



PT.INTEGRA INDOCABINET .TBK

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Press Release

For Immediate Release

INTEGRA REPORTS THIRD QUARTER 2022 PERFORMANCE

Highlights

- 9M22 recorded net sales of IDR 3.8 trillion or grew 10.6% YoY
- Gross profit margin increased to 34.6%
- Inventory days improved to 297 days

Sidoarjo, November 25, 2022

PT Integra Indocabinet Tbk (WOOD) reported its third quarter 2022 performance. In 9M22, WOOD posted net sales of IDR 3.8 trillion or grew 10.6% YoY. Sales growth was largely contributed by sales to the US market which grew by 10.1% YoY. We began to experience a slowdown in US demand for building components in 9M2022, this was due to rising mortgage interest rates and high inflation, but this has not affected the demand for our furniture products which is still stable.

Export grew 10.1% YoY





Global inflation is a major challenge while container availability has begun to return to normal and our export sales growth is still quite strong at 10.1% YoY especially the strong demand from the US market.

We are in constant communication with some of our major buyers in the US, even though there is an oversupply of building component products in the distributor sector, demand in the supplier and retail sectors is still there. The Company has strong market penetration in the US market, so it will remain one of their main suppliers. Imports from Indonesia, especially the Company, will remain a priority for our main buyers in the US due to trade war tariffs, antidumping and countervailing duties on Chinese products that are still being applied.

Segment	9M22	9M21	Change YoY
Manufacture Export	3,720,249,218,165	3,380,331,356,700	10.1%
<i>Furniture</i>	1,308,668,257,509	1,296,241,865,034	1.0%
<i>Building Component</i>	2,411,580,960,656	2,084,089,491,666	15.7%
Manufacture Domestic	59,364,564,942	110,642,974,894	-46.3%
<i>Furniture</i>	23,656,398,514	47,032,378,707	-49.7%
<i>Building Component</i>	35,708,166,428	63,610,596,187	-43.9%
Forestry	115,253,920,707	30,034,874,346	283.7%
Total	3,894,867,703,814	3,521,009,205,940	10.6%

Revenue qoq fell due to product mix and shipping costs

Building components are still the biggest sales contributor, contributing 64.7% of total sales in 9M22. Due to the larger contribution from the sales of the building component segment, the operating profit margin decreased to 13.3%. Meanwhile, higher operating expenses in 9M22 were due to shipping costs originating from changes in delivery terms from FOB to CIF and DDP, for which the Company bore the shipping costs. Basically, the Company's delivery terms remain FOB so that the shipping costs borne by the Company (due to changes in delivery terms to CIF and DDP) are already included in the selling price. There was a significant reduction in shipping costs from Indonesia to the US, this also affected the company's revenue qoq, where the peak shipment price in 2021 was USD 17,000 to USD 22,000 per container, in 2H2022 it fell to USD 2,000 – USD 5,000 per container or close to the price normal before the pandemic.

	9M22	9M21	
	Rp	Rp	
NET SALES	3,894,867,703,814	3,521,009,205,940	 10.6%
COST OF SALES	(2,547,426,278,487)	(2,361,258,121,926)	
GROSS PROFIT	1,347,441,425,327	1,159,751,084,014	
Gross Margin	34.6%	32.9%	
<i>Selling Expenses</i>	(694,339,155,443)	(394,392,734,114)	
<i>General and administrative expenses</i>	(133,238,831,278)	(129,429,364,274)	
OPERATING PROFIT	519,863,438,606	635,928,985,626	 -18.3%
Operating Margin	13.3%	18.1%	
OTHER INCOME/EXPENSES	(128,326,092,694)	(169,987,510,936)	
PROFIT BEFORE TAX BENEFIT	391,537,345,912	465,941,474,690	 -16.0%
<i>Current</i>	(90,709,516,920)	(109,947,570,852)	
<i>Deffered</i>	-	-	
<i>Proforma Effect Adjusment</i>	-	-	
PROFIT FOR THE YEAR	300,827,828,992	355,993,903,838	 -15.5%
Net Margin	7.7%	10.1%	



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Business Outlook

The company is trying to penetrate deeper into the US market, especially to retailers due to the high potential demand from that country according to the commitment that was conveyed by Halim Rusli, the company's Director. In line with the decline in mortgage interest rates which analysts predict will occur in 2023 the Company is optimistic that demand for Building Components will begin to recover in Q1 2023. Demand from the US market is still stable for Furniture, our production capacity was fully book until 2M2023 for seasonal products Christmas and New Year's orders.

In the last five years the Company has increased its production capacity to 345,060 m³ to become one of the largest recorded timber producers in Indonesia so that it is expected to be able to meet demand from the US.

Production capacity	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Furniture (m³)					
Installed capacity	38,106	41,650	44,710	47,775	52,775
Net increase in capacity	3,063	3,544	3,060	3,065	5,000
Production volume	25,116	27,518	29,678	30,246	37,175
Capacity utilization	66%	66%	66.4%	67.6%	70.4%
Building component (m³)					
Installed capacity	129,238	126,760	213,720	345,060	345,060
Net increase in capacity	-	(2,477)	86,960	131,340	-
Production volume	85,260	75,156	91,463	164,270	315,925
Capacity utilization	66%	58%	42.8%	47.6%	91.6%



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About PT Integra Indocabinet Tbk:

Established in 1989 in Sidoarjo, East Java, PT Integra Indocabinet Tbk is the largest vertically integrated wood product manufacturer in Indonesia. Integra is the fastest growing furniture manufacturer with international and domestic accreditation. Integra also supports the sustainable use of resources and local community livelihoods. In 2016, Integra employed around 2,388 team members throughout Indonesia.

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