



A decade of growth and value creation

Corporate Presentation
29 April 2022

Please refer our announcement to SGX dated 24 April 2022 for our responses to substantial and relevant questions received from shareholders in relation to the company's AGM on 29 April 2022

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.

A decade of achievements



- In 2012, Avarga embarked on a new strategic direction, following the entry of Tong Kooi Ong as its major shareholder and Executive Chairman
- What have we achieved for your company in the past decade?
 - We have acquired significant assets, improved their operations and achieved substantial growth in earnings and shareholder equity
 - We have transformed from a single business (paper manufacturing) to three core businesses, adding power generation and building materials distribution
 - We have expanded our footprint from Malaysia and Singapore, to include Canada, USA and Myanmar
 - We have built more sustainable and diversified income streams without stretching the balance sheet, in fact increasing net cash over the past decade

A decade of achievements



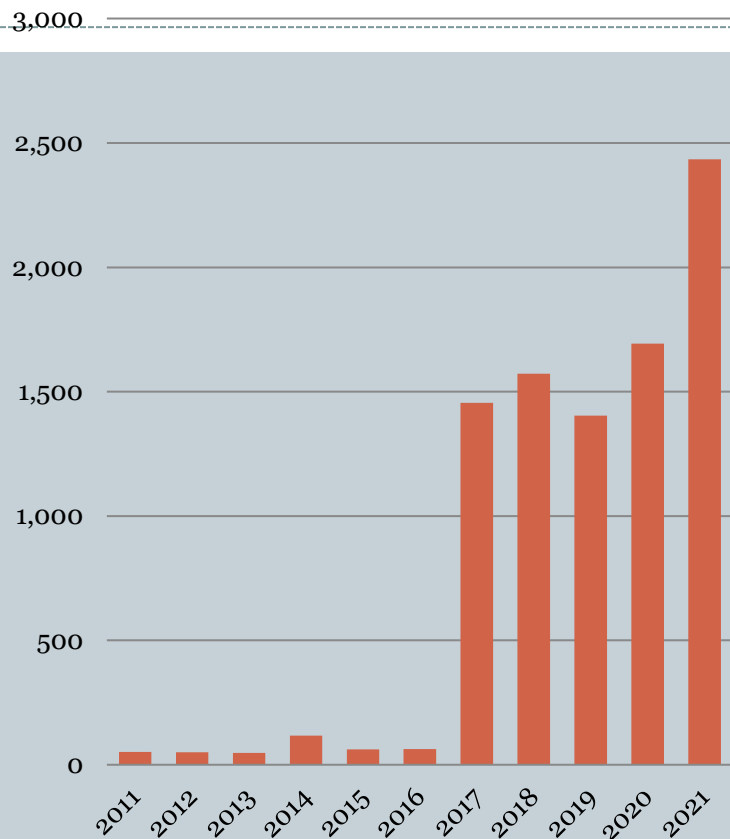
- From 2011 to 2021, we have increased:
 - Revenue from \$51.1m to \$2,435m
 - EBITDA from \$2.4m to \$162m
 - Pre-tax profit from (loss of \$0.4m) to \$136.4m
 - Net profit from (loss of \$0.6m) to \$73.3m
- Total assets from \$129.3m to \$768m
- Equity from \$119.1m to \$376.9m
- Returned \$106.6m in total dividends to shareholders
- Net cash started at \$20.7m at end-2011. At end-2021, we had group net cash of \$25.2m despite the major expansion and dividends

Our journey so far

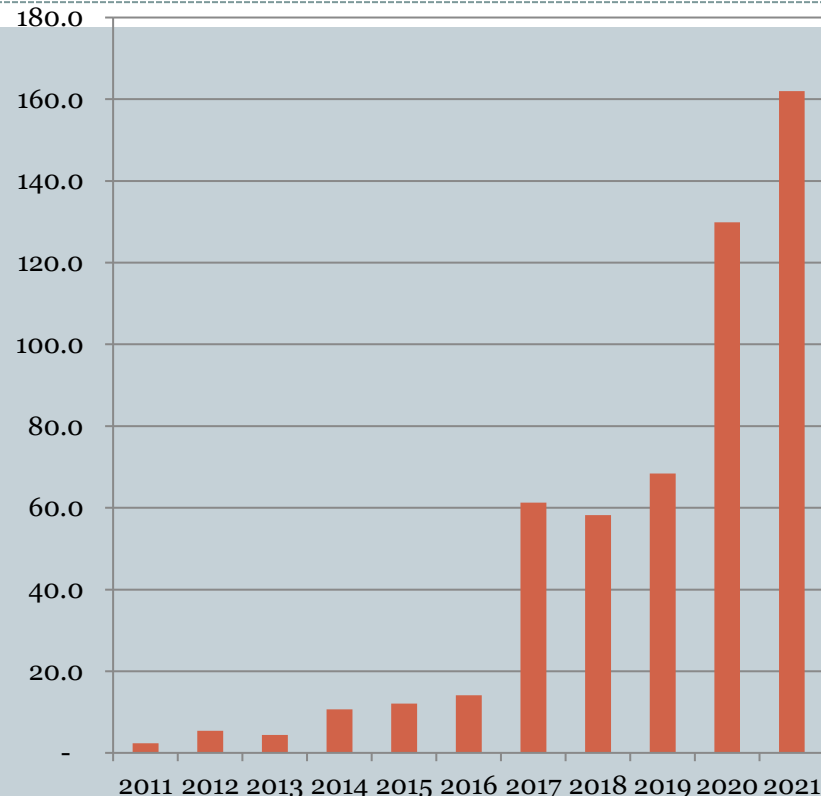


- 1967: Established in Singapore as United Pulp & Paper Co Ltd
- 1971: Paper mill started operations in Singapore
- 1980: Listed on Singapore Stock Exchange
- 1998: Paper mill operations relocated to Malaysia (1998-2000)
- 2010: Company name changed to UPP Holdings Limited
- **2012: Tong Kooi Ong acquired substantial stake, set new strategic direction**
 - Private placement exercise raised S\$40.3m, MOU signed for Myanmar IPP
- 2014: Myanmar IPP PPA signed, started commercial operations
- 2015: Paper mill upgrading exercise adds 7% to total capacity
- 2017: Acquired minorities' remaining 7.2% stake in paper mill, Kajang property sold
 - Acquired substantial stake and loan notes in Taiga for C\$72m
 - Private placement exercise raised S\$10m
 - Taiga undertook loan notes restructuring, loan notes converted to shares
- 2018: Acquired Kublai for C\$27.7m, raising our stake in Taiga from 49% to 65.5%
 - UPP Holdings Limited renamed Avarga Limited
 - Taiga acquired Exterior Wood for C\$55m, extending our footprint in USA
- 2019: Tuas property in Singapore sold for S\$18.6m, paid dividends of 4.5 cents per share
- 2020: Increased stake in Taiga from 69.7% to 71.8%

Revenue



EBITDA



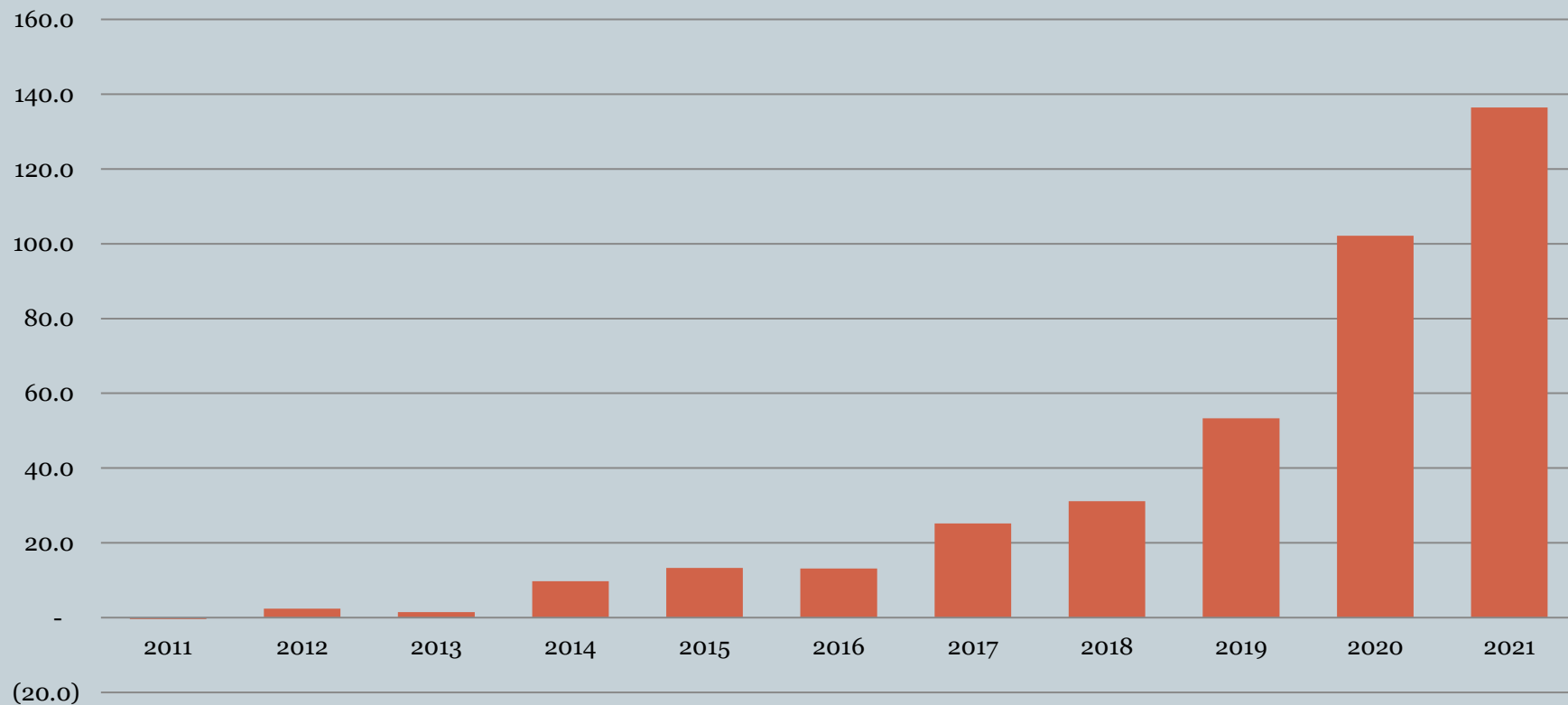
Revenue increased from \$51.1m in 2011 to \$2,435m in 2021

