



PT INTEGRA INDOCABINET TBK

Integrated Wood-Based Company

Investor Presentation

2Q24

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Establishment date	19 May 1989
Listing date	21 June 2017
Security code	WOOD IJ
Business field	Industry, trade, and processing services of wood-based furniture and other wood products, forest concessions, as well as retail and distribution of furniture and home decorations through the Company and subsidiaries.
Market cap	IDR 1.27 trillion ¹

Company at a glance

The Company was established under the initial name of PT Integra Indocabinet in 1989 as a manufacturing company for simple wooden products. Throughout its journey, Integra has become the largest integrated wood-based manufacturing company in Indonesia. The Company listed its shares on the Indonesia Stock Exchange on 21 June 2017 and became PT Integra Indocabinet Tbk with a ticker code of “WOOD”.

Integra engages in 2 (two) business fields, namely Forest Concession and Manufacturing of Wooden Furniture and Building Component, which are currently operated through 6 (six) subsidiaries: PT Narkata Rimba, PT Belayan River Timber (Forest Concession), PT Intertrend Utama, PT Interkraft, PT Intera Indonesia, and PT Inter Kayu Mandiri (Manufacturing).

As of 31 December 2023, Integra had 1,544 employees across various regions of Indonesia.

(1) As of 30 June 2024

Investment case



Efficient operations

Largest vertically-integrated timber products manufacturer, which results in margin improvement due to cost efficiencies.



Immense growth potential

Taking advantage of the US-China trade war opportunity and AD & CVD implementation on China's timber products, Integra, as the largest Indonesian timber products exporter to the US, is strongly positioned to expand its exports and market share.



Sustainable raw materials

Strategically located in a tropical region rich with tropical hardwood and softwood species, the company gains competitive advantages on wood material prices and availability. Additionally, Integra also owns FSC-certified forest concessions.



Credible international certifications

The Company has obtained international certifications such as FSC and ISO.



Resiliency in COVID-19

The Company benefits from favorable demand dynamics in the US market due to a shift to stay-at-home lifestyle which includes significant home redesign and furniture enhancements, boosting wooden product sales.

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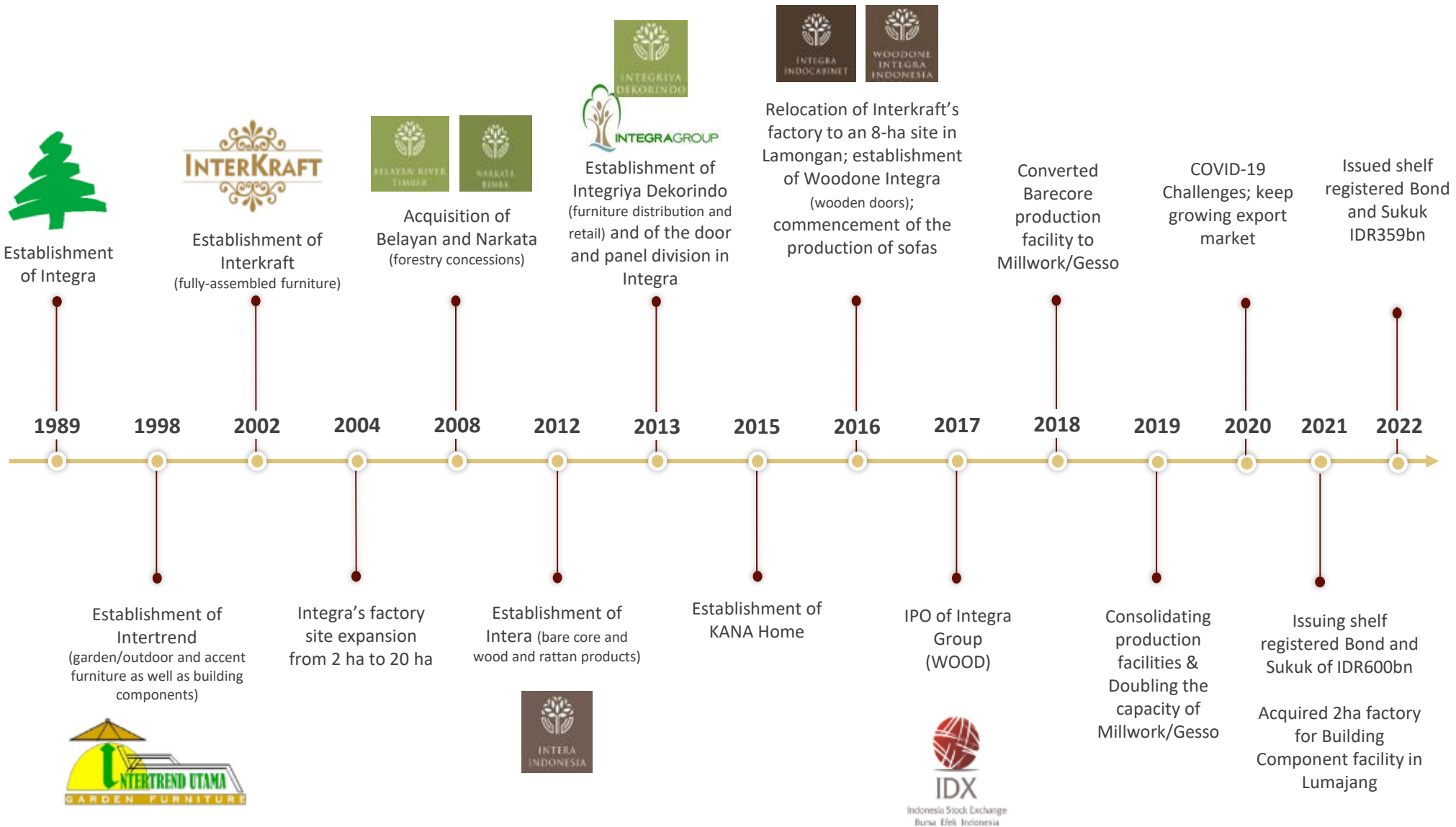
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Milestones



Corporate structure



PT. INTEGRA INDO LESTARI

Treasury Stocks: 2.69%

71.1%

25.1%

PUBLIC



PT INTEGRA
INDOCABINET TBK

Forestry

PT Narkata Rimba

PT Belayan River Timber

Manufacturing

PT Intertrend Utama

PT Interkraft

PT Intera Indonesia

Retail & Distribution

PT Integriya Dekorindo

Board of Commissioners



Bing Hartono Poernomosidi

President Commissioner (Independent)

- Independent Commissioner since 2016
- Obtained his Bachelor of Economics degree from Airlangga University, Surabaya in 1984
- Previously served as Director at PT Poernomosidi Strategic Consulting (PSC), Managing Partner at Prasetio, Sarwoko & Sandjaja (Ernst & Young), as well as President Director at PT Jaya Pari Steel Tbk



Stephanie Kane Ilham

Commissioner

- Commissioner since 1993
- Obtained her Bachelor of Marketing and Management degree from Stamford College, Singapore in 1985
- Previously served as Director of the Company since 1991 – 1993
- Currently she also served as President Director of PT Integriya Dekorindo since 2016

Board of Directors



Halim Rusli

President Director

- President Director since 1989 and one of the founders of the Company
- Received his Bachelor of Business Administration degree from Redlands University, United States in 1985



Widjaja Karli

Marketing Director

- Marketing Director since 1991 and one of the founders of the Company
- Commissioner at PT Belayan River Timber and PT Narkata Rimba
- Director at PT Intertrend Utama
- Previously worked as Manager of Marketing at Citibank (1989-1991) and Account Officer at Bank Bali (1988-1989)
- Received his Bachelor of Science in Marketing degree from San Francisco State University, United States in 1988

Board of Directors



Syany Tjandra

Director of Operations

- Director of Operations since 1991
- Previously worked at Expeditor International (1991-1993), Personal Assistant to the General Manager of Singapore Airlines (1989-1991), Supervisor of Finance at PT Multipolar Tbk (1988-1989) and Treasury Staff at PT Bangkok Bank (1998)
- Received her Bachelor of Science in Accounting degree from San Francisco State University, United States in 1988



Wang Sutrisno

Director of Finance

- Finance Director and Independent Director since 2016
- Previously served as Director at PT Integra Indo Lestari (2011-2016), Director at a retail company (2002-2011), and Head of Dep't at Petra Christian University (1994-2002)
- Received his Bachelor of Economics degree from Petra Christian University, Surabaya in 1994 and Master of Business Management degree from Oklahoma State University, United States in 1998

Shareholder structure



As of 30 June 2024:

No.	Name	Number of Shares	% of Shares
1	PT Integra Indo Lestari	4,573,835,000	71.1
2	Public float	1,615,121,900	25.1
3	Treasury Stocks	173,543,100	2.7
Total shares		6,437,500,000	100.0

Commitment to minority shareholders



As a listed Company, we are committed to creating value for minority shareholders and acting in their best interests through:

Fair Disclosure

The Company is committed to fairly disclosing information to all our shareholders.

Voting in General Meeting

All our shareholders have voting rights in the General Meeting by following the provisions and regulations of the Indonesia Financial Services Authority (OJK).

Holding Shareholders General Meeting (SGM) as requested by Shareholders

The Company will hold an SGM as requested by shareholders by following the Indonesia Financial Services Authority's (OJK) regulations and Company's Articles of Association.

Dividend Policy

The Company plans to pay cash dividends at least once a year. The amount of dividend depends on the Company's profit during the current fiscal year with consideration of the Company's soundness and without prejudice to the rights of the General Meeting of Shareholders of the Company to decide otherwise, in accordance with the Company's Articles of Association. The Company's capital structure has a max payout ratio of cash dividends to annual profit of 35%.

