



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA 1H20 RESULTS

Highlights

- Net sales grew 16.0% YoY
- Gross margin strong at 32.2%
- Positive operating cash flow of Rp 104.3 billion
- Total assets increased 1.4% YoY while total liabilities decreased -1.3% YoY

Sidoarjo, August 3rd, 2020

PT Integra Indocabinet Tbk (WOOD) published its 1H20 unaudited financial results. In 1H20, WOOD booked total revenue of Rp 1,134 billion, up 16.0% YoY. The significant growth in sales was predominantly supported by strengthened US market demand for both furniture and building components, as well as by carried over delayed shipment sales from 1Q20 in the amount of Rp 50 billion.

Exports up 40.3%

Our export sales grew 40.3% YoY due to strong demand from the US market, driven by:

1. Trade war tariffs on Chinese products
2. Potential antidumping and countervailing duties on wood mouldings and millwork products from Brazil and China to be imposed by the US, the largest importer of these products
3. Antidumping and countervailing duties on wooden cabinets and vanities products from China imposed by the US

The implementation of both trade war tariffs and antidumping and countervailing duties has led US buyers to source their products outside of China, the largest exporter in the industry.

Our domestic sales declined for both manufacturing and forestry segments at -27.6% YoY and -19.8% YoY respectively, in line with the management's expectations amid the pandemic.

Therefore, the company is currently focused on building presence in the US market to take advantage of an attractive opportunity to grow market share, and on staying resilient in the domestic market.

Segment	1H20	1H19	Change YoY
Manufacture Export	969,056,132,501	690,711,974,513	40.3%
<i>Furniture</i>	531,676,194,992	395,821,418,550	34.3%
<i>Building Component</i>	437,379,937,509	294,890,555,963	48.3%
Manufacture Domestic	106,698,579,244	147,453,405,136	-27.6%
<i>Furniture</i>	45,191,487,394	125,293,925,750	-63.9%
<i>Building Component</i>	61,507,091,850	22,159,479,387	177.6%
Forestry	109,178,745,546	136,138,899,630	-19.8%
Retail	21,149,119,811	20,851,688,286	1.4%
Total	1,206,082,577,103	995,155,967,565	21.2%
Elimination	72,128,235,785	17,615,844,611	
Total revenue after elim.	1,133,954,341,318	977,540,122,954	16.0%

Gross margin remained strong at 32.2%

Despite decrease in forestry sales and higher building components sales contribution, our gross margin remained strong at 32.2%. Note also that furniture sales tend to be stronger in 2H period due to seasonality, and thus margins can improve further in 2H20. On the other hand, even though the building components gross margin is typically lower than furniture gross margin, the building components sales tend to be more continual, without seasonality and with shorter lead time, and as a result they can gradually improve the company's cash flow.

	1H20 Rp	1H19 Rp	
NET SALES	1,133,954,341,318	977,540,122,954	 16.0%
COST OF SALES	(768,879,927,544)	(634,958,853,231)	
GROSS PROFIT	365,074,413,774	342,581,269,723	
Gross Margin	32.2%	35.0%	
<i>Selling Expenses</i>	(57,966,327,528)	(52,393,363,418)	
<i>General and administrative expenses</i>	(70,995,348,663)	(57,895,661,921)	
OPERATING PROFIT	236,112,737,583	232,292,244,384	 1.6%
Operating Margin	20.8%	23.8%	
OTHER INCOME/EXPENSES	(92,440,490,892)	(70,124,851,920)	
PROFIT BEFORE TAX BENEFIT	143,672,246,691	162,167,392,464	 -11.4%
<i>Current</i>	(30,078,678,536)	(39,107,165,867)	
<i>Deffered</i>	-	-	
PROFIT FOR THE YEAR	113,593,568,155	123,060,226,597	 -7.7%
Net Margin	10.0%	12.6%	



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Business outlook

Entering 2H20, we expect to see growing demand for building components and stronger demand in the furniture segment due to depleting buyers' inventory at the end of 1H20, particularly in the US market. [\(1\)](#)

Halim Rusli, President Director of the Company, said: "Our 2019 strategy was exactly right on our path to grow sales. We expanded our Millwork (building components) production capacity to cater to the large US demand and offset seasonality in furniture sales to achieve stronger sales. Not only did we achieve 40.3% YoY growth in our export sales, we also improved our operating cash flow in 1H20. Going forward in 2H20, with the demand for furniture products starting to kick in due to depleting US buyers' inventory, our FY20 revenue target of 20% YoY should likely be achieved and we should also see stronger profit margin from our sales."

About PT Integra Idocabinet Tbk:

Founded in 1989 in Sidoarjo, East Java, PT Integra Indocabinet Tbk is the largest vertically integrated wooden products manufacturer in Indonesia. Integra has established itself as the fastest growing furniture manufacturer with international and domestic accreditation. Integra promotes the use of sustainable resources and supports the livelihoods of local communities. The group employs over 2,500 team members across Indonesia.

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