EBITDA increased from \$2.4m in 2011 to \$162m in 2021

Pre-tax profit



Pre-tax profit

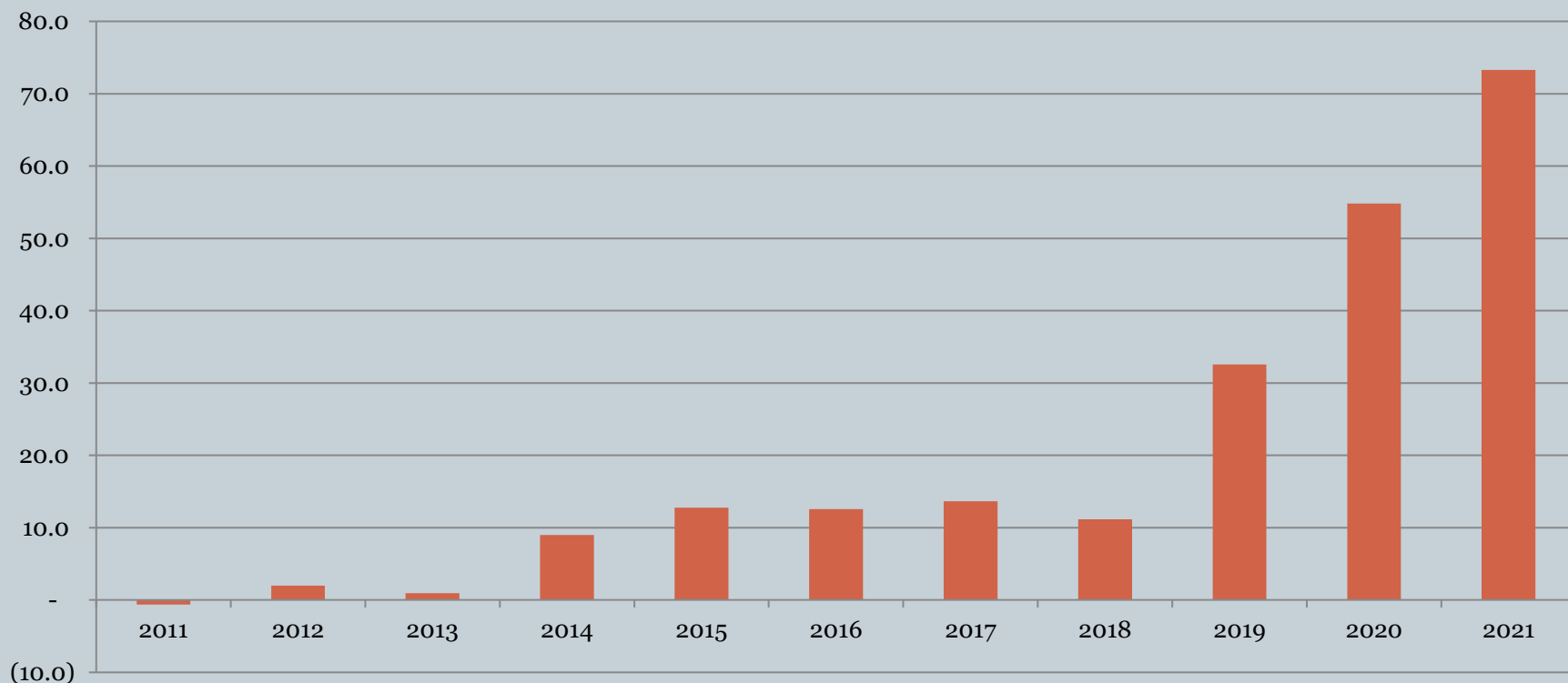


Pre-tax profit increased from (loss of \$0.4m) in 2011 to \$136.4m in 2021

Net profit

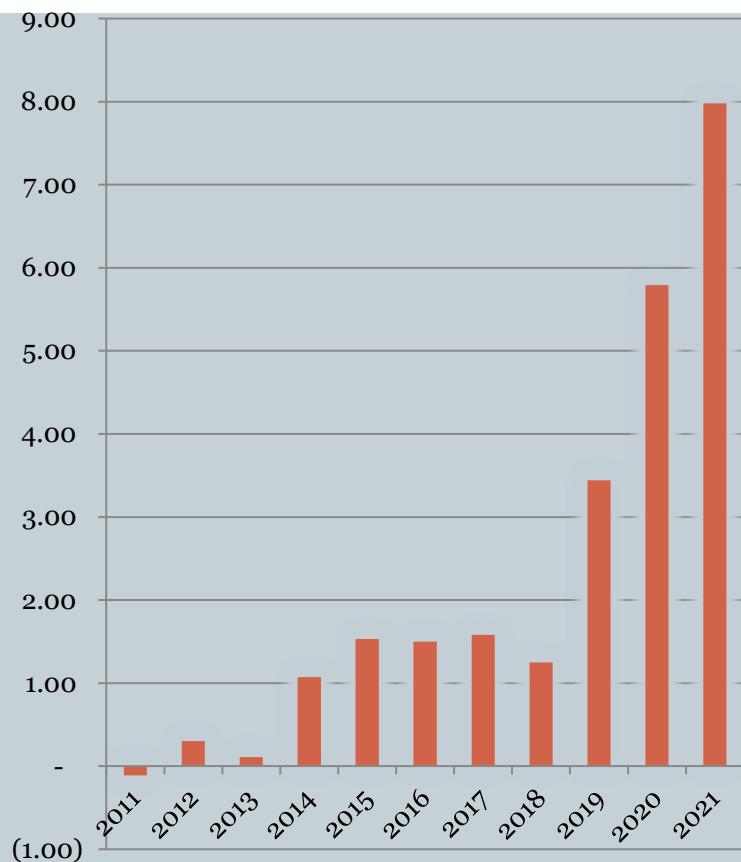


Net profit



Net profit increased from (loss of \$0.6m) in 2011 to \$73.3m in 2021

EPS (cents)



ROE



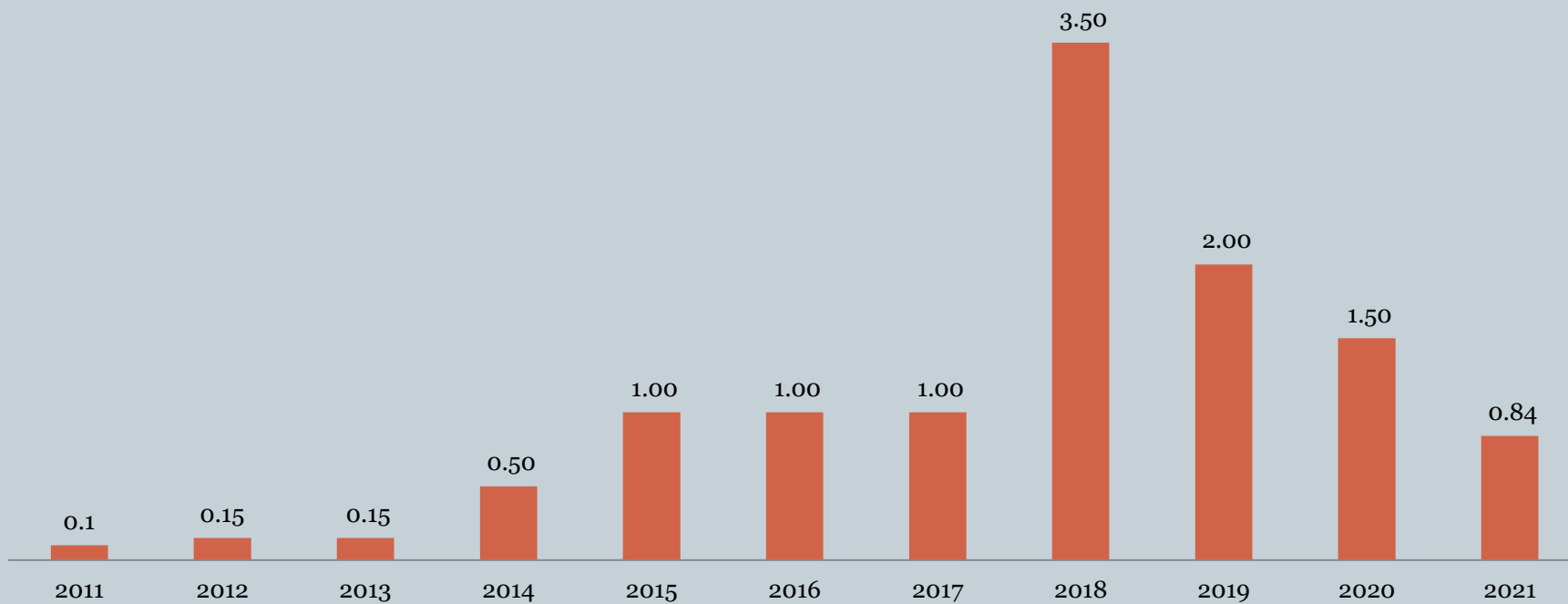
EPS increased to 7.98 cents in 2021 from loss per share of 0.1 cent in 2011
 ROE increased from negative 0.5% in 2011 to 19.4% in 2021

Dividends



Dividend per share (cents)

■ Dividend per share (cents)



From 2012 to 2021, we have paid total dividends of \$106.6m, or 11.64 cents per share



Our Group

Who are we?



