



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA 9M21 RESULTS

Highlights

- 9M21 recorded strong net sales of IDR 3.5 trillion or grew by 89.6% YoY
- Gross margin improves to 32.9% and net margin maintained at 10.1%
- Improving inventory days to 308 days

Sidoarjo, November 8th, 2021

PT Integra Indocabinet Tbk (WOOD) published its 9M21 unaudited financial results. In 9M21, WOOD booked net sales of IDR 3.5 trillion or grew by 89.6% YoY. The significant growth in sales was mainly attributed by the strong US market demand. Sales to US region grew by 128% YoY and other region like Europe grew by 38.8% YoY, indicating an improvement from this region. The strong sales growth of US region was due to the growing demand of both furniture and building components which driven by the trade war tariff, anti-dumping and anti-subsidy duties against Chinese furniture and building component products

Exports up 113.4% YoY

Despite during congestion in container and space availability challenges, our export sales grew 113.4% YoY due to strong demand from the US market and improving demand from Europe market. The strong demand from US market is driven by:

1. Trade war tariffs on Chinese products.
2. Antidumping and countervailing duties on building component 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.



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The implementation of both trade war tariffs and antidumping and countervailing duties has compelled US buyers to source outside China, such as Southeast Asian and South American countries, including Indonesia. Therefore, in 9M21, the Company received sales order of IDR 4.5 trillion with IDR 3.5 trillion booked as sales and the balance is expected to be realized Q4 and forwards. This strong sales order reveals Integra can benefit from the shift of US orders out of China and indicates US buyers trust in Integra capabilities as a reputable player in the international supply chain for wood products. We believe this trend will continue going forward and enable Integra to gain more market shares.

Segment	9M21	9M20	Change YoY
Manufacture Export	3,380,331,356,700	1,583,694,202,168	113.4%
<i>Furniture</i>	1,296,241,865,034	809,214,046,481	60.2%
<i>Building Component</i>	2,084,089,491,666	774,480,155,687	169.1%
Manufacture Domestic	110,642,974,894	169,324,508,211	-34.7%
<i>Furniture</i>	47,032,378,707	85,017,377,957	-44.7%
<i>Building Component</i>	63,610,596,187	84,307,130,254	-24.5%
Forestry	30,034,874,346	104,013,029,895	-71.1%
Total	3,521,009,205,940	1,857,031,740,274	89.6%

Gross margin improve despite higher building component sales

Building component segment sales grew significantly by 155.9% YoY outpaced furniture segment sales growth of 54.2% YoY hence brought the building component sales contribution to 60.2% of total manufacturing sales. Despite higher building component sales, the Company was still able to maintain its gross margin above the 30%. The higher sales price of building component was due to the current global shipping-container shortage where we assist our buyers to get more space and shipment by using shipping term from FOB to CnF, CIF as well as DDU and DDP. Under these incoterms, the Company's invoice selling prices already covered the related corresponding costs.

The selling expenses increased was due to higher courier & export expenses as some of building components shipping term was CIF, where seller bears the shipping cost. The CIF shipping term is a mitigation towards the current congestion in container and space availability challenges. However, our building components selling prices already covered the shipping costs hence we were able to maintain our net margin at 10.1% and brought our net income growth by 88.1% YoY.



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	9M21	9M20	
	Rp	Rp	
NET SALES	3,521,009,205,940	1,857,031,740,274	↑ 89.6%
COST OF SALES	(2,361,258,121,926)	(1,242,878,665,821)	
GROSS PROFIT	1,159,751,084,014	614,153,074,453	
Gross Margin	32.9%	33.1%	
<i>Selling Expenses</i>	(394,392,734,114)	(89,589,714,262)	
<i>General and administrative expenses</i>	(129,429,364,274)	(107,287,587,557)	
OPERATING PROFIT	635,928,985,626	417,275,772,634	↑ 52.4%
Operating Margin	18.1%	22.5%	
OTHER INCOME/EXPENSES	(169,987,510,936)	(147,618,425,980)	
PROFIT BEFORE TAX BENEFIT	465,941,474,690	269,657,346,654	↑ 72.8%
<i>Current</i>	(109,947,570,852)	(62,293,221,326)	
<i>Deffered</i>	-	6,150,343,301	
<i>Proforma Effect Adjusment</i>	-	(24,226,637,217)	
PROFIT FOR THE YEAR	355,993,903,838	189,287,831,412	↑ 88.1%
Net Margin	10.1%	10.2%	

Business outlook

Despite the current global shipping-container shortage and congestion, the Company was still able to book 9M21 strong sales performance. We expect the current issue to gradually improve hence we could book stronger revenue going forward.

Halim Rusli, President Director of the Company, said: "The 9M21 sales performance showed our business resiliency towards various conditions. We expect 4Q21 shipment would improve hence we could book stronger revenue and beat our 2021FY target".



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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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