



# Creating Sustainable Value

AGM Presentation 2020

*The material presented is for your general information only. No representation, warranty or recommendation whatsoever as to the merits of investing in any company is to be read or inferred from any material presented herein. Prospective investors should consult their own advisors for advice, and ultimately should make their own analysis and decisions to determine the merits of investing in any company.*

# Shareholder questions



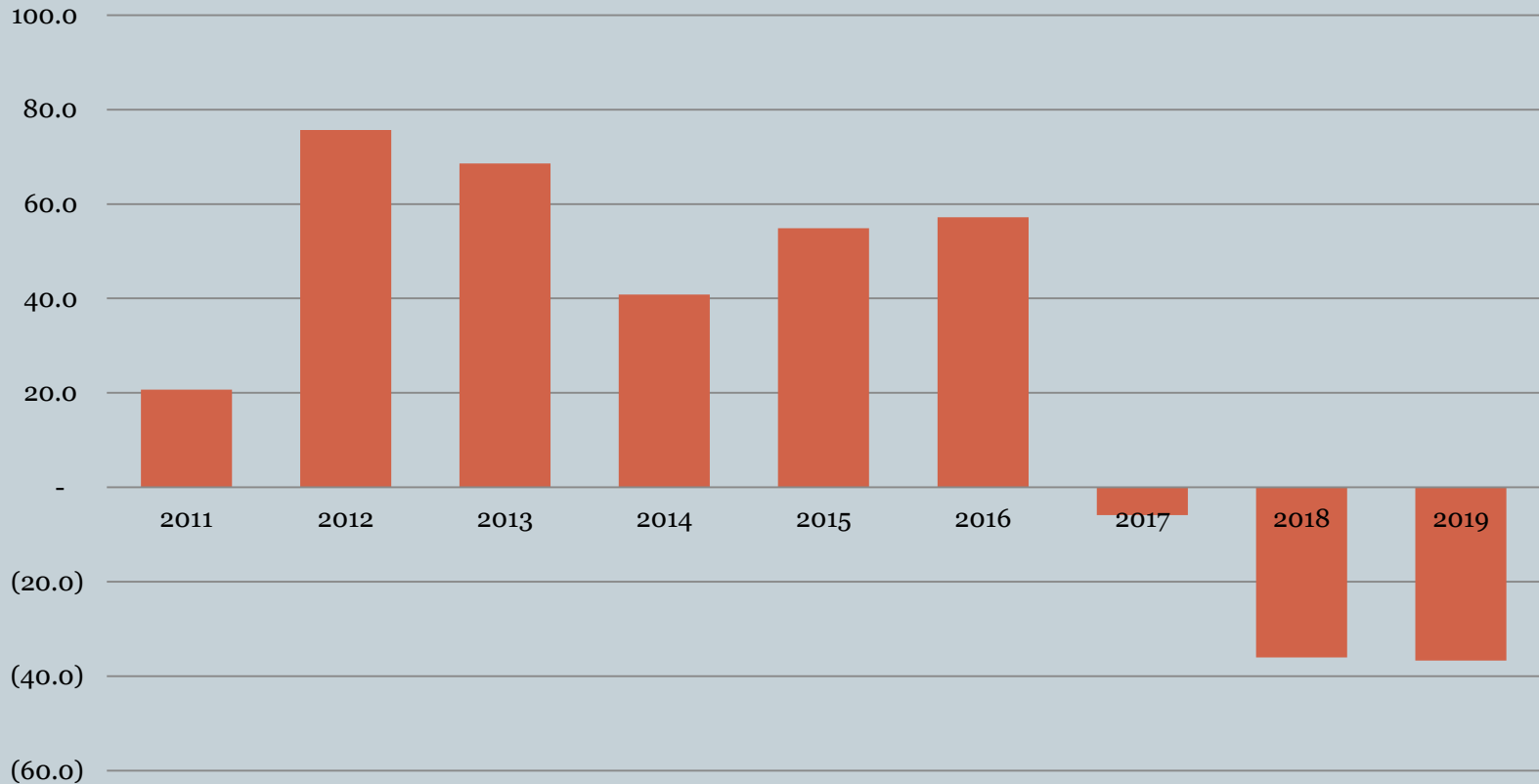
- How has Covid-19 affected Avarga with regards to revenues, expenses, and operations?
- Has Avarga adopted any extraordinary measures or new ways of conducting business due to Covid-19?
- Has Covid-19 led to cancelled or deferred orders, as well as late or non-payments?
- What is the effect of Covid-19 on the outlook of Avarga for 2020 and beyond?
- Has Avarga increased its market share during this crisis?
- What is the updated dividend policy and is it affected by the change to half-yearly reporting?
- What is the share buyback policy?
- Avarga's Return on Equity in recent years has been below 10%. Do we have a target ROE?
- What are the criteria we use to evaluate new investments, and will it lead to a higher ROE in the future?
- Why has gross profit and net profit margin declined so significantly over the last 5 years?