- Our mission is to optimise Return on Equity through building sustainable value for our shareholders
- We adopt a disciplined approach to evaluating investments, risks and opportunities, led by an entrepreneurial and experienced management team
- We build business models that are long-term, focusing on competitive advantages, good management and innovation
- We operate in five countries with revenue of S\$2.4 billion and assets of \$768 million in 2021
- These businesses generate sustainable cash flows, progressively diverting into other investments

Our core businesses

AVARGA
LIMITED

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

71.8%



Taiga Building
Products Ltd

Wholesale distribution of building
materials in Canada & USA

Listed on Toronto Stock Exchange

Our core businesses



Building Materials Distribution

- Taiga Building Products is Canada's largest wholesale distributor of building material products by sales, with a fast-growing presence in USA
- Our wood preservation plants, distribution centres and reload stations are strategically located across Canada and USA

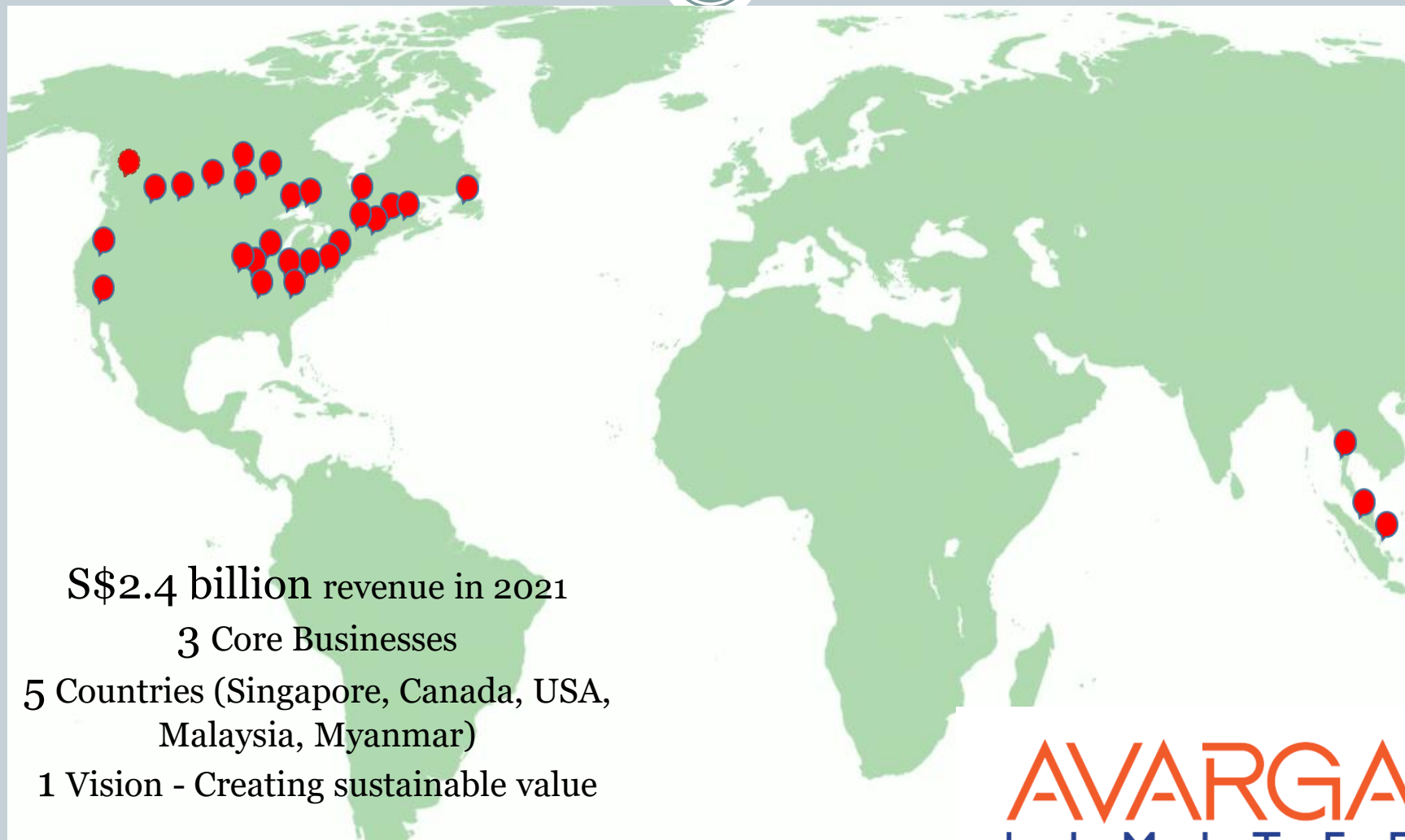
Paper Manufacturing

- UPP Pulp & Paper (M) is an upstream paper mill in Ijok, Selangor, Malaysia, producing coreboard, testliner and corrugated medium with recycled paper
- Packaging demand is growing from e-commerce activities

Power Generation

- UPP Power (Myanmar) owns a 50 MW gas fired plant in Yangon, Myanmar, operating under a 30 year PPA with the Government of Myanmar, until 2044
- Myanmar has a low electrification rate of 50%, we are one of Myanmar's first IPPs

Where are we?



S\$2.4 billion revenue in 2021

3 Core Businesses

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

1 Vision - Creating sustainable value



2021 Key Highlights

Key financial highlights for 2021



S\$	2021	2020	change
• Revenue:	\$2,435m	\$1,693m	+43.8%
• EBITDA	\$162.0m	\$129.9m	+24.7%
• Pre-tax profit:	\$136.4m	\$102.2m	+33.5%
• Net profit :	\$73.3m	\$54.8m	+33.7%
• EPS (cents):	7.98	5.79	+37.8%
• NAV per share (cents):	32.4	25.8	+25.5%
• DPS (cents):	0.84	1.5	(44.0%)
• Group net cash of \$25.2m at end-2021, from net debt of S\$60.2m at end-2020			
• Spent \$9.9m on share buybacks			
• Paid dividends of 0.84 cent per share, totaling \$7.7m, for 2021			

Key highlights for 2021



- **Building Materials (Canada and USA):**
 - Taiga continues to be the main growth driver, pre-tax profit up 30.6% to C\$125.7m
 - Followed up strong 2020 with an even stronger, record 2021. Revenue reached C\$2.22b
 - Weathered volatile lumber prices, enjoyed strong housing markets in USA and Canada
 - EBITDA increased 24.2% to C\$145.2m with EBITDA margins of 6.5%
 - Minimal impact from volatile lumber prices due to fast turnover, risk management controls
- **Paper Manufacturing (Malaysia):**
 - Covid-19 lockdowns in Malaysia affected demand, production and supply chains
 - Sales volume fell 17.6% to 63,447 tonnes. Revenue rose 5.8% to RM144.3m due to higher prices, but EBITDA declined 24.5% to RM17.5m
- **Power (Myanmar):**
 - Produced 368.1m kWh of electricity in 2021, 5.6% decline from record high of 390m kWh in 2020, and 5.2% above 350m kWh minimum annual off-take
 - No major operational impact from political developments, we continue to closely monitor

Award recognition



We are proud to have been recognised by the following awards for our financial performance, corporate governance and transparency in 2020-2021:

- The Edge Singapore Centurion Club Award 2020: Winner of Fastest Growth in Profit after Tax for Applied Resources, Energy Sector
- Securities Investors Association Singapore's SIAS Investors' Choice Awards: The Corporate Governance Award 2021, Runner Up for Small Cap
- SIAS Investors' Choice Awards: The Most Transparent Company Award 2021, Runner Up for Materials



How have we performed?

