7	5.1	8.1	10.3	8.3	7.9	6.4	4.9	3.8	3.7	1.4
Power plant (Myanmar)	(10.2)	4.3	5.4	6.6	6.0	5.7	6.9	8.1	7.8	6.3	-	-	-
Taiga (Canada & USA)	72.0	123.9	130.1	94.7	32.7	25.5	18.5	-	-	-	-	-	-
Others	(4.0)	(5.6)	(1.8)	(4.2)	6.5	(10.4)	(8.6)	(2.9)	(0.9)	(1.5)	(2.3)	(1.3)	(1.8)
Total pre-tax profit	39.1	109.9	136.4	102.2	53.3	31.1	25.1	13.1	13.3	9.7	1.5	2.4	(0.4)

Note: Segmental breakdown as per annual report, with earnings from power plant recognized in accordance with SFRS (I) INT 112 Accounting Standards for Service Concessions

How have we invested?

How did we use our cash from 2012-2023?

We started with \$20.7m net cash at end-2011 and ended 2023 with net cash of S\$145.4m, despite \$106.6m in dividends to shareholders and investing in additional businesses – the power plant, Taiga and Exterior Wood

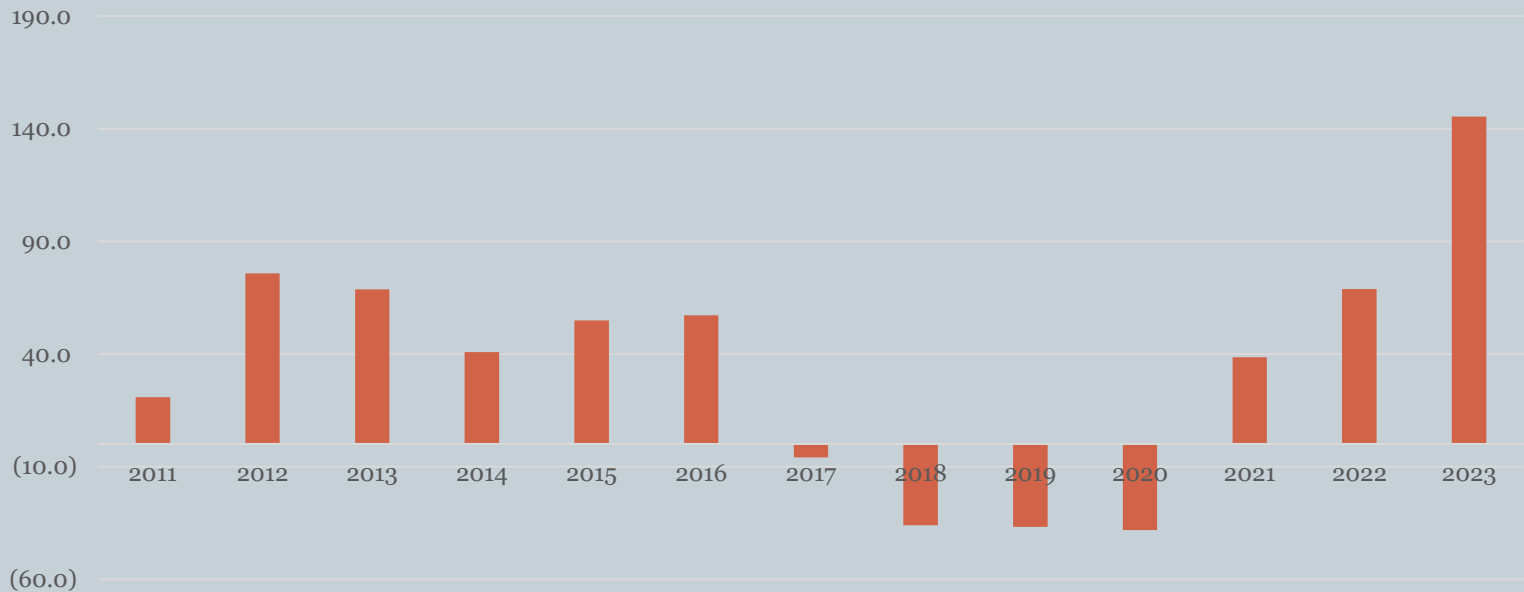
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	S\$m	2012-2023 S\$m
From 2012-2023, we have generated cumulative:		
Revenue		12,968.2
Gross profit		1,588.5
EBITDA (before exceptional items)		767.6
Pre-tax profit		537.1
Net cash from operating activities		584.1
Net excess cash from operating activities		531.2
<u>What did we use it for?</u>		
Capex - PPE (net)		(35.0)
Investment in Myanmar Power Plant		(58.7)
Acquisition of non-controlling interests in UPP Pulp & Paper		(4.9)
Acquisition of Taiga		(89.1)
- Taiga ordinary shares	(22.5)	
- Taiga subordinated notes (later converted to shares)	(57.3)	
- additional Taiga stake via Kublai Canada	(9.3)	
Investing activities made by Taiga		(181.1)
- redemption of outstanding Taiga 14% notes	(15.9)	
- redemption of subordinated notes	(12.4)	
- acquisition of Exterior Wood by Taiga	(55.1)	
- share buyback: Taiga treasury shares	(10.9)	
- changes in Taiga RCF	(74.6)	
- purchase of financial assets, at FVPL	(12.2)	
Portfolio investments		(7.8)
Share buyback: Avara treasury shares		(12.1)
Dividends to Avara shareholders		(106.6)
Dividends to Taiga non-controlling interest		(16.2)
Others		3.3
Subtotal		(508.2)
(Deficit)/surplus		23.0
<u>How did we finance this?</u>		
Sale of Kajang land		1.9
Sale of Tuas factory		18.4
Share placements - 2012 & 2017		50.3
Proceeds from conversion of warrants - 2012-2013		17.4
Proceeds from disposal of listed equity security		7.2
Sale of corporate bonds		6.5
Use of cash & borrowings (net change in cash / debt)		(124.7)
Sub-total		(23.0)