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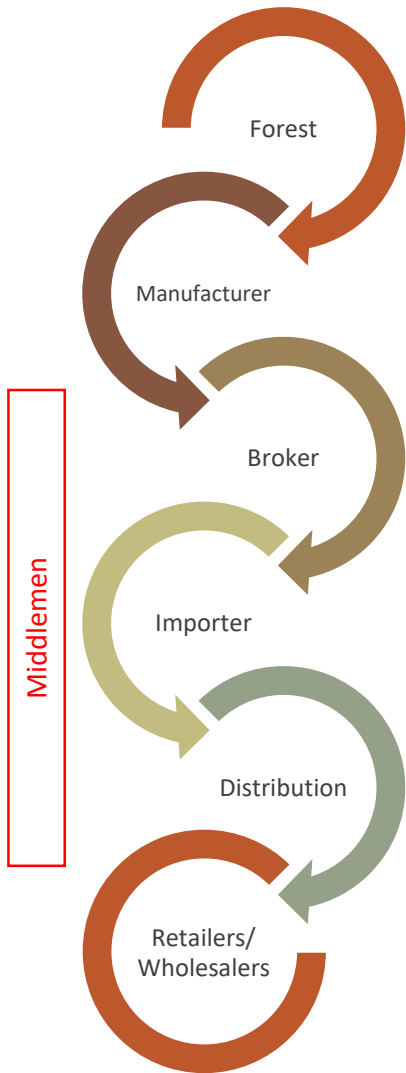
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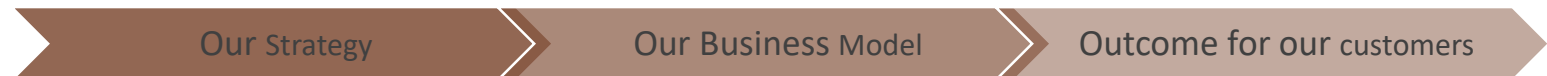
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Business model and growth strategy



Successful Foundation:

- Our strategy is to help our customers to be successful by cutting all the middlemen in current existing supply chain
- The creation of synergetic partnership between vertically integrated wooden manufacturer and logistic company to service our customers
- Taking cost out of supply chain
- Direct line of communication creates less confusion
- Manufacturer has expertise on the product, therefore, improve customer service, quality and spur innovation



The same forest, the same manufacturer, the same retailers and wholesalers, just different middlemen



Our key corporate strategy

Downstream Initiatives



- **Sales rep company:** Establish presence in US for customer facing operations
- **Lease warehouses:** Utilize vendor-managed inventory to strengthen customer relationships

Product Innovation



- **Differentiated Product:** Develop distinctive building components to diversify products
- **Improve expertise & capabilities:** Master crafting unique products¹, setting us apart from competitors

Efficiency in Production



- **Adoption of technology:** Integrate ERP system for streamlined efficiency in repetitive tasks
- **Continuous improvement team (Kaizen):** Optimize production processes for increased efficiency and output with minimal input

External factors indicating a robust furniture & building component industry



Trade War between US & China

US reduces imports from China and shifts focus to Mexico, Europe & Asia



Indonesia's market share in US furniture and building components rises



Increase in US Housing market

Housing starts and building permits forecasted to increase in 2024 as interest rates are predicted to decline



Increased housing demand directly correlates with rising furniture demand



Logistics cost lower than pre-covid levels

Amidst Covid-19, logistics costs surged significantly



Logistic costs have reduced to below pre-covid levels, sparking increased consumer interest & demand

1. Knock-down furniture & logistics flooring (Trucks & containers)

Product portfolio



Knock-down furniture



Fully-assembled furniture



Building components



Millwork



Plywood



Wall paneling



Window blinds



Doors

Product portfolio



Knocked Down Furniture



Product portfolio



Knocked Down Furniture



Product portfolio



Fully Assembled Furniture



Product portfolio



Fully Assembled Furniture



Product portfolio



Baby Furniture



Product portfolio



Bunk Bed Furniture



Product portfolio



Natural Fiber Furniture



Product portfolio



Kitchen Cabinet



Product portfolio



Vanity Cabinet



Product portfolio



Government projects: Mid-low housing and boarding house furniture



On Friday, 04 January 2019, Indonesian President Jokowi Widodo inaugurated 3 apartment towers, in which one was a student apartment named "STKIP PGRI" in Tulungagung, East Jakarta.

President Jokowi said that in 2018 the government developed 275 apartment towers and will develop another 300 towers in 2019.



Government projects: School furniture



Product portfolio



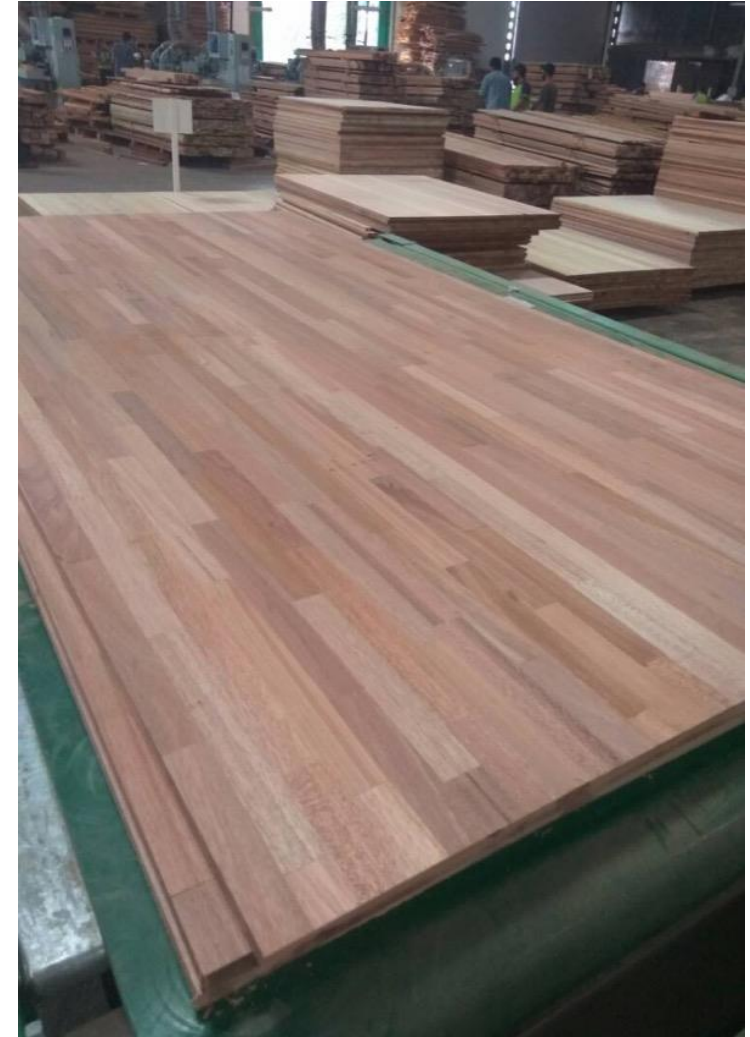
Millwork Products



Product portfolio



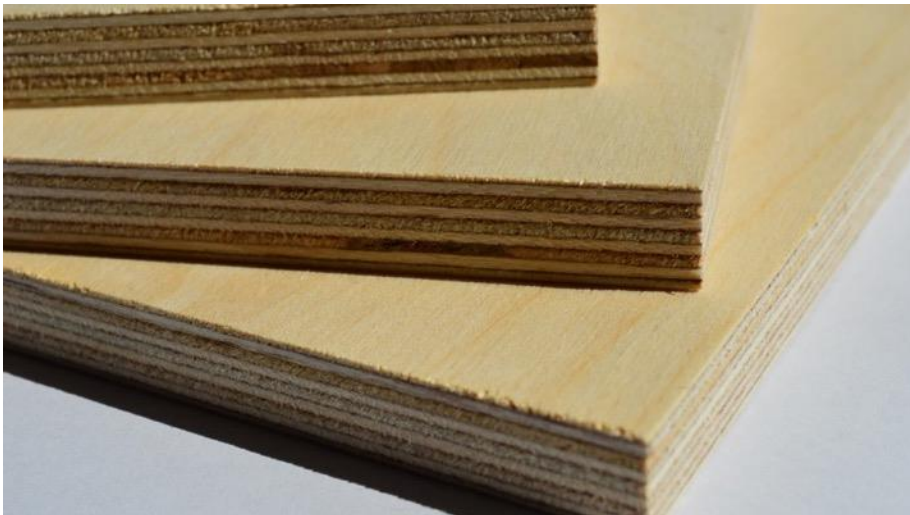
Hobby Board /Laminated Board



Product portfolio



Plywood & LVL



Product portfolio



Truck Flooring



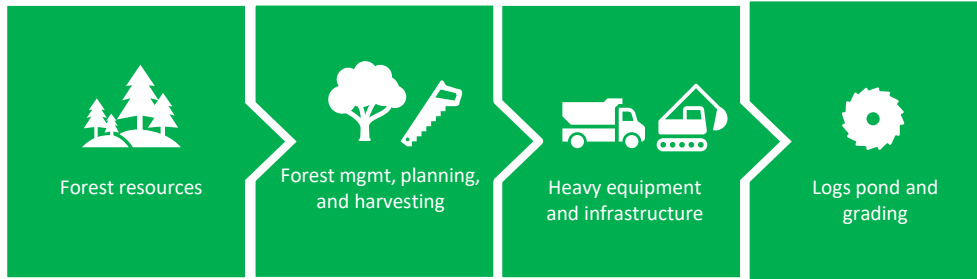
Product portfolio



Door



Vertically-integrated operations



Forestry (FSC Certified)

- Logs (Shorea / Meranti)
- 2 forestry concessions of over 163,425 ha with capacity of 90,000 m3 per year

Distribution & Retail

- Points of sale across Indonesia with 1 store in Jakarta, and 1 store in Surabaya



Manufacturing

- Furniture – 49,688 cbm
- BC – 389,060 cbm

Value chain



Forestry

- Log yard
- Sawmill process
- Wet sawn timber warehouse
- Kiln dry process
- Dry sawn timber warehouse

Manufacturing

Fully-assembled furniture

- Dry sawn timber warehouse
- Processing
- Sanding
- Assembling
- Final sanding
- Finishing
- Packing
- Finished goods warehouse
- Customer

Knock down furniture

- Dry sawn timber warehouse
- Processing
- Final sanding
- Finishing
- Packing
- Finished goods warehouse
- Customer