Our financial performance



FY Dec (\$\$ million)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue	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	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	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	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	128.2	60.9	59.8	56.7	56.5	18.4	18.8	14.0	2.4	3.7	1.4
Total Assets	768.0	651.0	575.3	512.2	505.1	190.1	189.0	189.0	182.1	183.1	129.3
Total Equity	376.9	306.9	252.8	258.1	259.7	183.7	183.4	182.6	174.4	172.8	119.1
EPS (cents)	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)	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
ROE	19.4%	17.9%	12.9%	4.3%	5.3%	6.8%	7.0%	4.9%	0.5%	1.2%	-0.5%
ROA	9.5%	8.4%	5.7%	2.2%	2.7%	6.6%	6.8%	4.7%	0.5%	1.1%	-0.5%

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

<u>Segmental Revenue</u>											
FY Dec (S\$ million)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Paper Manufacturing (Malaysia)	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)	10.8	16.4	18.7	10.5	11.7	13.3	11.9	68.3	-	-	-
Taiga (Canada & USA)	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	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
<u>Segmental Pre-tax profit</u>											
FY Dec (S\$ million)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Paper Manufacturing (Malaysia)	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)	5.4	6.6	6.0	5.7	6.9	8.1	7.8	6.3	-	-	-
Taiga (Canada & USA)	130.1	94.7	32.7	25.5	18.5	-	-	-	-	-	-
Others	(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	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?

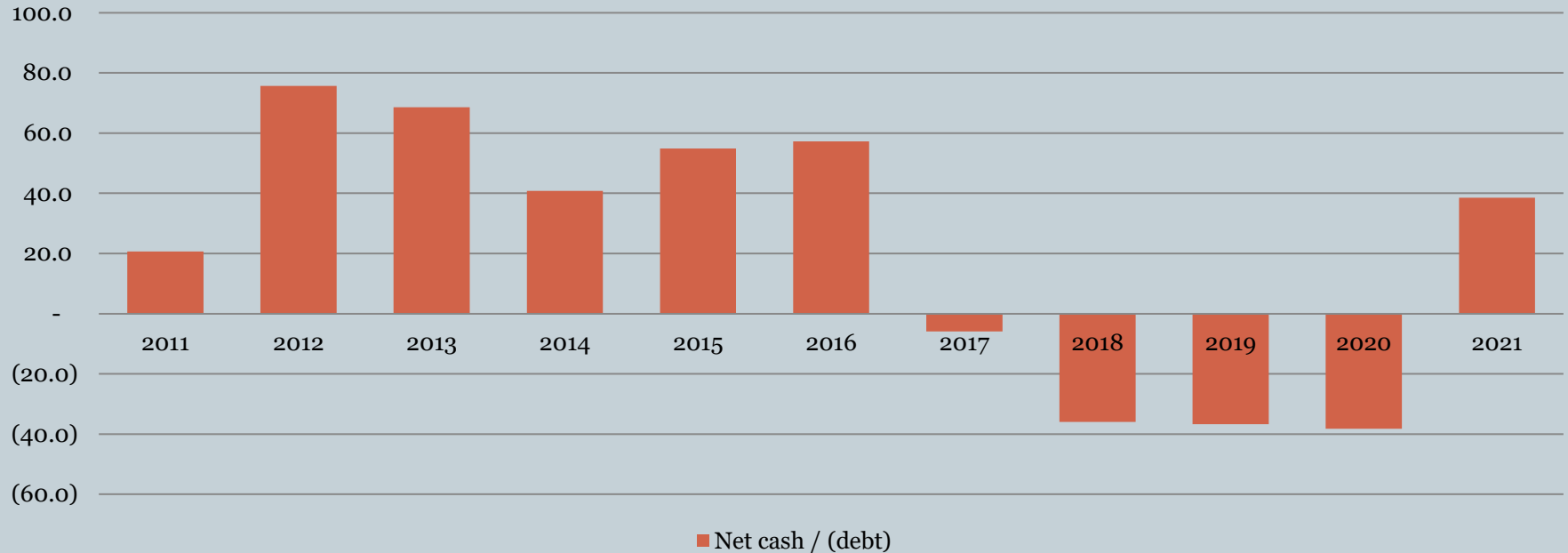
How did we use our cash from 2012- 2021?

From 2012-2021, we have generated cumulative:	S\$m
Net excess cash from operating activities	383.0
<u>What did we use it for?</u>	
Capex - PPE (net)	(23.6)
Investment in Myanmar Power Plant	(58.7)
Acquisition of non-controlling interests in UPP Pulp & Paper	(4.9)
Acquisition of Taiga	(89.1)
Investing activities made by Taiga	(155.8)
- redemption of outstanding Taiga 14% notes	
- acquisition of Exterior Wood by Taiga	
- share buyback: Taiga treasury shares	
- changes in Taiga RCF	
Portfolio investments	(7.8)
Share buyback: Avarga treasury shares	(12.1)
Dividends to Avarga shareholders	(106.6)
Dividends to Taiga non-controlling interest	(9.2)
Others	1.3
Subtotal	(466.5)
Deficit	(83.5)
<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	6.8
Sale of corporate bonds	6.5
Use of cash & borrowings (net change in cash / debt)	(17.8)
Sub-total	83.5

We started with \$20.7m net cash at end-2011 and ended 2021 with net cash of S\$38.5m (excl Taiga notes)
 From 2012-2021, we have increased our net cash position, despite returning \$106.6m in dividends to shareholders, and investing in additional businesses – the power plant, Taiga and Exterior Wood

Without stretching our balance sheet

Net cash / (debt)



- Excluding Taiga's notes and finance lease obligations, we had net cash of \$38.5m at end-2021 (or net cash of \$25.2m including the notes), compared with net debt of \$38.2m at end-2020
- From paper, we have added businesses in power and building materials distribution, using minimal debt throughout the years. We have now improved the balance sheet further, compared with net cash of \$20.7m at end-2011

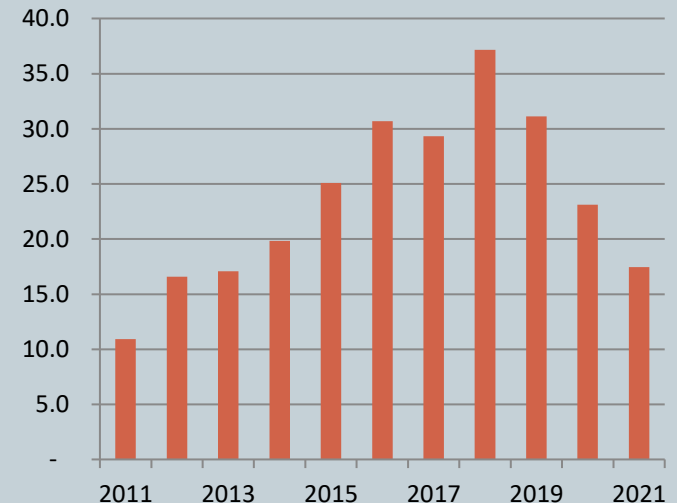
Key phases of our transformation



Paper manufacturing business

- We strengthened internal processes, workflows, controls and efficiency
- We upgraded the plant in 2015, increasing capacity by 7%
- In 2017, we divested Kajang land and acquired remaining 7.2% minority interests
- Pre-tax profit fell in 2020-2021 due to Covid-19, with lockdowns and restrictions affecting demand, output and supply chains
- Due to a ban on imports of waste into China from 2021, Chinese players have established plants in Malaysia to export back to China
- We will focus on our core strengths and product differentiation as competition increases

EBITDA



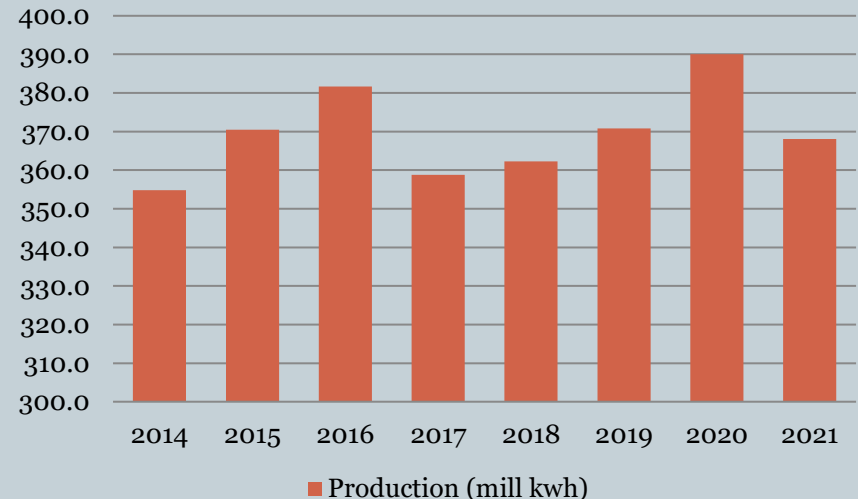
Key phases of our transformation



Myanmar power plant

- We invested US\$46.5m in the IPP, using our existing cash reserves and the private placement proceeds of S\$40.3m
- MOU signed in 2012, PPA and commercial operations in 2014
- 30 year PPA with Electricity Power Generation Enterprise (EPGE), Government of Myanmar, expiring Feb 2044
- We have exceeded the annual minimum take-up rate of 350m kWh each year, record high of 390m kWh in 2020
- We generated 368.1m kWh in 2021
- First major overhauls in 2019-1H2020, fully completed in July 2020
- No operational impact from political events, we continue to monitor developments