# Our financing activities



	S\$m
<b>Net cash from operating activities</b>	<b>207.9</b>
<b><u>What did we use it for?</u></b>	
Capex - net PPE	(15.1)
Investment in Myanmar Power Plant	(58.7)
Acquisition of minority interests in UPP Pulp & Paper	(4.9)
Acquisition of Taiga shares and notes	(87.1)
Investing activities made by Taiga (Exterior Wood, etc)	(111.1)
Portfolio investments	(3.3)
Share buyback by Avarga	(0.6)
Dividends to Avarga shareholders	(80.2)
Others	1.2
<b>Subtotal</b>	<b>(359.8)</b>
<b>Deficit</b>	<b>(151.9)</b>
<b><u>How did we finance this?</u></b>	
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
Sale of corporate bonds	6.5
Use of cash & borrowings (net change in cash / debt)	57.4
<b>Sub-total</b>	<b>151.9</b>

# Net Cash / (Debt)

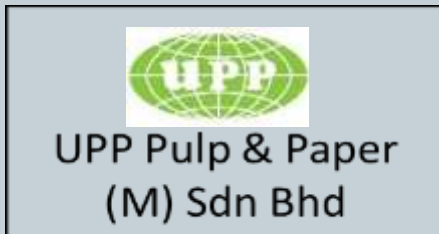


Excluding Taiga's revolving credit facilities (RCF) and finance lease obligations, our net debt is \$36.7m