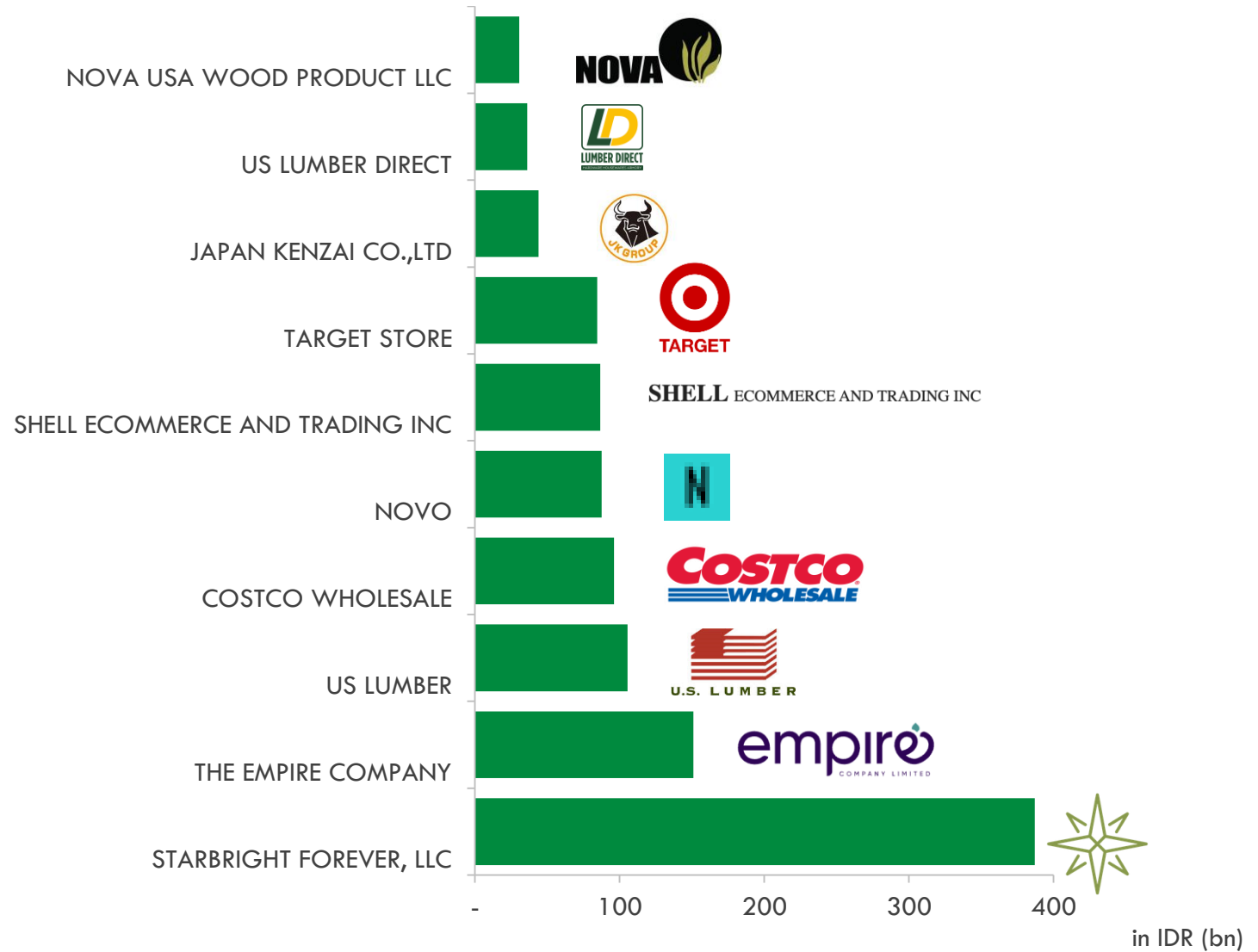
Building components

- Dry sawn timber warehouse
- Processing
- Packing
- Finished goods warehouse
- Customer

Geographic footprint and key customers



Top 10 Export 6M24



Production capacity



Installed capacity (in m3)

	Integra Indocabinet		Intera		Interkraft		Intertrend				Total	
Year	Furniture	BC: FJLB	Furniture	BC: Millwork	Furniture	BC: Millwork	Furniture	BC: Millwork	BC: Wooden Blind	BC: Plywood	Furniture	BC
2018	19,688	43,000	6,125	35,833	7,088		8,750	25,927	-	22,000	41,651	126,760
2019	28,438	43,000	9,188	56,760	7,088		-	56,760	13,200	44,000	44,710	213,720
2020	28,438	43,000	12,250	56,760	7,088		-	141,900	26,400	77,000	47,775	345,060
2021	33,438	-	12,250	84,200	7,088		-	157,460	26,400	77,000	52,775	345,060
2022	37,438	-	12,250	84,200	-	44,000	-	157,460	26,400	77,000	49,688	389,060
2023	37,438	-	12,250	84,200	-	44,000	-	157,460	26,400	77,000	49,688	389,060

In 2021, WOOD increased the production capacity for building components by acquiring 2.3ha factory in Lumajang. The factory has started its operation in 1Q22. The facility will increase building component production capacity approximately by 20%.

Production area



Area utilization (in ha)

	Integra Indocabinet		Intera		Interkraft	Intertrend				WII	Total
Products	Furniture	BC: FJLB	Furniture	BC: Millwork	Furniture	Furniture	BC: Millwork	BC: Wooden Blind	BC: Plywood	Doors	
Betro, Sidoarjo	16	5	-	2	-	-	-	-	-	2	25
Gedangan, Sidoarjo	-	-	2.6	-	-	-	-	-	-	-	2.6
Buduran, Sidoarjo	-	-	-	3	-	-	5	3	-	-	11
Lumajang	-	-	-	2.3	-	-	-	-	-	-	2.3
Lamongan	-	-	-	-	10	-	-	-	6	-	16

Since Q2 2019 WOOD consolidated its production facilities:

- Integra focused on furniture and changes its FJLB target market from China to USA
- Intertrend focuses on building components:
 - Moving furniture to Integra
 - Changing its FJLB facility to produce Wooden Blind and Millwork Products

Note: WOOD still owns 30 ha land for further development

Production facilities



PT Integra Indocabinet

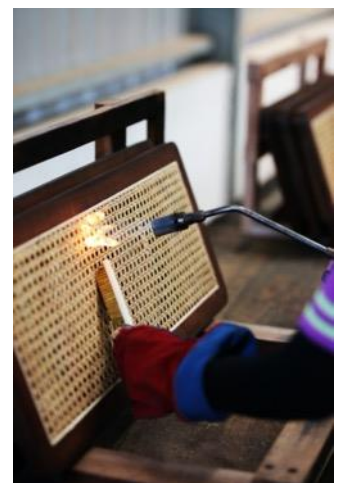


Address: Sidoarjo
Area: 21 ha
No. of employees: 1,268

Production facilities



PT Intera Indonesia



Address: Sidoarjo
Area: 7.6 ha
No. of employees: 166



Production facilities



PT Interkraft



Address: Lamongan
Area: 10 ha
No. of employees: 428

Production facilities



PT Intertrend Utama



Address: Sidoarjo
Area: 14 ha
No. of employees: 419

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Following the Company's sustainability strategies and initiatives, we contribute to the following SDGs:



- Equal remuneration for women and men.
- Zero-tolerance policy towards all forms of violence and harassment at work.
- No cases of workplace violence and harassment.



- Recycle and reuse our water.
- No discarded wastewater to the water source or any other media.



- Given large opportunity to grow the business, the Company's expansion create job opportunities.



- Energy efficiency through usage of wood waste as fuel for our kiln dry machine.
- Restore the forest after timber harvesting including replanting.
- Manage and safeguard High Conservation Value Forest.



- Source only legal and certified timber for our production.
- Managing two of our forest concessions with both FSC and National guidelines; obtained FSC certification.
- Constantly implement the Reduce Impact Logging (RIL) practice in every timber harvesting operation.

Preserving our environment



Sustainable sourcing

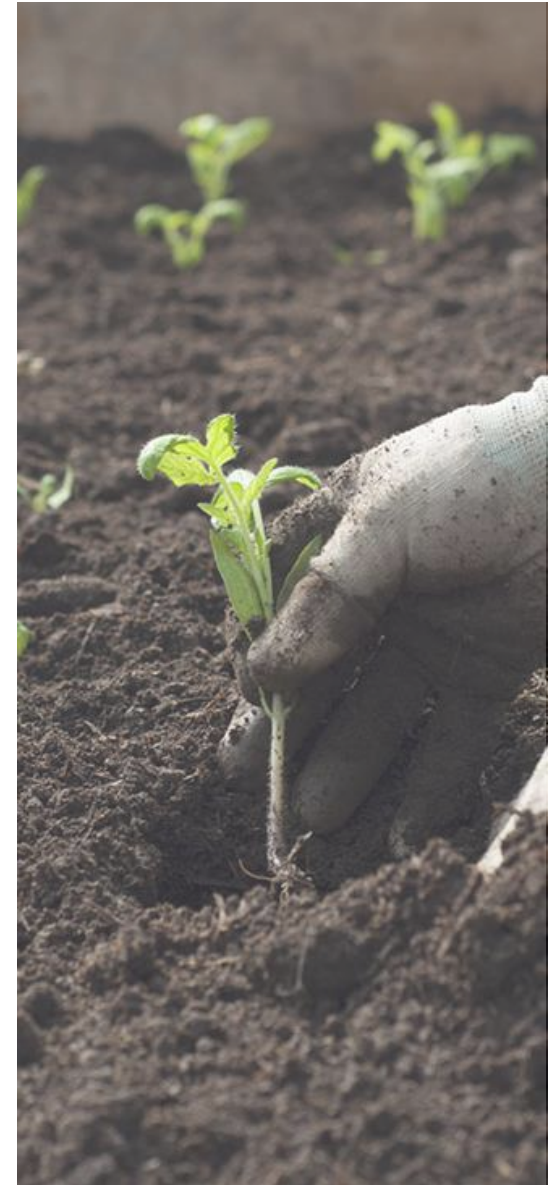
Our core principle in managing two of our forest concessions is to conduct responsible tropical natural management in line with both FSC and National guidelines to maintain our status as the well-managed tropical natural forest. Hence, we obtained both FSC¹ and SVLK (Indonesia's National Timber Legality) certifications. As we supply our end product mostly to international customers, and due to our commitment to preserve the nature and source wood from more sustainable sources, we source only legal and certified timber for our production. Our own forest concession supplies 30-50% of its production to our manufacturing, while the rest of the timber is sourced from certified suppliers. As we source our timber from certified internal forestry and third parties, PT Integra Indocabinet Tbk obtained FSC² Chain of Custody (COC) certification. The FSC COC gives credible assurance for products with environmentally and socially responsible sources to access the market.

We have commitment in combatting illegal logging that leads to deforestation and protecting biodiversity of the forested areas affected by our operations, particularly the supply chain of our raw materials. Strongly holding on to our commitment, we constantly implement the Reduce Impact Logging (RIL) practice in every timber harvesting operation. Our forestry company also conducts in-house training for our team on RIL that cooperates with The Nature Conservancy, Tropical Forest Fund, and Tropical Forest Foundation, and RIL-C activity that cooperates with Responsible Asia Forestry and Timber Trade. Additionally, our forestry division strictly adheres to the duty and responsibility in government regulations and FSC guidelines which covers replanting policy, community engagement, community welfare, trees cutting guidelines and environmental assessment.



(1) FSC-C109061 & FSC-C007461

(2) FSC-C129307



Preserving our environment



Climate

We believe climate change poses a threat to our planet and its impact has become more visible. At Integra, we address this issue through energy efficiency by reducing energy usage. In our manufacturing division, in line with our spirit to realize a zero-waste strategy, we use our raw materials and wood waste such as sawdust and bark as fuel for our kiln dry machine. Moreover, we recycle and reuse our water, hence there is no discarded wastewater to the water source or any other media.

As part of our effort to combat climate change, Integra also conducts forest development activity to restore the forest after timber harvesting, which covers replanting on harvesting area and non-productive area or empty land. Additionally, sustainable forest management with FSC guidelines encourages the Company to manage High Conservation Value Forest and safeguard the protected species in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and follow the guidelines of the Convention on the Conservation of Biological Diversity (CBD) and International Timber Agreement (ITTA).