Electricity generation



Key phases of our transformation



Taiga acquisition and restructuring

- We acquired a substantial stake in Taiga shares and loan notes for C\$72m in 2017
- Taiga then undertook a restructuring exercise by converting the loan notes to shares, significantly strengthening its balance sheet and earnings, with annual interest savings of C\$18m
- In 2018, we acquired more shares in Taiga through Kublai Canada for C\$27.7m, raising our stake in Taiga from 49% to 65.5%
- These acquisitions were made on a valuation of only 4x then EBITDA
- Through additional share purchases by Avarga and share buybacks by Taiga, we have increased our stake further to 69.7% at end-2019 and 71.8% at end-2020
- Earnings have risen substantially, with EBITDA rising from C\$40m in FY Mar 2017 to C\$57.7m in FY Dec 2019, C\$116.9m in FY 2020 and C\$145.2m in FY2021

Key phases of our transformation



Taiga's Exterior Wood acquisition

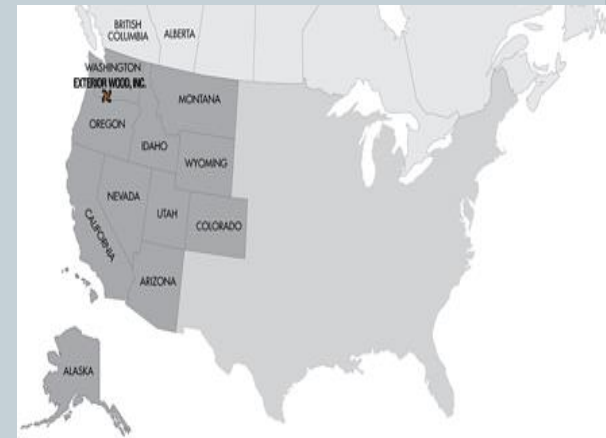
- Acquired by Taiga in 2018 for C\$55m (US\$42m) at then EV/EBITDA of 6x
- Supplies to 13 states in the US West Coast, significantly extending Taiga's USA distribution footprint. Also expands Taiga's wood treatment operations to USA
- Leveraging on Taiga's wide product range, Exterior Wood's sales and product offerings to the US market have expanded significantly



Distribution centre



Treated wood plant



Distribution market



Taiga Building Products

Taiga's 2021 highlights

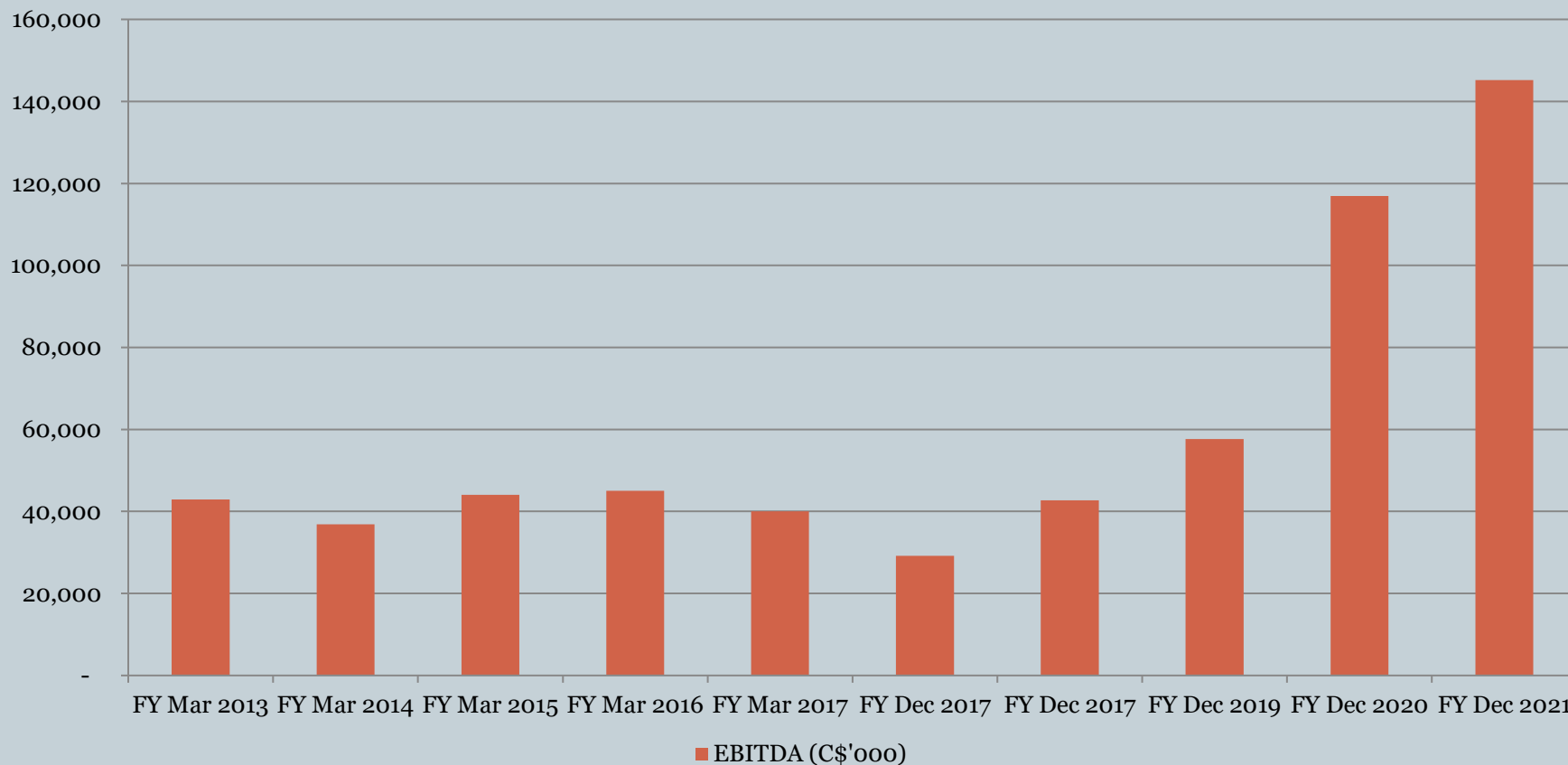


C\$	2021	2020	change
• Revenue:	\$2,219.7m	\$1,589.1m	+39.7%
• Gross margin:	\$300.2m	\$225.2m	+33.3%
• EBITDA:	\$145.2m	\$116.9m	+24.2%
• Pre-tax profit:	\$125.7m	\$96.2m	+30.6%
• Net profit:	\$92.7m	\$70.8m	+30.9%
• Gross margin:	13.5%	14.2%	
• EBITDA margin:	6.5%	7.4%	
• Total assets:	\$583.0m	\$474.2m	+23%