Our group balance sheet has strengthened even further, despite our diversification and expansion

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Net cash / (debt)



- From paper manufacturing, we have added businesses in power generation and building materials distribution, using operational cash flows and minimal debt throughout the years
- Our group net cash has risen to a record S\$145.4m at end-2023, from S\$68.8m at end-2022 and \$20.7m at end-2011, and are almost wholly in Taiga
- Note: Net debt excludes lease liabilities and revolving credit at Taiga (nil for 2021-2023)

Financial highlights for 2023

Financial highlights for 2023

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S\$	2023	2022	change
• Revenue:	\$1,700m	\$2,368m	(28%)
• EBITDA:	\$93.3m	\$147.8m	(37%)
• Pre-tax profit:	\$39.1m	\$109.9m	(64%)
• Net profit :	\$10.9m	\$50.9m	(79%)
• EPS (cents):	1.2	5.60	(78%)
• NAV per share (cents):	37.0	36.2	2%
• DPS (cents):	nil	nil	N/A
• Decline in revenue and profitability due to:			
○ Primarily, lower revenue and earnings contributions from Taiga, due to lower commodity prices			
○ One-off impairments totaling S\$28.2m, comprising S\$14.5m for the paper division and S\$13.7m for the power division			
○ Before impairments, earnings for the power division fell to lower output arising from gas shortages, while operational losses for the paper division narrowed due to our restructuring			
• No dividend declared for 2023			

Key highlights for 2023

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- **Building Materials (Canada and USA):**

- Taiga's revenue declined 23% to C\$1.7b, while EBITDA fell 34% to C\$91.3m, due mainly to lower commodity prices. Pre-tax profit declined from C\$120.5m to C\$76.7m
- Net cash improved from C\$94.5m to C\$152.8m due to reduction in inventory
- Navigated volatile lumber prices due to fast turnover, risk management controls

- **Paper Manufacturing (Malaysia):**

- Another challenging year due to more competition from the large Chinese players and cost pressures
- Our restructuring and restrategisation efforts have mitigated operating losses before impairments
- Before impairments, pre-tax losses narrowed to RM14.4m from RM21.1m
- We made an impairment on PPE of S\$14.5m, in view of the challenging outlook ahead. As a result, segmental pre-tax losses totaled S\$18.7m

- **Power (Myanmar):**

- Produced 241.7m kWh in 2023, down 30% from 343.4m kWh, due to gas supply issues
- We made an impairment of S\$13.7m in view of the increasingly uncertain political situation and challenging operational outlook, particularly in relation to gas supply.
- As a result, the division made a segmental pre-tax loss of S\$10.2m.
- The written down value of the asset is US\$8.6m (S\$11.3m) as at end-2023, only 2.5% of Avarga's NAV

Taiga Building Products

Taiga Building Products

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- Canada's largest wholesale distributor of building material products with annual sales of C\$1.7 billion in 2023
- Established since 1973 and listed on Toronto Stock Exchange
- Avarga acquired majority stake in 2017
- Taiga acquired Exterior Wood in 2018, to expand its USA growth
- Wide footprint in Canada and growing network in the USA:
 - 3 wood preservation plants in Canada
 - 15 distribution centres across Canada
 - 1 wood preservation plant in USA (Exterior Wood)
 - 1 distribution centre in Washington, USA (Exterior Wood)
 - 2 distribution centres in California
 - 6 reload stations in Eastern USA



Taiga's financial performance

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Taiga Building Products (C\$'000)	FY Dec 2023	FY Dec 2022	FY Dec 2021	FY Dec 2020	FY Dec 2019	FY Dec 2018	Jan- Dec 2017	FY March 2017	FY March 2016	FY March 2015	FY March 2014	FY March 2013	FY March 2012
Sales	1,679,667	2,192,705	2,219,674	1,589,123	1,299,122	1,450,985	1,392,263	1,223,978	1,364,322	1,348,718	1,194,259	1,132,743	971,625
Gross Margin	198,395	291,153	300,192	225,170	129,456	122,031	123,020	107,267	117,015	114,998	96,810	102,815	95,811
EBITDA	91,263	139,299	145,181	116,904	57,674	42,670	29,164	40,029	45,035	44,057	36,824	42,934	34,555
Pre-tax profit	76,685	120,508	125,662	96,210	35,851	28,972	3,039	13,799	19,008	17,311	9,165	15,231	7,237
Net Profit/(loss)	61,301	88,628	92,686	70,826	25,905	20,267	(3,938)	7,990	11,720	11,080	5,076	10,434	3,724
Total assets	624,290	617,832	583,004	474,164	395,022	326,001	270,829	324,058	305,612	347,383	315,840	346,446	298,649
Gross margin	11.8%	13.3%	13.5%	14.2%	10.0%	8.4%	8.8%	8.8%	8.6%	8.5%	8.1%	9.1%	9.9%
EBITDA margin	5.4%	6.4%	6.5%	7.4%	4.4%	2.9%	2.1%	3.3%	3.3%	3.3%	3.1%	3.8%	3.6%

Note: Jan-Dec 2017 EBITDA includes a one-off exceptional accounting charge of C\$18.6m in relation to the notes restructuring exercise. Excluding this, normalised EBITDA was C\$47.8m

Thank you

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