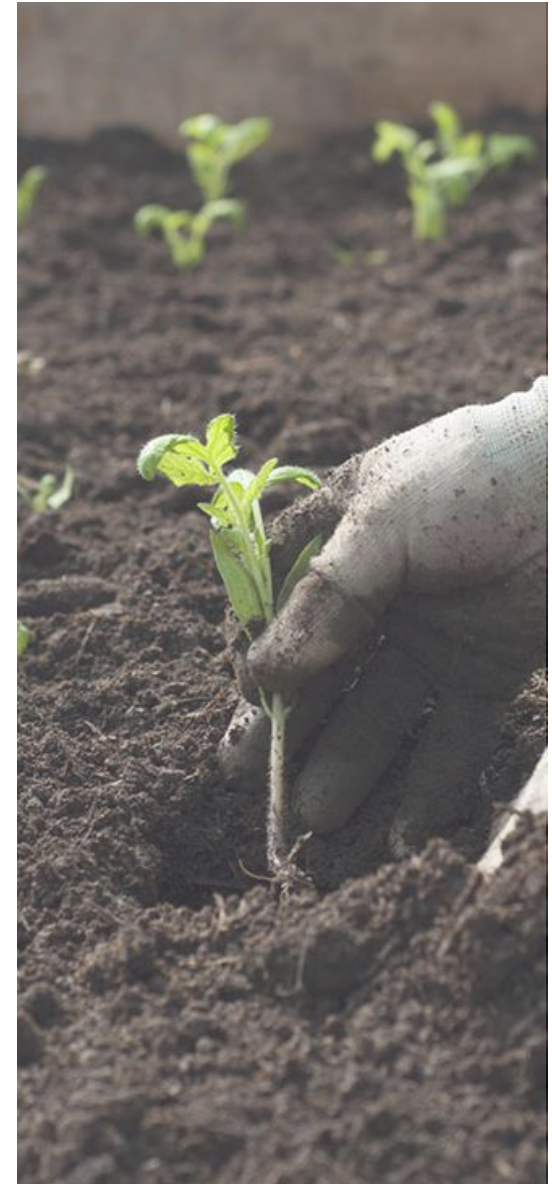
Convention on International Trade in Endangered Species of Wild Fauna and Flora



Convention on
Biological Diversity



ITTO
INTERNATIONAL TROPICAL
TIMBER ORGANIZATION



Preserving our environment



Manufacturing

Health & Safety

We place health & safety as our first priority to realize Zero Accident strategy in our working environment. Moreover, to be a supplier for international buyers, providing healthy & safe working environment at our production facilities is essential.

The occupational health & safety standards in the company are compliant with the relevant regulations the Ministry of Manpower, Ministry of Health, and Ministry of Industry. Furthermore, the company regularly conducts reviews and safety training for the employees.

Water Management

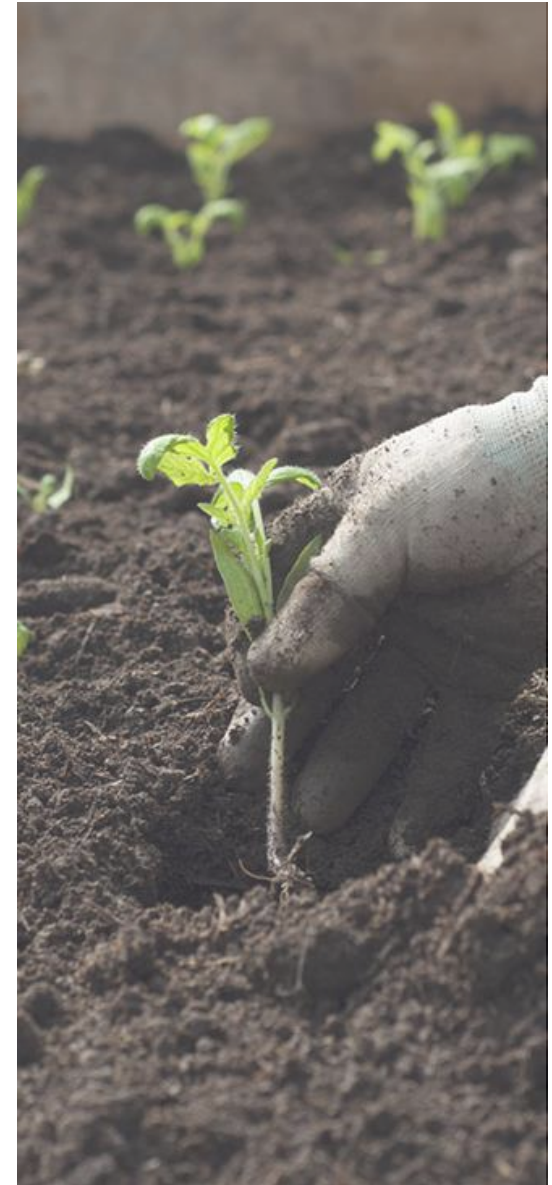
Following our commitment to preserve the nature and reduce water use, we recycle our wastewater and reuse it, hence there is no wastewater discarded to the environment. Concurrently, we also do regular checks and tests of our drinking water and clean water against the minimum regulatory limit to ensure health and safety of our workers and working environment.

Pollution Prevention

The Company is committed to obeying the environmental laws and regulations. The adherence is also part of the code of conduct and ethics to be a supplier for international buyers. We regularly conduct analytical testing of the air quality in our production facilities. By far, our test results show that the ambient and emission air quality in our facilities is within regulatory limits.

The regulatory limits are based on:

1. Governor of East Java Regulation No.10/2009 for Ambient Air Standard Quality
2. Environment Minister Regulation No.13/2009 on The Quality of Source Emission Quality For Oil And Gas Activities
3. Minister of Manpower Regulation No.5/2018 on Health and Safety in Working Area
4. Health Minister Regulation No.31/2017 in Environmental Quality Standards For Environmental Health and Requirements Water Health For Hygiene Sanitation Needs, Swimming Pool, Solus Per Aqua and General Bath
5. Minister of Health Regulation No. 492/MENKES/2010 in Drinking Water Standard Quality



Nurturing our talent



No. of employees

1,544



No. of trainings

67

Competitive Benefits

At Integra, we value our employees who become part of our family and grow with the company. Understanding the economic growth and increasing inflation, we provide wages and benefits that meet or exceed the local law requirements. Therefore, we are able to retain our talent and maintain a high retention rate.

Training & Development

In 2023, we carried out 67 trainings for our employees to enhance our talent's skills and knowledge.

No Underage Labor And Forced & Bonded Labor

Integra highly respects and values human rights in every aspect. We believe every individual deserves to be treated with dignity and respect. Hence, in recruiting new employees and creating a safe environment in the workplace, we follow regulations regarding human rights including prohibition of forced & bonded labor and no child labor.



Integra adheres to the following good corporate governance (GCG) principles:



Transparency

Ease of access to complete, accurate and timely information for stakeholders.

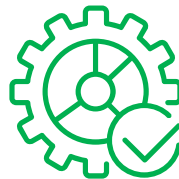
The Company openly carries out decision-making processes and is open in disclosing material and relevant information.



Accountability

Clarity of functions, structure, systems and accountability of Company components.

Accountability in the Company is implemented by encouraging all individuals and / or organs of the Company to realize their responsibilities, authorities, rights and obligations so that the Company's management is carried out effectively.



Responsibility

Compliance in the management of the Company with applicable laws and regulations and sound corporate principles.

The Company always monitors the compliance of the Company's business processes with the applicable laws and regulations as a form of violation prevention.



Independence

Professionally managed company without conflict of interests and influence or pressure from any party that is contrary to applicable laws and regulations and sound corporate principles.

The Company believes that in its decision making, the Company must act professionally without influence or pressure from other parties.



Fairness

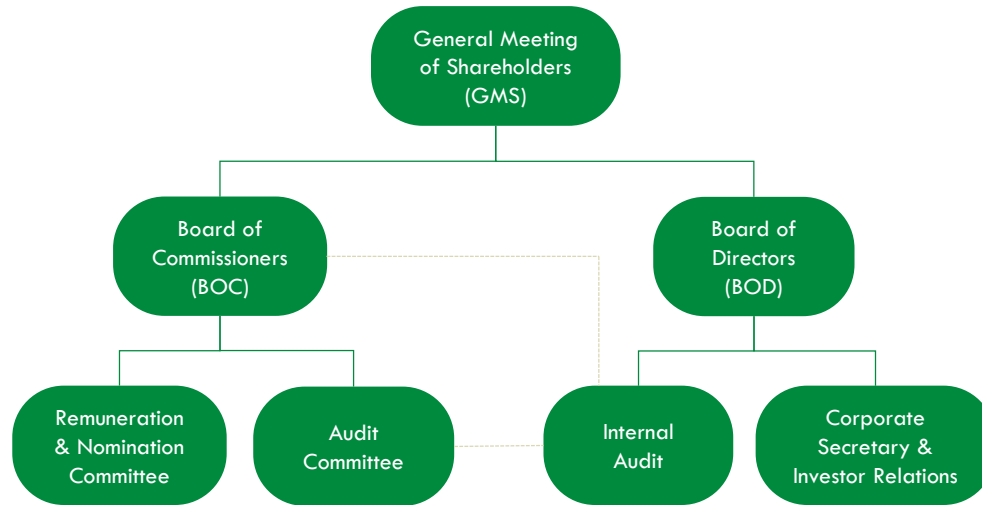
Fair and equal treatment in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations.

The Company guarantees that each shareholder and stakeholder receives fair, equal treatment and can use their rights in accordance with applicable laws and regulations.

Governance



Governance structure



The legal basis of Corporate Governance implementation within Integra refers to:

- Law of the Republic of Indonesia No. 40 of 2007 regarding Limited Liability Companies
- OJK Regulation No. 21/POJK.04/2014 regarding Good Corporate Governance Implementation Guidelines for Public Companies
- BEI Regulation No. 1-A
- G20 Finance Ministers and Central Bank Governors Meeting in collaboration with Organization for Economic Co-operation and Development ("G20/OECD")
- National Committee on Governance Policy

GMS – The Government regulation no.40/2007 on Limited Liability Companies require a company to held GMS and placed it as the highest organ in the Company structure. Both BOC and BOD are responsible to the GMS. The latest GMS was held on 28 May 2019.

BOC – The Board of Commissioners is an organ with vital role in conducting supervisory function on the Board of Directors and the management team. In its supervision, the Board of Commissioners acts independently in fulfilling their responsibilities to the Company. Legal basis of the Board of Commissioners' role and duties is stipulated in Article 108 paragraph (1) of Law No. 40 of 2007 regarding Limited Liability Companies and the Company's Articles of Association. The supervisory role performed by the Board of Commissioners is a key part that assists the Company in reaching operational success as well as in implementing GCG principles.

The Company's Board of Commissioners structure and membership consist of four members, comprising 1 (one) President Commissioner, 1 (one) Commissioner, and 2 (two) Independent Commissioner as regulated in Law of Limited Liability Companies No. 40 of 2007, POJK No.33/ POJK.04/2014 dated December 8, 2014 and BEI Regulation No. 1-A dated January 30, 2004. All members of the Board of Commissioners are assessed and evaluated regardless of their gender, ethnicity or religious background.

