



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA 9M20 RESULTS

Highlights

- 3Q20 recorded highest quarterly net sales ever of IDR 751.1 billion or grew by 74.2% YoY compared to 3Q19
- Gross margin improved significantly to 34.6% in 3Q20 from previously 30.1% in 2Q20
- Highest quarterly net income in 3Q20 of IDR 75.7 billion or grew by 28.0% YoY compared to 3Q19
- Positive operating cash flow of IDR 177.5 billion

Sidoarjo, November 13th, 2020

PT Integra Indocabinet Tbk (WOOD) published its 9M20 unaudited financial results. In 3Q20 alone, WOOD booked net sales of IDR 751.1 billion or grew by 74.2% YoY compared to 3Q2019, which is the highest quarterly net sales ever, hence bring its 9M20 total revenue to IDR 1,885 billion, up by 33.8% YoY. This significant growth in sales was mainly supported by the increasing of US market demand for both furniture and building components. The high demands were due to trade war tariffs, anti-dumping and anti-subsidy duties that imposed to China furniture and building component products, hence US buyers quickly shift their supply sources out of China particularly to Indonesia, which in this case hugely benefitted Integra as one of the largest exporter in Indonesia.

Exports up 45.6%

Our export sales grew 45.6% YoY due to strong demand from the US market where the US export sales alone grew by 64.54% YoY. The strong demand from US market is 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.
4. Inventory shortage after the initial covid-19 shutdown, hence higher demand in 2H20.



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The implementation of both trade war tariffs and antidumping and countervailing duties has led US buyers to source outside China, the largest exporter in the industry. We believe the trend will continue going forward, hence giving large opportunity for Integra to keep growing its US export sales through market share expansion in US market by taking over China's.

Concurrently, our domestic sales before elimination also grew for both manufacturing and forestry segments at 27.5% YoY and 2.2% YoY respectively due to gradual recovery of domestic market.

Segment	9M20	9M19	Change YoY
Manufacture Export	1,583,694,202,168	1,087,350,447,460	45.6%
<i>Furniture</i>	809,214,046,481	701,344,737,207	15.4%
<i>Building Component</i>	774,480,155,687	386,005,710,253	100.6%
Manufacture Domestic	229,327,766,186	179,899,830,464	27.5%
<i>Furniture</i>	139,530,823,794	132,409,442,606	5.4%
<i>Building Component</i>	89,796,942,392	47,490,387,858	89.1%
Forestry	139,126,160,183	136,138,899,630	2.2%
Retail	30,814,750,601	34,853,900,179	-11.6%
Total	1,982,962,879,139	1,438,243,077,734	37.9%
Elimination	(97,883,273,007)	(29,502,625,766)	
Total revenue after elim.	1,885,079,606,132	1,408,740,451,968	33.8%

Gross margin improved significantly to 34.6% in 3Q20

Strong sales growth particularly in furniture segment and improving forestry segment sales has improved the gross margin to 34.6% in 3Q20 from previously 30.1% in 2Q20, hence bring the 9M20 gross margin to 33.1%. The margin improvement was in line with our expectation where growing sales of higher margin furniture segment to start take effect in 3Q20 onwards. We expect the 4Q20 gross margin would expand further as the demand on furniture segment would be higher in the coming quarter. Simultaneously, the higher turnover building component show promising consistent growth starting the beginning of the year, hence as of 9M20, the company booked positive cash flow of IDR 177.5 billion.



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	9M20	9M19	
	Rp	Rp	
NET SALES	1,885,079,606,132	1,408,740,451,968	↑ 33.8%
COST OF SALES	(1,260,194,679,261)	(904,298,933,313)	
GROSS PROFIT	624,884,926,871	504,441,518,655	
Gross Margin	33.1%	35.8%	
<i>Selling Expenses</i>	(104,005,605,872)	(70,341,769,537)	
<i>General and administrative expenses</i>	(117,476,433,179)	(86,485,569,874)	
OPERATING PROFIT	403,402,887,820	347,614,179,244	↑ 16.0%
Operating Margin	21.4%	24.7%	
OTHER INCOME/EXPENSES	(156,069,720,327)	(107,955,333,777)	
PROFIT BEFORE TAX BENEFIT	247,333,167,493	239,658,845,467	↑ 3.2%
<i>Current</i>	(62,293,221,326)	(57,482,144,130)	
<i>Deffered</i>	4,247,885,246	-	
PROFIT FOR THE YEAR	189,287,831,413	182,176,701,337	↑ 3.9%
Net Margin	10.0%	12.9%	

Business outlook

Entering 4Q20, we expect to see more demand particularly in the furniture segment on the occasion of year end and holiday seasons, and steady growing demand for building components particularly Millwork products. Therefore, we expect even higher performance of Q42020.

Halim Rusli, President Director of the Company, said: "Going into 2H20, we received surge of demand from export market particularly US and improving domestic demand. As of October 2020, we have received sales order in total of IDR2.6tn which is in line with our 2020FY target. Strong demand in furniture segment and growing demand for Millwork has led our 3Q20 to be the highest quarterly revenue ever. Going forward, we expect to see the trend to continue, hence 4Q20 achievement expected to be better than 3Q20. Further, the 3Q2020 and 4Q2020 would be the new basis, a reflection for forward looking of our performances in the coming years. This growth was a realization of our new manufacturing lines and would be a sustainable growth. We, therefore conservatively expect a 20% growth in 2021 should be attained."



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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 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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