Taiga's EBITDA



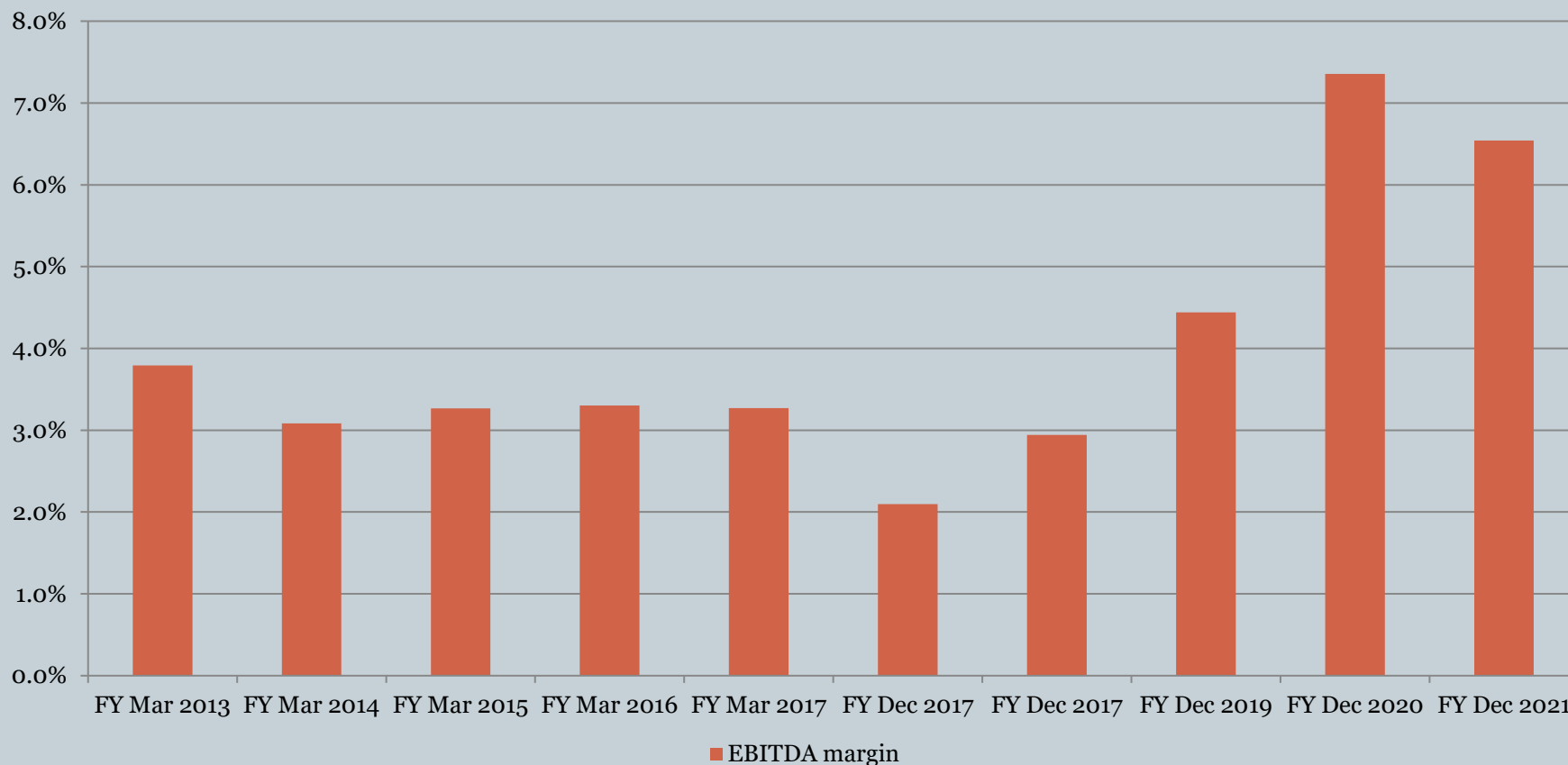
Taiga's EBITDA



Taiga's EBITDA margin



Taiga's EBITDA margin



Taiga's financial performance



Taiga Building Products (C\$'000)	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	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	300,192	225,170	129,456	122,031	123,020	107,267	117,015	114,998	96,810	102,815	95,811
EBITDA	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	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)	92,686	70,826	25,905	20,267	(3,938)	7,990	11,720	11,080	5,076	10,434	3,724
Total assets	583,004	474,164	395,022	326,001	270,829	324,058	305,612	347,383	315,840	346,446	298,649
Gross margin	13.5%	14.2%	10.0%	8.4%	8.8%	8.8%	8.6%	8.5%	8.1%	9.1%	9.9%
EBITDA margin	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

Taiga's EBITDA rose to new heights in 2019 from the acquisition of Exterior Wood and 2020-21 from high commodity prices

Taiga Building Products



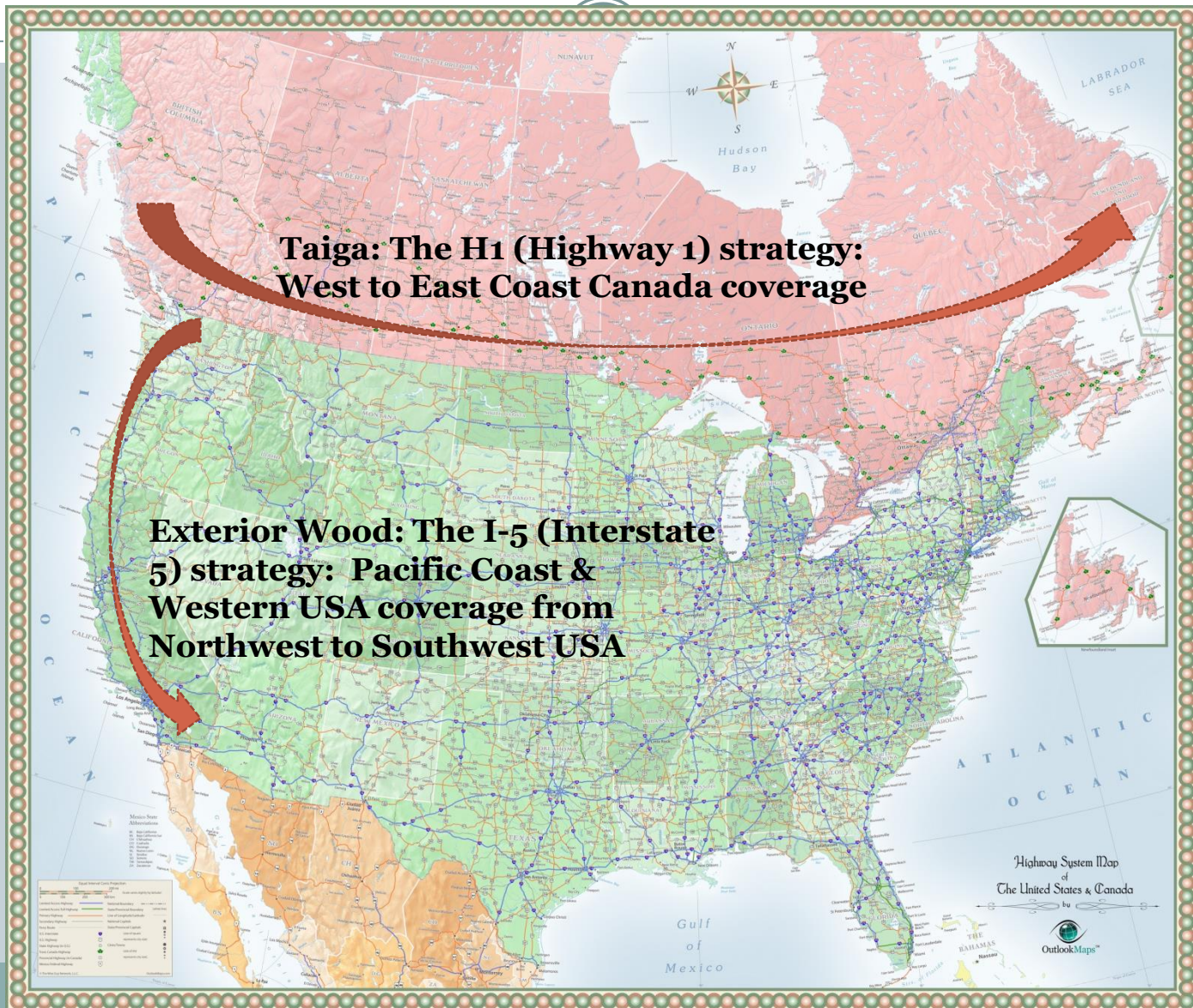
- Canada's largest wholesale distributor of building material products with sales of C\$2.2 billion in 2021
- Established since 1973 and listed on Toronto Stock Exchange
- Wide footprint in Canada and growing network in the USA:
 - 3 wood preservation plants in Canada
 - 15 distribution centres across 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



