



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA 2020FY RESULTS

Highlights

- 4Q20 recorded highest quarterly net sales since IPO of IDR 1.08 trillion or grew by 48.9% YoY
- Gross profit grew by 55.2% YoY in 4Q20
- Net margin improved more than double to 11.5% in 4Q20 hence brought net profit growth by 253.4% YoY
- Positive operating cash flow of IDR 171 billion
- Improving inventory and AR days to 383 and 83 days respectively
- 2020 FY total assets and liabilities increased by 7.8% YoY and 3.4% YoY respectively

Sidoarjo, April 28th, 2021

PT Integra Indocabinet Tbk (WOOD) published its 2020FY audited financial results. In 4Q20 alone, WOOD booked net sales of IDR 1.08 trillion or grew by 48.9% YoY, which is the highest quarterly net sales ever since the IPO, hence bring its 2020FY total revenue to IDR 2.97 trillion, up by 39.0% YoY. The achievement in 2020FY sales was above the Company's target of IDR 2.6 trillion. The significant growth in sales was mainly supported increasing US market demand for both furniture and building components due to trade war tariff, anti-dumping and anti-subsidy duty that hit China furniture and building component product, hence US buyers quickly shift their supply source out of China particularly to Indonesia, which in this case hugely benefitted Integra as one of the largest exporters in Indonesia.

Export's sales up by 72.0%

Our export sales grew significantly by 72.0% YoY due to strong demand from the US market where the US export sales alone grew by 96.0% YoY. The strong demand from US market is driven by:

1. Trade war tariffs on Chinese products.
2. Antidumping and countervailing duties on wood mouldings and millwork products from China with the rate of 44.6% - 230.36%⁽¹⁾ and 20.56% - 252.29%⁽²⁾ respectively.
3. Antidumping and countervailing duties on wooden cabinets and vanities products from China imposed by the US.
4. Cheaper shipping costs from Indonesia to US compare to Vietnam.



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The impact of the implementation from both trade war tariffs and antidumping and countervailing duties has led US buyers to source outside China, the largest exporter in the industry. Integra benefitted the most as the the largest vertically integrated furniture and building component producer in Indonesia. 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.

Segment	2020	2019	Change YoY
Manufacture Export	2,423,132,599,171	1,408,433,497,926	72.0%
<i>Furniture</i>	1,251,828,848,344	922,139,035,040	35.8%
<i>Building Component</i>	1,171,303,750,827	486,294,462,886	140.9%
Manufacture Domestic	382,937,764,873	532,802,270,054	-28.1%
<i>Furniture</i>	310,910,874,582	438,175,051,006	-29.0%
<i>Building Component</i>	72,026,890,291	94,627,219,048	-23.9%
Forestry	119,286,874,505	138,641,770,227	-14.0%
Retail	43,297,520,709	56,408,507,757	-23.2%
Total	2,968,654,759,258	2,136,286,045,964	39.0%

Gross margin maintained at 33.6%

Despite lower gross margin in 2020FY of 33.6% compare to 2019 of 34.8%, the Company was able to book a strong gross profit of IDR 997 billion or up by 34.0% YoY. The lower gross margin was due to product mix where the sales of building component grew significantly by 114.03% in 2020FY. As the demand for millwork product from building component segment keep increasing, the Company have stronger bargaining position in terms of pricing strategy. Therefore, we expect to see improving gross margin in the building component segment going forward. Additionally, the strong sales growth of building component segment has also strongly improved the Company's inventory days to 383 days from previously 459 days and AR days to 83 days from previously 158 days, hence the operating cash flow in 2020FY turn positive and reach IDR 171 billion. Note that building component segment has shorter turnover days compare to furniture, hence we should see a gradual improvement in our working capital days.



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	2020	2019	
	Rp	Rp	
NET SALES	2,968,618,441,357	2,136,286,045,964	↑ 39.0%
COST OF SALES	(1,972,070,202,200)	(1,392,344,026,298)	
GROSS PROFIT	996,548,239,157	743,942,019,666	
Gross Margin	33.6%	34.8%	
<i>Selling Expenses</i>	(188,270,355,656)	(118,735,080,599)	
<i>General and administrative expenses</i>	(166,358,261,833)	(134,937,639,429)	↑ 30.9%
OPERATING PROFIT	641,919,621,668	490,269,299,638	
Operating Margin	21.6%	22.9%	
OTHER INCOME/EXPENSES	(229,473,464,352)	(206,219,135,521)	↑ 45.2%
PROFIT BEFORE TAX BENEFIT	412,446,157,316	284,050,164,117	
<i>Current</i>	(106,058,058,700)	(80,013,429,808)	
<i>Deffered</i>	8,099,832,379	14,373,453,465	
<i>Final</i>	(1,086,785)	(2,266,419)	
<i>Effect of proforma adjustment</i>	(113,441,981)	(343,608,313)	↑ 44.2%
PROFIT FOR THE YEAR	314,373,402,229	218,064,313,042	
Net Margin	10.6%	10.2%	

Business outlook

As of 28 February 2021, the Company has received remarkably strong sales order of IDR 1.8 trillion. We expect to see more sales order to surge in the coming months. Therefore, we targeted 2021FY sales growth by 25% at least to be achievable.

Halim Rusli, President Director of the Company, said: "2020FY achievement has shown the Company's ability in expanding its market share particularly in the US market as the largest importer for both furniture and building component product. Going forward we expect to see surge in demand coming to us particularly from the US market as China the previous largest exporter to US has lost its competitiveness in the industry"

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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