BOD – is a Company instrument that is responsible to lead, manage, and represent the Company's daily activities. The Board of Directors is also responsible for the implementation of strategic objectives and necessary actions, preparation of business plan, budget, and institutionalization of internal control so as to function properly. The Board of Directors' authority is regulated based on the provisions of Article 92 paragraph (1) of Law No. 40 of 2007 regarding Limited Liability Companies and the Company's Articles of Association.



Whistleblowing policy

The violation reporting system or also known as the Whistleblowing System was established in order to encourage the employees to report violations based on a reward system. The approach used by the Company to maintain management discipline aligns with the Company's intent to implement GCG in all organizational levels.

Reports regarding violations can be submitted through e-mail, complaint contact or any other media provided by the Company. The Company guarantees the confidentiality of the reporter's identity and provides guarantees for the protection of the reporter.

Certifications and awards



Forest Stewardship Council is an international non-governmental organization dedicated to promote responsible forest management. The Company obtained FSC from 2016-2021. The FSC logo illustrates that the wood comes from independently managed forests or other controlled sources.



BSCI is an initiative of the Foreign Trade Association (FTA), the leading business association of European and international commerce that brings together over 1,500 retailers, importers, brands and national associations to improve the political and legal framework for trade in a sustainable way. BSCI support more than 1,500 FTA member companies to integrate social compliance at the heart of their global supply chains.



SVLK certification is required by Indonesian law for all wood products exporter from Indonesia. SCS is a leading third-party certifier for forestry practice, and one of the verification agents to obtain accreditation through the Indonesian National Accreditation Committee (KAN) by providing SVLK verification services. The company earned this certificate in 2015-2018.



On 12 March 2019, the company received PALAMARTA GOLD 2019 award from Medium Tax Office of Sidoarjo for its contribution in achieving the state revenue target. PALAMARTA is an award given by Medium Tax Office (KPP Madya) of Sidoarjo to the Taxpayers who made a major contribution in achieving the state revenue target.



ISO 9001:2015 is a Quality Management System. This standard is designed as a basis of quality management system. It also serves as the basis for many other quality management systems. ISO 9001:2015 remains as the most popular QMS standard in the world.



The Higg Index evaluates brands, companies and their facilities, in different stages of sustainability, measuring the environmental, social and labor impact, allowing to improve in the different areas, thus confirming the quality and the commitment developed over time .

Indonesia Climate Agenda



Indonesia Climate Agenda

Paris Agreement and National Determined Contribution (NDC) 2030

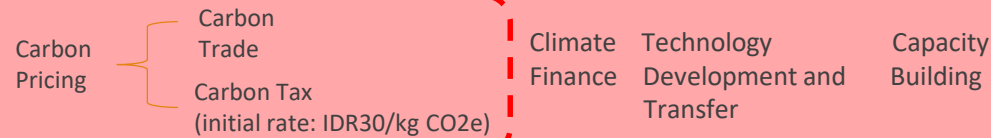
Target:
29% National Effort
41% International Support

Stated in:
 First NDC (2016)
 Updated NDC (2021)

GHG Emission Reduction Target NDC Sector (MTonCO₂e)

Indonesian Emission Reduction Target	FORESTRY	ENERGY & TRANSPORTATION	WASTE	AGRICULTURE	IPPU
29%	497	314	11	9	3
41%	692	446	40	4	3.25

Policy Strengthening and Implementation



Climate Resilience

1

Economic Resilience

2

Social Resilience and Livelihood

3

Ecosystem and Landscape Resilience

ADAPTATION

Long-Term Strategy for Low Carbon & Climate Resilience 2050

Mandate from:

- Paris Agreement Article 4,19
- Dec.1/CP.21 Para 35

LCCP Scenario:

- Peak emission 5 sector in 2030 **540 MTon CO₂e**
- Net-Sink FOLU in 2030
- Near Zero Emission in 2050

Toward Net Zero Emission 2060

COP26 Outcomes



The COP26 in Glasgow has finalized the Paris Rulebook which is a set of decisions that provides details about the implementation of the Paris Agreement. One of the major achievements was regarding the Article 6 of Paris Agreement which will unlock the potential of international emission trading and contribute to the growing USD1 billion market of voluntary carbon credits.

Positive outcome of COP26 for voluntary carbon market

Paragraph 2 and 4 of Article 6 of the Paris Agreement should bring more credibility and stability to the VCM.

Article 6.2

Allows countries to trade emission reductions and removals through bilateral or multilateral agreements.

Article 6.4

Will create a global carbon market overseen by United Nations Framework Convention on Climate Change (UNFCCC). Emission reduction project must be approved by both the country where it is implemented and UNFCCC before it can start issuing UN-recognized credits. The credits can be bought by countries, companies or even individuals.

Carbon Market



A carbon credit is a unit of exchange that businesses, organizations and individuals can use to offset their greenhouse gas emissions. One carbon credit is equivalent to one metric ton of greenhouse gases removed from the atmosphere. A carbon credit and a carbon offset are synonymous terminology.

Who's buying carbon offsets?

Compliance Market	Voluntary Market
• Market for carbon credits created by the need to comply with a regulatory act • Companies, governments, or other entities buy carbon offsets (allowances) in order to comply with mandatory and legally binding caps on the total of amount of carbon dioxide they are allowed to emit per year. • Failure to comply with the mandatory caps results in fines or legal penalty • In most cases, <u>exist as regional or national cap-and-trade emission trading schemes (ETS)</u>. • Example: EU ETS, Australia ETS, New Zealand ETS, California Cap and Trade Program.	• Functions outside of compliance markets and enable companies and individuals to purchase carbon offsets on a voluntary basis with no intended use for compliance purposes, to mitigate their greenhouse gas emissions to meet carbon neutral, net-zero or other established emission reduction goals. • Facilitated by certification programs (e.g., Verified Carbon Standard, Gold Standard, Climate Action Reserve) which provide standards, guidance, and establish requirements for project developers to follow in order to generate carbon offset credits.

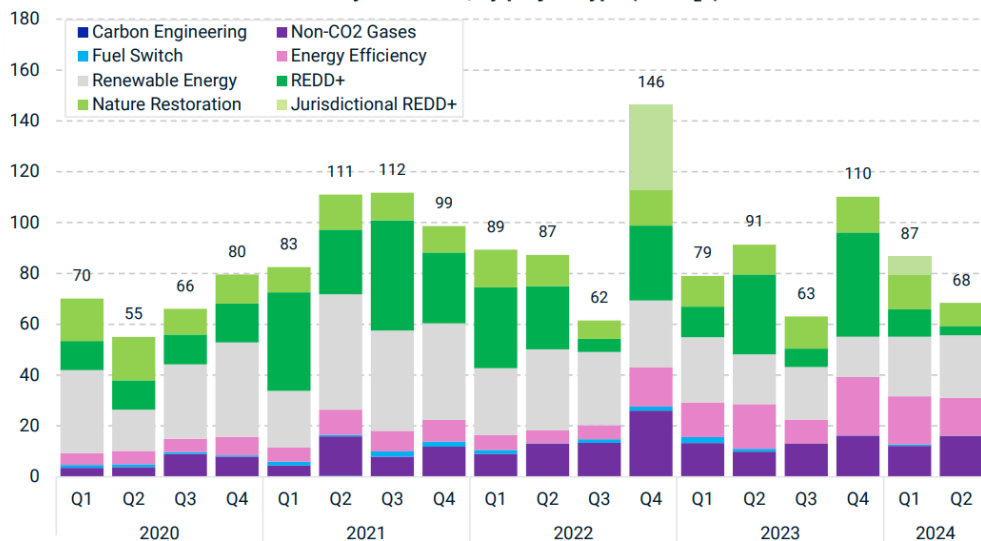
Types of Carbon Market

Trading	Crediting
• Known as Emission Trading System or Cap-and-trade • The central authority (usually a governmental body) issues an overall upper limits (cap) on allowed carbon dioxide emissions to companies/organizations/countries. • Companies that surpass the cap are fined, while companies that cut their emissions may sell or trade unused credits	• Full Name: Baseline-and-crediting • There is no fixed limit on emissions, but polluters that reduce their emissions more than they otherwise are obliged to, can earn 'credits' that they sell to others who need them. • Identify, measure and provide incentives for activities that reduce emissions

Limited Carbon Issuance



Quarterly issuances, by project type (MtCO₂e)



68 Mt

Issued in 2024

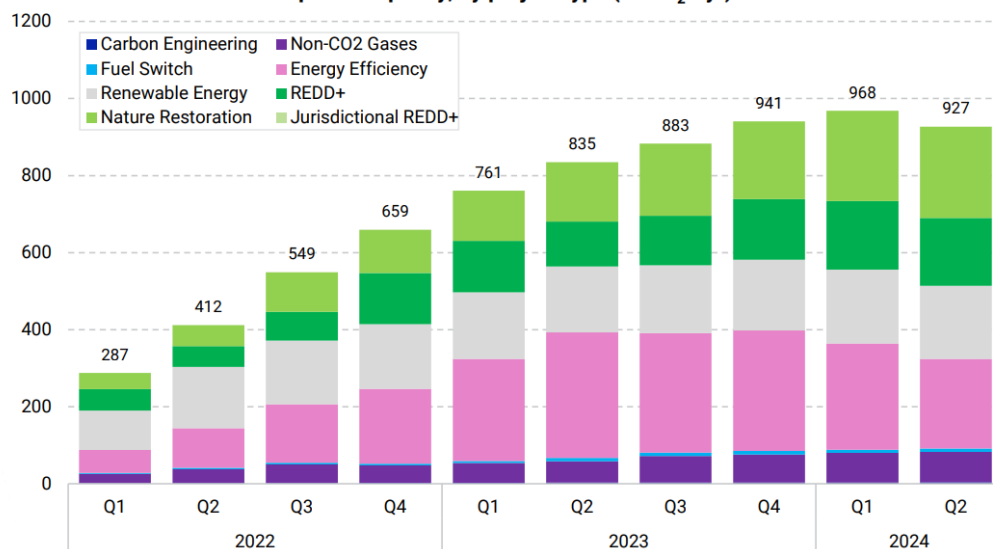
▼ 25% (-23 Mt)
vs. 2023

87 %

Of credits issued
in 2024 had a
vintage ≥2019

As project integrity becomes increasingly vital, more stringent evaluations are necessary. This approach will bolster the credibility of verified projects.