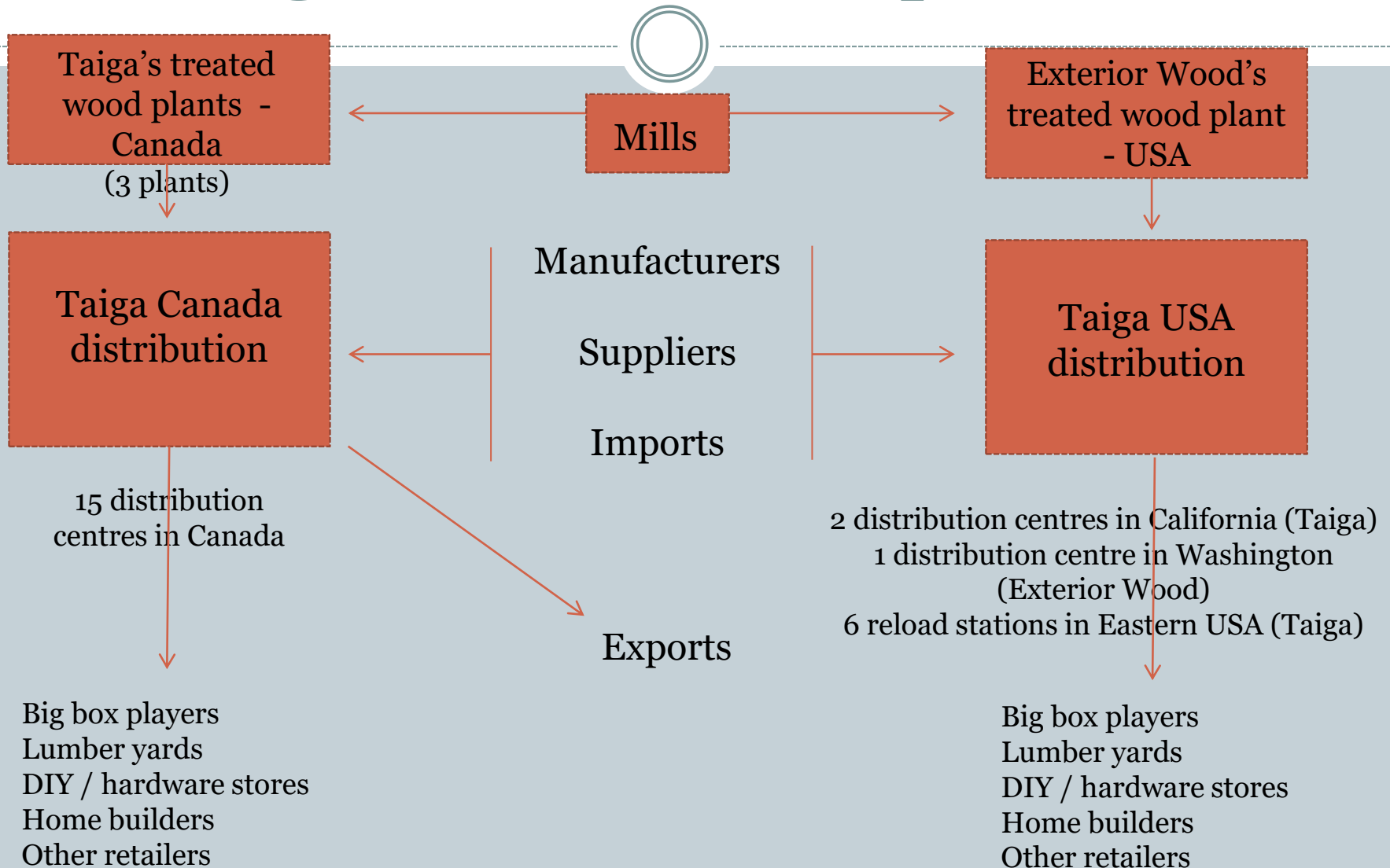
taiga
building products



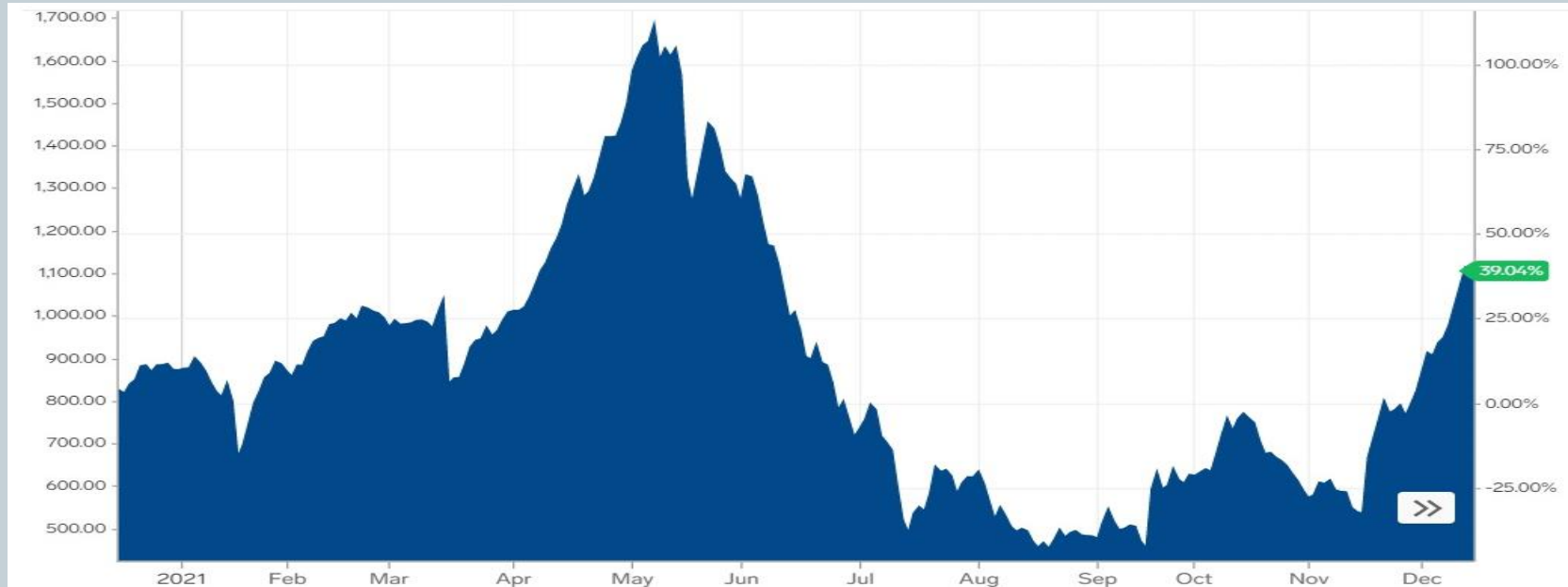
Our “Highway” penetration strategy



Taiga's distribution process



Lumber prices



- There was very significant lumber price volatility throughout 2021. Lumber prices moved within a wide range of \$450 to \$1,700 per thousand board feet. Despite the volatility, which included a mid-year price crash, Taiga weathered well and reported record profits
- Most of Taiga's earnings were generated in 1H2021 when lumber prices rallied. Lumber prices dropped significantly in 3Q2021 before strengthening again at the end of the year

Lumber volatility and earnings



- We have already witnessed very significant lumber price volatility in 2021, which Taiga has weathered well with record earnings
- Established since 1973, Taiga has a good track record in weathering through volatilities in housing cycles and commodity prices for nearly 50 years
- Volatility in housing market conditions is buffered by our exposure to both the new homes and renovation markets, and wide geographical reach across North America
- **Earnings growth drivers:**
 - Growing sales in the US through Exterior Wood
 - Strong growth in single-family vs multi-family homes
 - Improving margins through better product mix: high-margin Allied vs Commodities
 - Exposure to both the new homes and renovation / home improvement markets
- **Lumber volatility risks are low:**
 - Lumber is a fast-moving product, with inventory turns of 2 times per week
 - Inventory risk is largely in treated wood, which is seasonal. The risk lies over the winter season, where wood is purchased, treated and stored for sale in spring

Penetration into USA yielding results

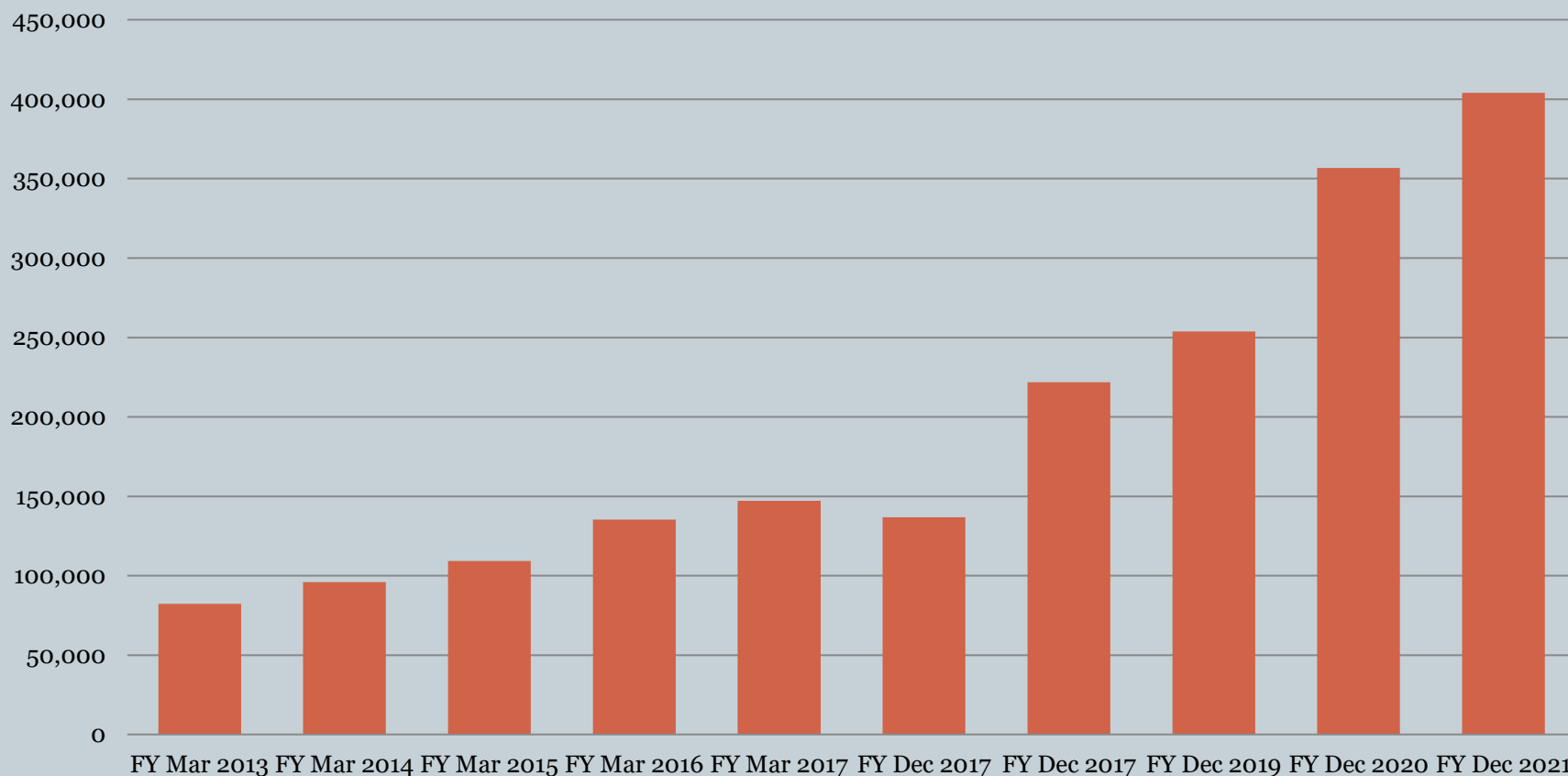


- Exterior Wood was acquired in 2018 for C\$55m (US\$42m) to further expand our operations in the West Coast of USA
- Taiga's USA sales have surged to C\$404m in 2021 from C\$137m in 2017. By comparison, USA sales were just C\$64m back in 2012
- USA accounted for 18% of Taiga's sales in 2021, up from 10% in 2017
- The USA housing market is 6x larger than Canada's in annual housing starts, with a population almost 9x larger
- Taiga's Canada sales continue to do well given our market-leading position in the country. Canada sales surged 47% to C\$1.82b in 2021