# Our businesses

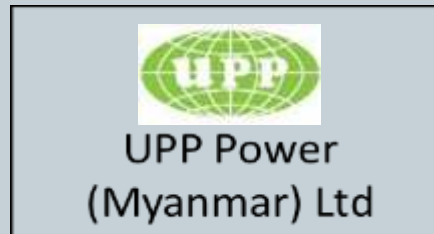


100%



Paper manufacturing  
in Ijok, Selangor,  
Malaysia

100%



50 MW power plant  
in Yangon, Myanmar

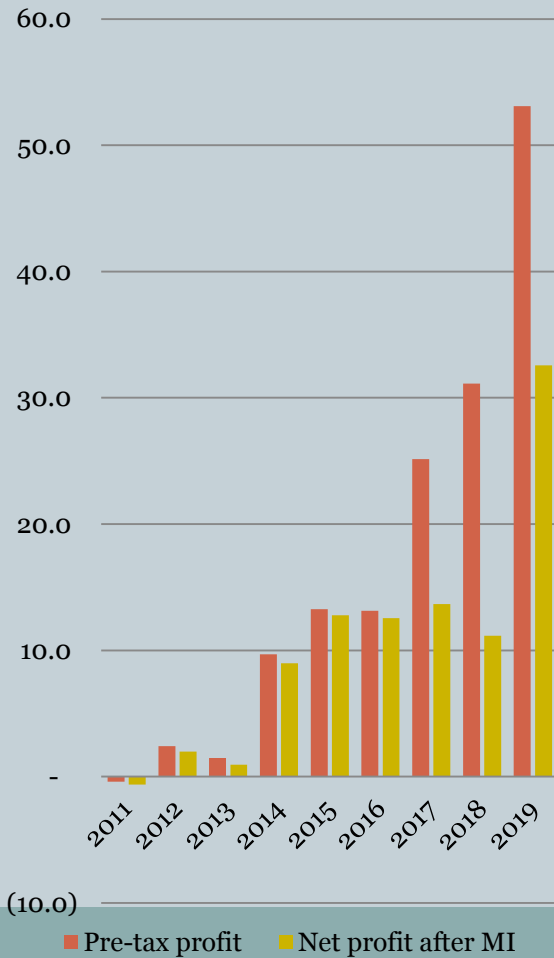
69.7%



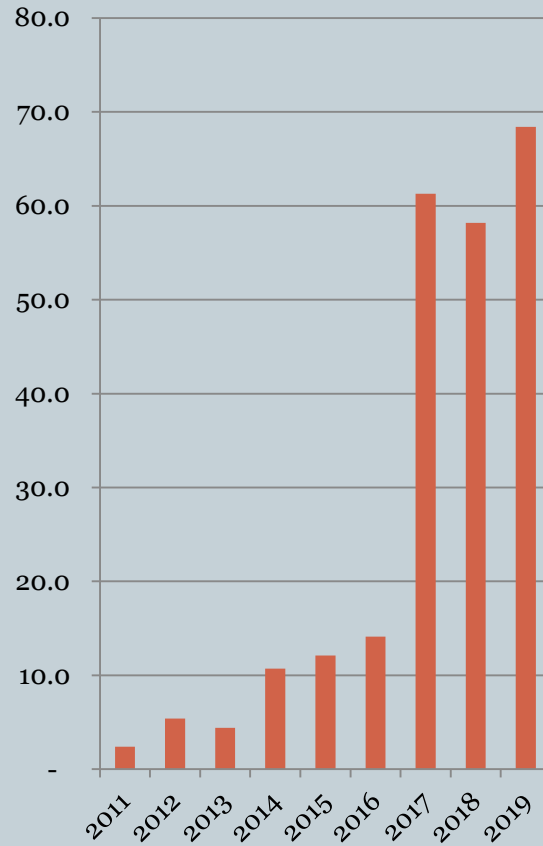
Wholesale distribution of building  
materials in Canada & USA

Listed on Toronto Stock Exchange

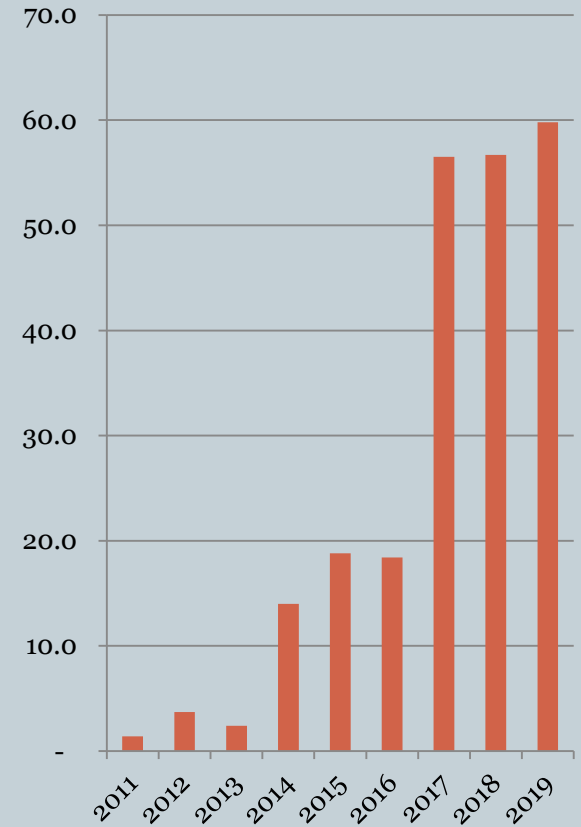
## Pre-tax and net profit



## EBITDA



## Net cash generated from operations



# Dividend policy



- We will pay out a minimum of 40% of annual net profit, subject to capital allocation opportunities and risk management
- We will pay dividends quarterly
- We will return excess cash where available

# Covid-19



- **COVID-19 RESPONSE**
- **COVID-19 IMPACT**



# Outlook



# Thank you



*“Predicting rain doesn’t count. Building arks does”  
– Warren Buffett*

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