Pipeline capacity, by project type (MtCO₂e/yr)



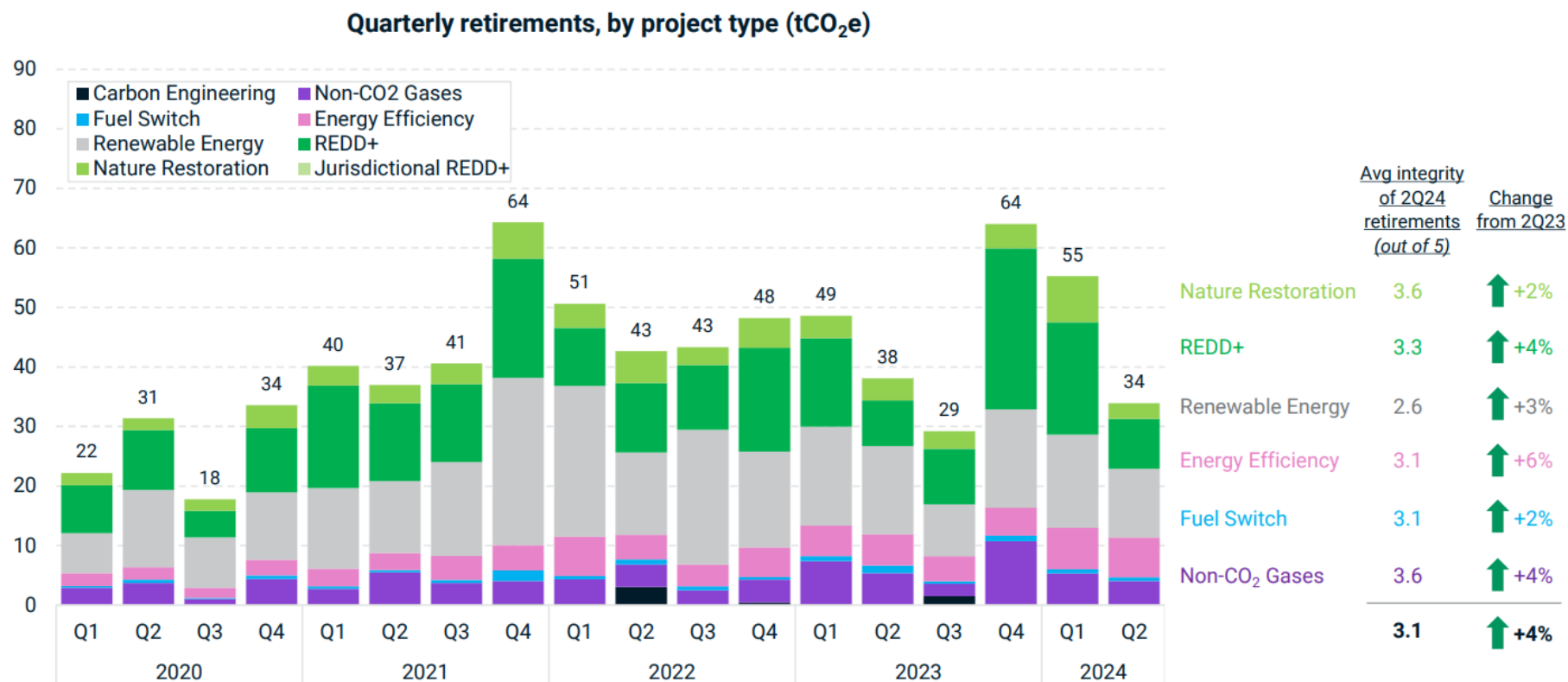
-4 %

Change over
last quarter

+11 %

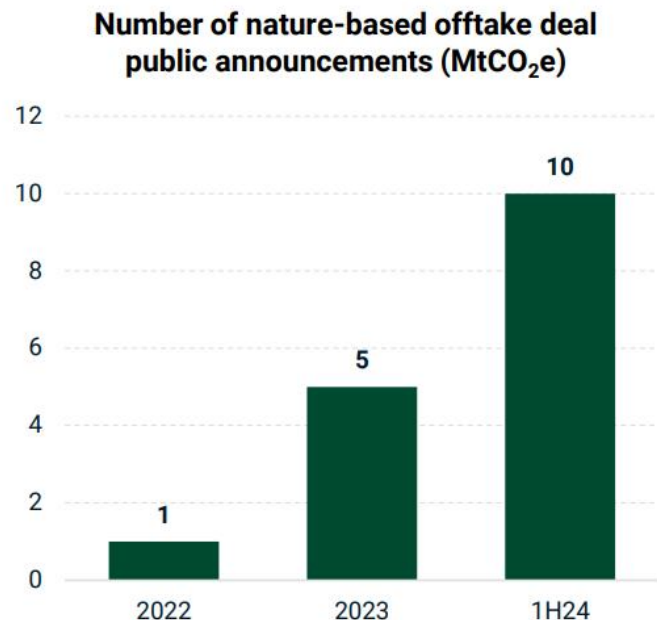
Change over
last year

Gradual Increase in the Integrity of VCM

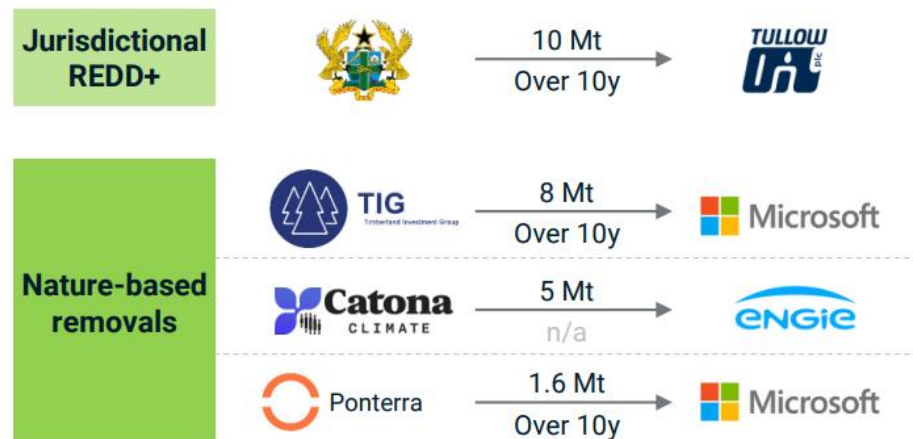


- As of the second quarter of 2024, 51% of the retired credits were less than five years old, indicating a growing commitment to the integrity of new carbon projects.
- This increasing commitment is evidenced by the MSCI Carbon Market score, which reached 3.1 out of 5, demonstrating a gradual improvement in integrity

Significant Growth in Carbon Offtake Deal

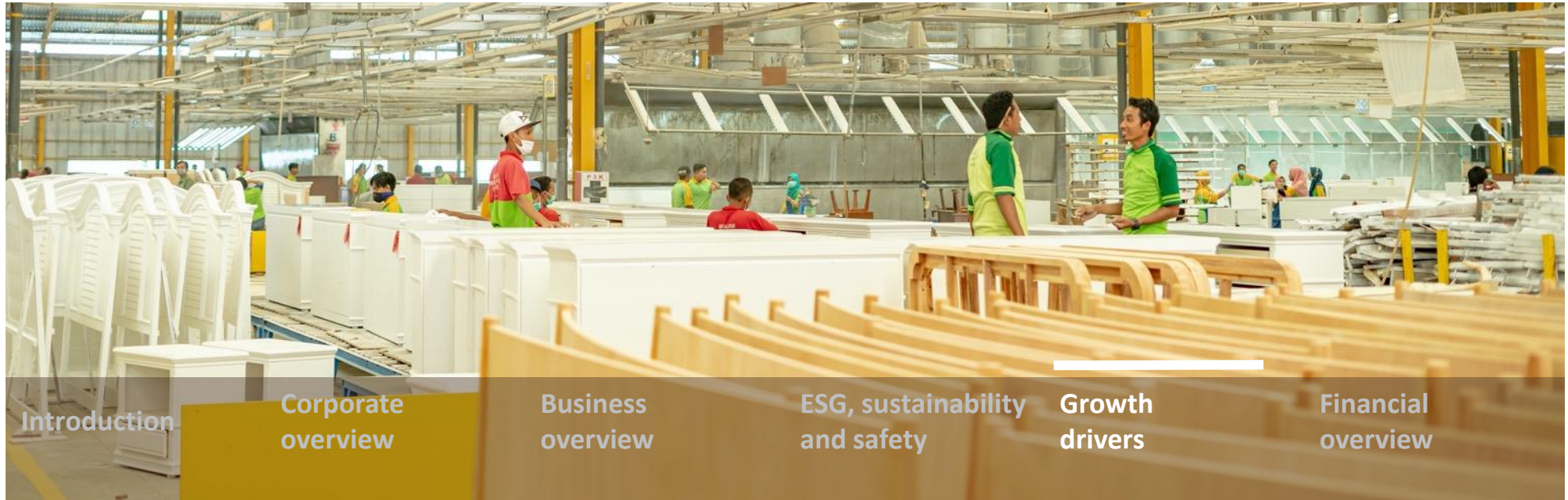


Largest public deals announced in 2Q24



- As of 1H24, the offtake deal reached 10MtCO₂e with major corporations such as Microsoft and Tullow, a UK-based oil and gas company, committing to an offtake agreement that extends for more than ten years.

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Opportunity in US protectionism



In addition to US trade war tariffs implemented on imported Chinese products which started in 06 July 2018, China also faced additional anti-dumping (AD) and anti-subsidy (CVD) duties that cause its products becoming less competitive compared to the other countries. Wood-based products such as furniture and building components has been recently hit by the duties tariff which is much higher than the trade war tariff.

- On 16 February 2021, the US Commerce Department Issued the countervailing duty order on wood mouldings and millwork products (millwork products) from China with the rate of 20.56% - 252.29% ([21](#)) and antidumping rate of 45.49% - 231.60% ([22](#))
- On 02 October 2020, the U.S. Trade Representative initiated a Section 301 trade investigation on Vietnam regarding the alleged use of illegal timber and other practices that may harm U.S. commerce and valuation of its currency ([23](#), [24](#), [25](#))
- On 08 January 2020, The Coalition of American Millwork Producers (CAMP) filed antidumping (AD) petitions on imports of wood moldings and millwork products from Brazil and China and a countervailing duty (CVD) petition on imports of wood moldings and millwork products from China ([1,2](#))
- On 17 April 2020, the USITC made its final determination in this investigation ([3,4,5,6,7](#)) where the China-wide entity anti-dumping duty is 262.2% and countervailing duty is 29.9%.
- As the result of tariff and duties implementation, China's furniture exports to the US market declined significantly in 2019 by 35.9%, hence, giving opportunities to other exporting countries to expand their market share in the US furniture import market ([8](#))
- US Coalition for Fair Trade of Hardwood Plywood requested the US Department of Commerce to launch an anti-dumping and countervailing investigation on hardwood plywood products from Vietnam ([18](#), [19](#))
- In October 2017, the ITC had a hearing on imports of Chinese hardwood plywood and listened to the testimony of numerous US producers, company executives, and members of Congress. The Department of Commerce made its final determinations against Chinese hardwood plywood and set an anti-dumping duty of 183.6%, as well as countervailing duties ranging up to 194.9%.
- On 17 November 2004, the US Department of Commerce made a final determination that all Chinese enterprises involved in the export of wooden bedroom furniture to the US will have a 5.1% ~ 198.1% anti-dumping rate. In 2019, there is no change to the rate for Chinese-wide entities from the preliminary results. The existing rate for the Chinese-wide entities is 216.0%.

