



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA REPORTS 2019FY RESULTS

Highlights

- Net Sales reach Rp 2.14 trillion or grew by 1.7% YoY
- Manufacture segment remain as key growth driver with 12.8% YoY increase
- Completion of Wooden Blind and additional Millwork and Plywood capacity

Sidoarjo, May 18th, 2020

PT Integra Indocabinet Tbk (WOOD) reported its full year 2019 results. WOOD reported total revenue of Rp 2.14 trillion, representing a 1.7% YoY growth. The growth was mainly contributed by the manufacturing segment with contribution of 90.9% from the total revenue and a 12.8% YoY growth. Meanwhile the revenue from forestry segment dropped by -58.4% YoY due to lower Meranti wood price in 2019. Note that in the end of 2017 - 2018, Meranti wood price increased significantly up to Rp 3.1 million/m³ and in 2019 the price was back to its normal and slightly lower. Hence, 2018 forestry segment revenue was at its high base.

Strong revenue growth from manufacture segment

Manufacture segment as the largest revenue contributor recorded strong revenue growth by 12.8% in 2019 which contributed by projects sales and growing US demand. Despite negative growth of forestry segment by -58.4% due to its 2018 high base revenue, WOOD was still able to maintain its strong gross margin at 34.8% (0.4% lower than 2018) and better operating margin of 23.0% (vs. 22.5% in 2018) due to lower operating expenses. Meanwhile, higher interest expenses due to capex for 2019 production facility expansion, the Company net income drop by -9.9% YoY but still able to maintain its net margin at 10.2%.



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Segment	2019	2018	Change YoY
Manufacture	1,941,235,767,980	1,720,564,333,663	12.8%
<i>Furniture</i>	<i>1,360,314,086,046</i>	<i>1,162,235,966,813</i>	<i>17.0%</i>
<i>BC</i>	<i>580,921,681,934</i>	<i>558,328,366,850</i>	<i>4.0%</i>
Forestry	138,641,770,227	333,391,553,981	-58.4%
Trading	56,408,507,757	47,521,348,246	18.7%
Total Revenue	2,136,286,045,964	2,101,477,235,890	1.7%

	2019 Rp	2018 Rp		
NET SALES	2,136,286,045,964	2,101,477,235,890	↑	1.7%
COST OF SALES	(1,392,344,026,298)	(1,362,336,935,027)		
GROSS PROFIT	743,942,019,666	739,140,300,863		
Gross Margin	34.8%	35.2%		
<i>Selling Expenses</i>	<i>(118,735,080,599)</i>	<i>(135,720,162,673)</i>		
<i>General and administrative expenses</i>	<i>(134,830,230,411)</i>	<i>(129,993,213,604)</i>		
OPERATING PROFIT	490,376,708,656	473,426,924,586	↑	3.6%
Operating Margin	23.0%	22.5%		
OTHER INCOME/EXPENSES	(206,672,419,271)	(148,814,516,876)		
PROFIT BEFORE TAX BENEFIT	283,704,289,385	324,612,407,710	↓	-12.6%
<i>Current</i>	<i>(80,013,429,808)</i>	<i>(88,270,693,750)</i>		
<i>Deffered</i>	<i>14,373,453,465</i>	<i>5,668,392,289</i>		
PROFIT FOR THE YEAR	218,064,313,042	242,010,106,249	↓	-9.9%
Net Margin	10.2%	11.5%		

Early expansion strategy to stay one step ahead in advantageous opportunity

WOOD has seen a wide opening opportunity earlier this year to expand its market share in US market due to increasing tension between China and US that triggered by the implementation of trade war tariff and anti-dumping and anti-subsidy duties, which it has dramatically decreased China's wooden furniture export to US market dropped by -35.9% YoY and millwork product in particular -20.3% YoY in 2019. Therefore, the Company took an immediate action to increased its production capacity. In 2019, WOOD has completed its additional production capacity by doubling the millwork capacity to 200 container per month (expected to triple in 2020), double the capacity of Plywood to 44,000 CBM and also additional furniture capacity. The strategy will not only reduce future capex but also improve our cash flow as the BC shorter cash conversion cycle will offset the longer furniture segment.

	Furniture	Building Component			
		Millwork	Wooden Blind	Plywood	FJLB
2018	41,651	61,760	-	22,000	43,000
2019	44,710	113,520	13,200	44,000	43,000
2020	47,775	198,660	26,400	77,000	43,000



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Halim Rusli, President Director of the Company said “2019 was our important momentum in executing our growth strategy earlier. Not only that we completed our production capacity expansion for both furniture and building component product particularly Millwork, we also consolidated our production facility to achieve higher production cost efficiency and accelerate our production process. We believe this strategy would strongly support Company’s growth, profitability and improve our cash flow.”

About PT Integra Indocabinet 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 also promote the use of sustainable resources and support the livelihood of local community. In fiscal year 2016 Integra employs approximately 2,388 team members across Indonesia.

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