Taiga's growing USA sales



Taiga's growing USA sales



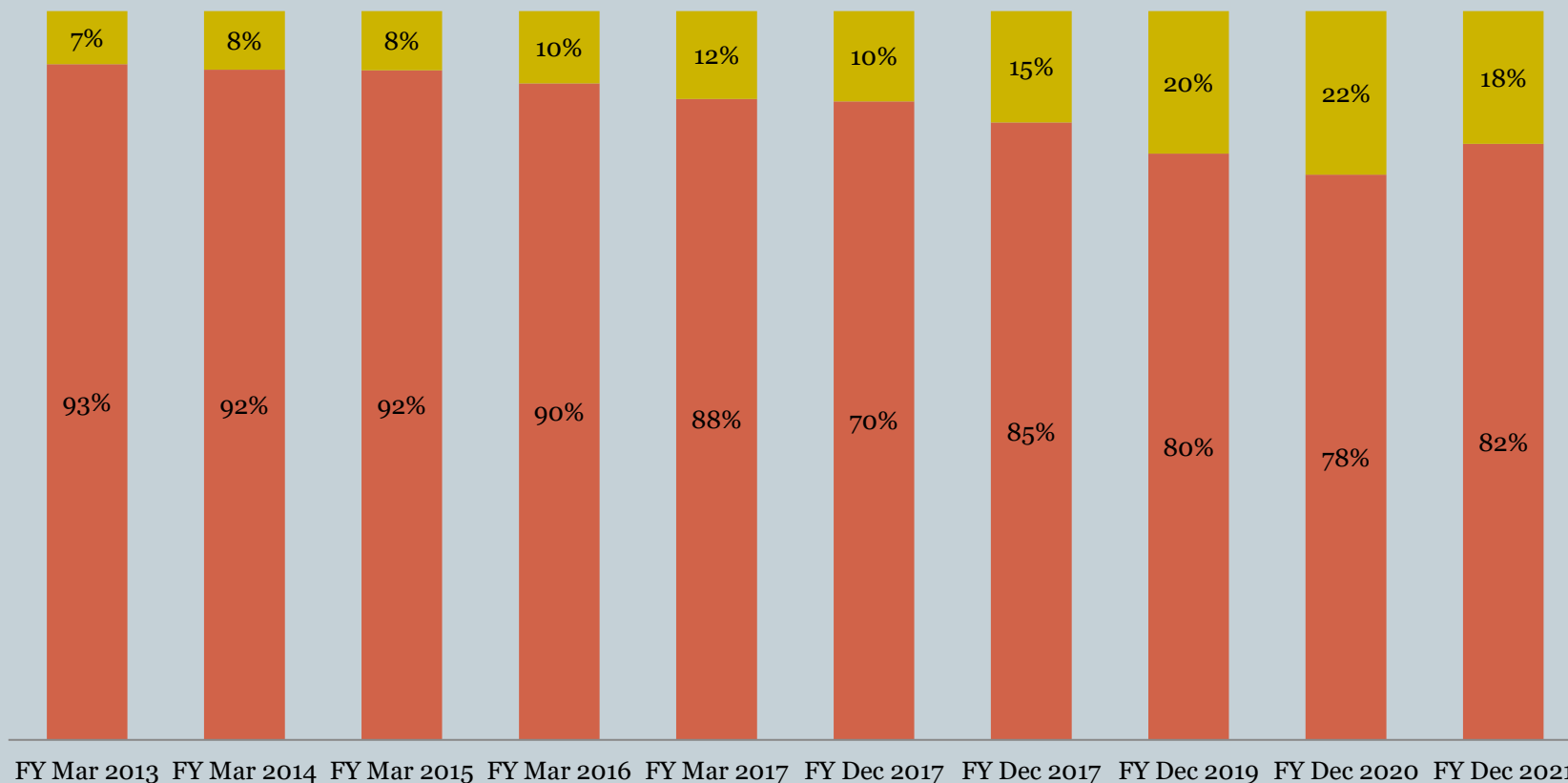
■ USA sales (C\$'000)

Taiga's growing USA sales



Share of sales to Canada and USA

■ Canada sales ■ USA sales



Strong housing starts



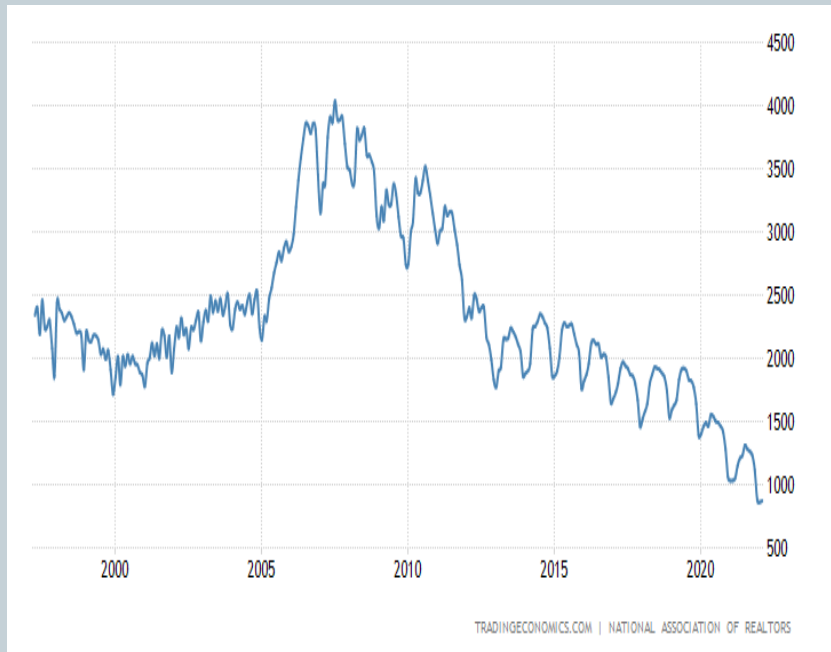
Annual housing starts: USA and Canada					
Year	<u>USA</u>	<u>Growth</u>		<u>Canada</u>	<u>Growth</u>
	('000 units)	(%)		('000 units)	(%)
2015	1,112	10.9		196	3.3
2016	1,174	5.6		198	1.2
2017	1,203	2.5		220	11.0
2018	1,250	3.9		213	(3.1)
2019	1,290	3.2		209	(2.0)
2020	1,380	7.0		218	4.4
2021	1,595	15.6		271	24.5

- Demand underpinned by strong housing starts in USA and Canada, with double digit growth in 2021, despite higher lumber prices and building costs
- Housing starts in USA are 6x larger than Canada, with a population almost 9x larger. Taiga also benefits from the renovation and home improvement market

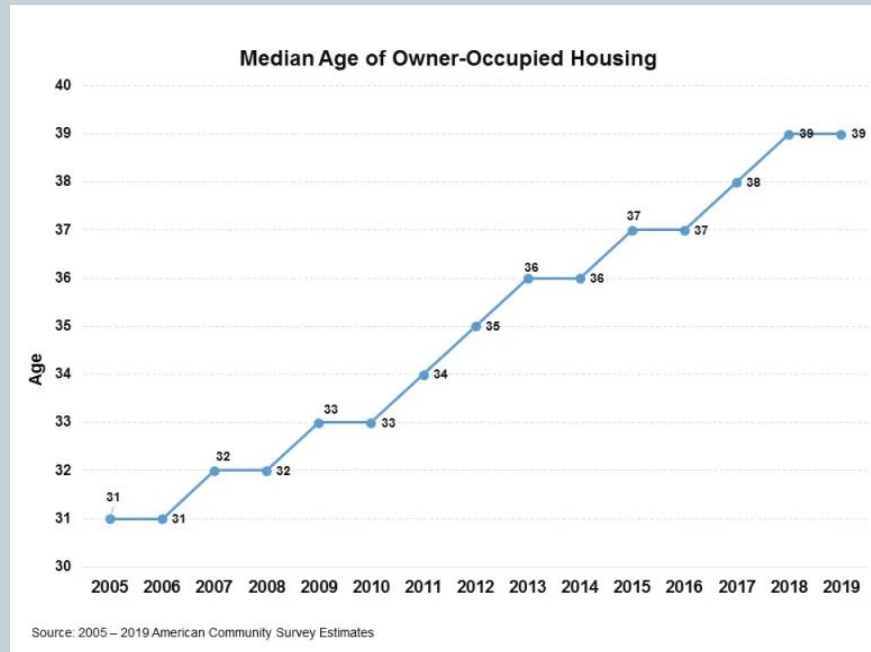
USA housing growth catalysts

Rising interest rates and home prices may affect housing starts, but are mitigated by exceptionally low existing home inventories and ageing homes

Exceptionally low existing home inventories



Houses are old with average age at 39 years.
Room for new rebuilding and renovations



- Source: National Association of Realtors, American Community Survey Estimates

Thank you



“Every sunset is an opportunity to reset” – Richie Norton

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