Opportunity in US protectionism



US Imposed AD and CVD on Chinese wood moldings and millwork products

On 16 February 2021, the US Commerce Department Issued final Antidumping and Antisubsidy Determinations on Wood Moldings and Millwork Products from China ([21](#),[22](#)). DOC imposed final antidumping duties on China imports ranging from 45.49% – 231.6% and antisubsidy duties ranging from 20.56% - 252.29%.

The details of the AD and CVD as follows:

Company	Anti-dumping duty	Countervailing duty
Fujian Nanping Yuanqiao Wood Industry Co., Ltd	45.49%	252.29%
Fujian Yinfeng Imp & Exp Trading Co., Ltd	45.49%	20.56%
Others	45.49 - 231.60%	20.56%

US imports of millwork & wood moldings products (under HS code 440910, 440922 and 440929) reached USD1.6bn in 2023. China as one of the largest exporter keep declining since 2019.

Millwork & Wood Moldings Export Value to the US in USD								
Year	2017	2018	2019	2020	2021	2022	2023	5M24
Indonesia	21,465,274	20,121,198	26,251,198	66,163,564	138,934,268	182,946,395	76,128,237	22,679,260
Growth (%)	-9.7%	-6.3%	30.5%	152.0%	110.0%	31.7%	-58.4%	-29.2%
China	287,073,269	365,336,117	292,376,556	181,941,027	142,262,820	137,669,307	33,586,176	8,140,172
Growth (%)	43.7%	27.3%	-20.0%	-37.8%	-21.9%	-3.2%	-75.6%	-51.1%
Brazil	435,690,482	417,027,165	429,775,622	430,980,114	612,296,343	825,837,833	481,300,673	199,517,345
Growth (%)	13.9%	-4.3%	3.1%	0.3%	42.1%	34.9%	-41.7%	-2.4%
Total world	1,327,571,371	1,364,975,129	1,328,478,420	1,334,049,126	1,935,907,082	2,551,453,391	1,608,916,987	609,426,992
Growth (%)	13.1%	2.8%	-2.7%	0.4%	45.0%	31.8%	-36.9%	-35.5%

Source: UNcomtrade

Opportunity in US protectionism



US-imposed AD and CVD duties on Chinese wooden cabinets and vanities products

US imports of wooden cabinets and vanities product from China reach USD4.7b in 2018 but dropped significantly in 2020 to USD1.7bn or drop by -45.5% y/y. As of 06 March 2019, the American Kitchen Cabinet Alliance (AKCA) filed an anti-dumping petition against their competitors in China, claiming the Chinese government's "manipulation and unfair trade practices" have led to a more than 75% rise in Chinese imports of kitchen and bath cabinetry since 2015, creating a threat to the USD9.5b American industry ([14,15](#)). On 28 February 2020, the Department of Commerce (DOC) issued the final duty determinations on Chinese imports of wooden cabinets and vanities. On 17 April 2020, the USITC made its final determination in this investigation ([3,4,5,6,7](#))

The details of the AD and CVD as follows:

Company	Anti-dumping duty	Countervailing duty
The Ancientree Cabinet Co., Ltd	4.37%	13.33%
Dalian Meisen Woodworking Co., Ltd	262.18%	18.27%
Foremost Woodwork	101.46%	31.18%
Henan Adijia Furniture	101.46%	293.45%
Deway International	262.18%	293.45%
Others	48.5% - 262.18%	20.93%

US Wooden Cabinets and Vanities Imports Value from China in USD								
Year	2017	2018	2019	2020	2021	2022	2023	5M24
China	4,264,917,772	4,729,011,526	3,038,169,044	1,655,827,160	2,099,670,371	1,804,758,214	1,237,640,362	478,998,943
Growth (%)	10.7%	10.9%	-35.8%	-45.5%	26.8%	-14.0%	-35.3%	-2.6%
World	8,339,653,737	9,189,797,647	8,362,953,623	8,662,902,508	11,045,005,954	12,495,510,161	9,381,616,888	3,940,867,836
Growth (%)	9.6%	10.2%	-9.0%	3.6%	27.5%	13.1%	-7.5%	3.1%

Source: UNcomtrade

Export tariff to US



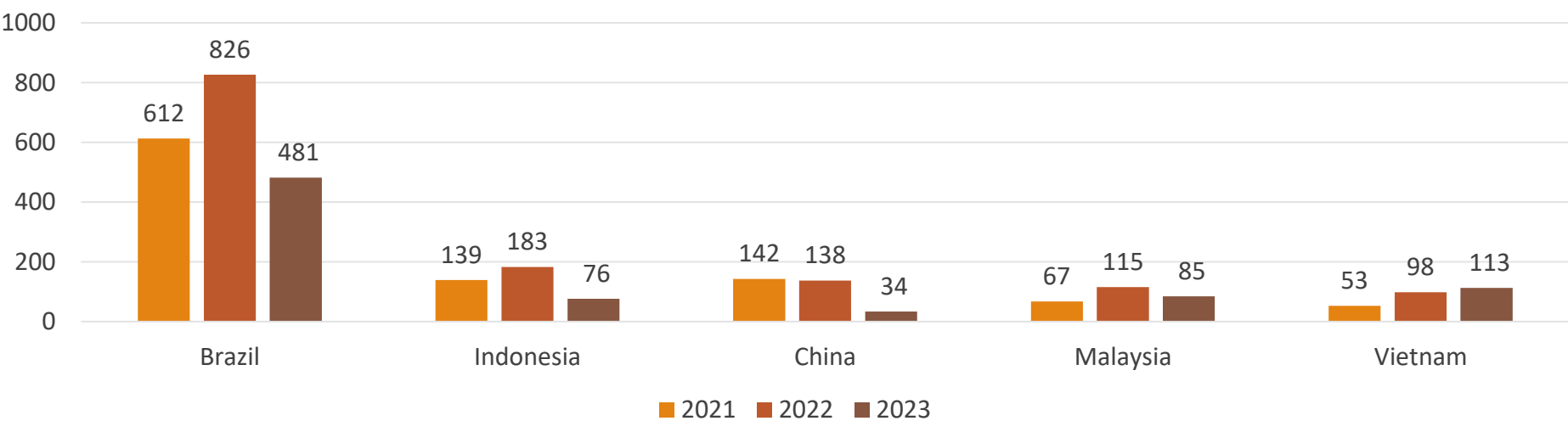
Products	China			Others		Potential Market
	Trade war tariff	Anti dumping duty	Anti subsidy duty	General	GSP	
Wood Mouldings & Millwork	25%	45.49 - 231.60%	20.56% - 252.29%	3.2%	Free	USD1.9bn
Wooden Cabinets & Vanities	25%	48.5% - 262.18%	20.93% - 293.45%	Free	Free	USD11.1bn
Hardwood Plywood	25%	183.6%	194.9%	8%	Free	USD4.5bn

Source: UNComtrade

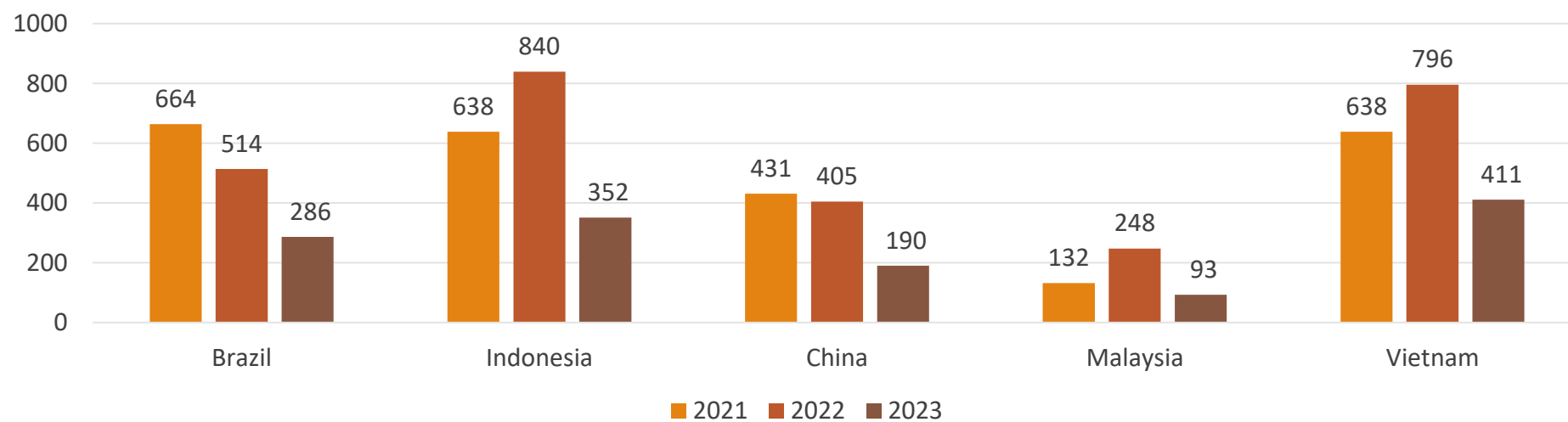
Export to US



BC Exporter to US (in USDmn)



Plywood Exporter to US (in USDmn)



Market Share in US



Products	Market Share in US (as of 2023)				
	China	Vietnam	Malaysia	Brazil	Indonesia
Wooden Furniture	11.2%	37.3%	6.9%	1.5%	4.5%
Wood Mouldings & Millwork	2.1%	7.0%	5.3%	29.9%	4.7%
Hardwood Plywood	13.9%	14.1%	3.2%	9.8%	12.0%

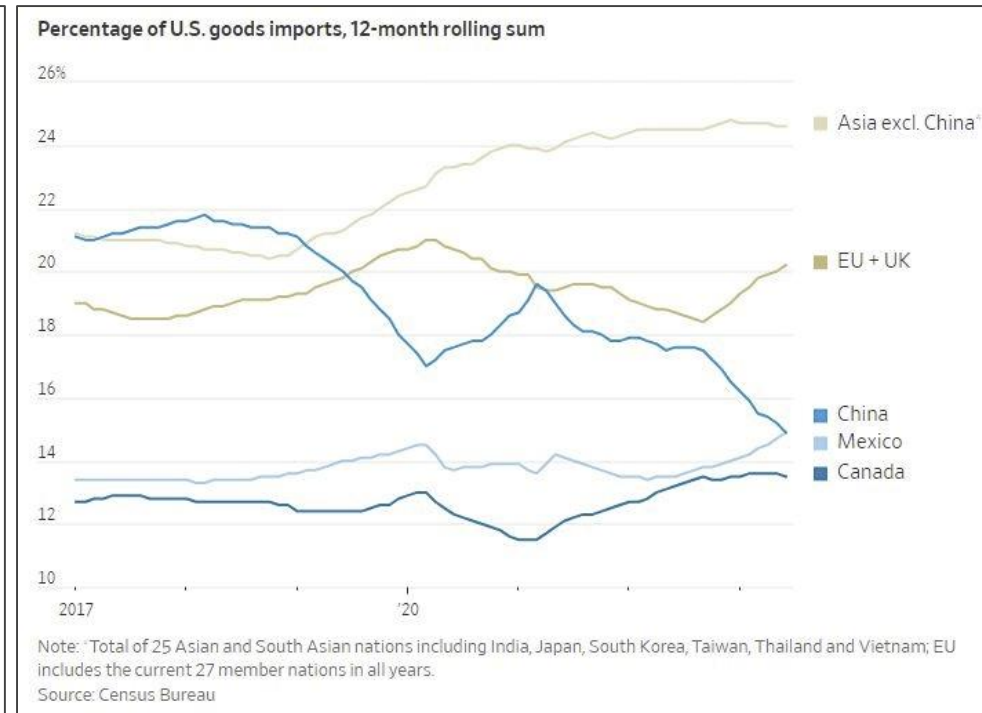
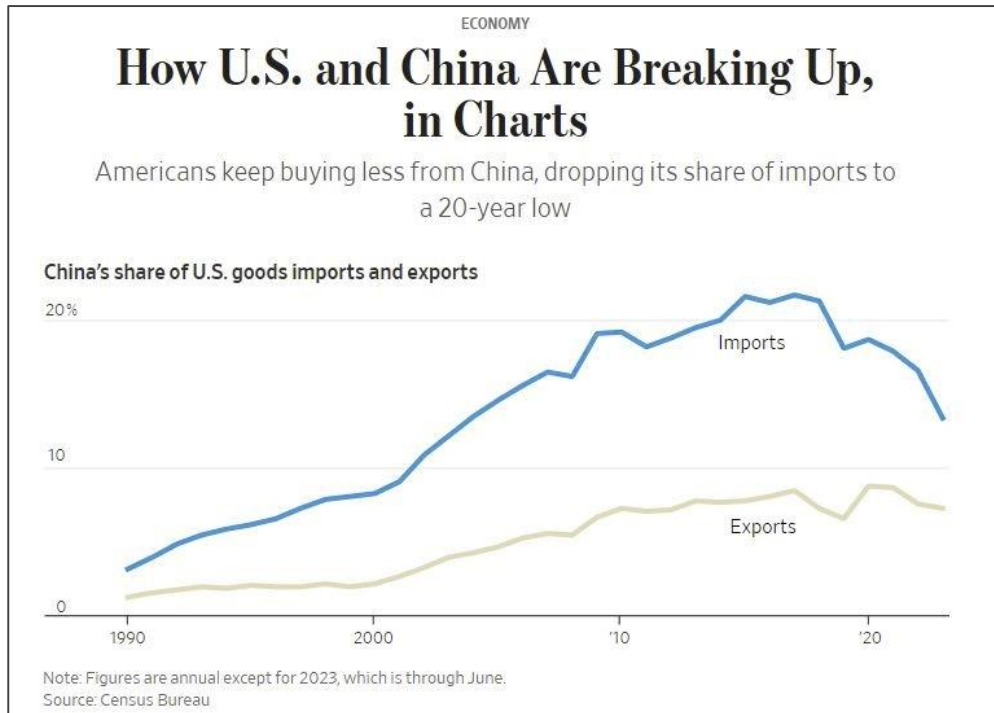
Products	Market Share in US (as of 2022)				
	China	Vietnam	Malaysia	Brazil	Indonesia
Wooden Furniture	11.6%	38.4%	8.6%	1.8%	5.3%
Wood Mouldings & Millwork	5.4%	3.8%	4.5%	32.4%	7.2%
Hardwood Plywood	8.2%	16.1%	5.0%	10.4%	17.0%

Products	Market Share in US (as of 2021)				
	China	Vietnam	Malaysia	Brazil	Indonesia
Wooden Furniture	15.1%	36.8%	8.5%	2.0%	5.1%
Wood Mouldings & Millwork	7.3%	2.7%	3.5%	31.6%	7.2%
Hardwood Plywood	9.5%	14.1%	2.9%	14.6%	14.1%

Products	Market Share in US (as of 2020)				
	China	Vietnam	Malaysia	Brazil	Indonesia
Wooden Furniture	15.7%	38.5%	10.0%	1.8%	4.6%
Wood Mouldings & Millwork	13.6%	1.2%	2.2%	32.3%	5.0%
Hardwood Plywood	12.4%	14.4%	3.6%	11.6%	12.0%

Source: UNComtrade

What happened with the trade war?

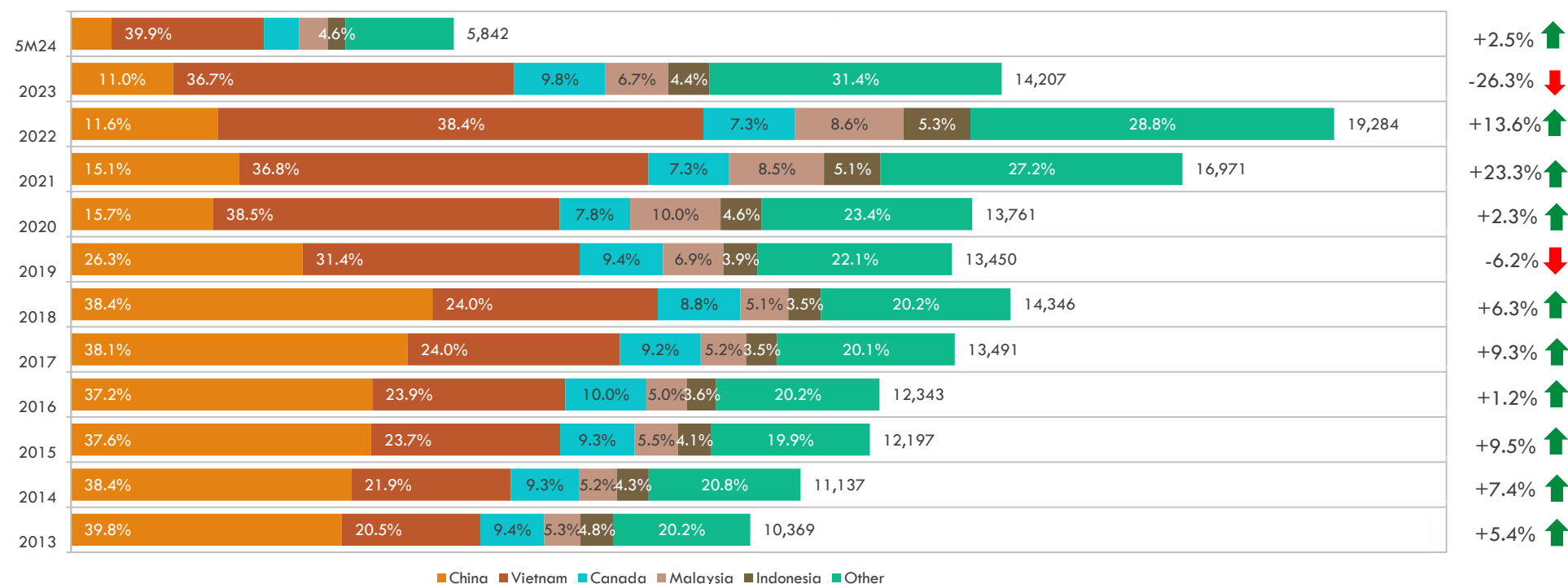


- US keeps buying less from China, dropping its share of imports to a 20-year low.
- China accounted for 13.3% of US goods imports (1H2023), below a peak of 21.6% in 2017 and it was the lowest since 12.1% in 2003
- US is turning to Mexico, Europe, and other parts of Asia.

Opportunity in US-China tensions



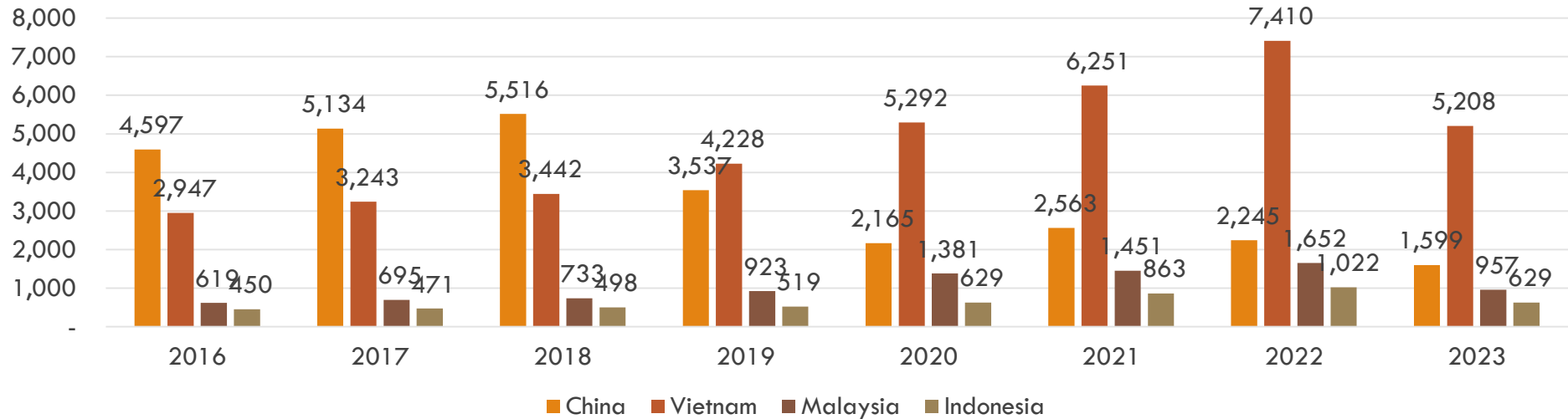
- As of 2023, US wooden furniture imports dropped by 26.3% YoY with Indonesia contribution decrease from 5.3% in 2022 to 4.4% in 2023. Indonesia wooden furniture exports to US declined by 38.4% YoY following falling in US furniture import of -27.5% YoY.
- As of 5M23, US furniture import has started to recover by 2.5% YoY. Despite Indonesia import still weak with -9.3% YoY drop, the market share recovered to 4.6%.
- Indonesia should be in better position compare to Vietnam considering limited raw materials and labor supply in Vietnam which will eventually lead to higher costs. Additionally, higher shipping costs and increasing lumber prices (23) has hurt Vietnam's competitiveness. Given small contribution towards US wooden furniture imports, Indonesia, which has the world's 3rd largest tropical forest area, will have an opportunity to expand its market share in the growing US furniture market.



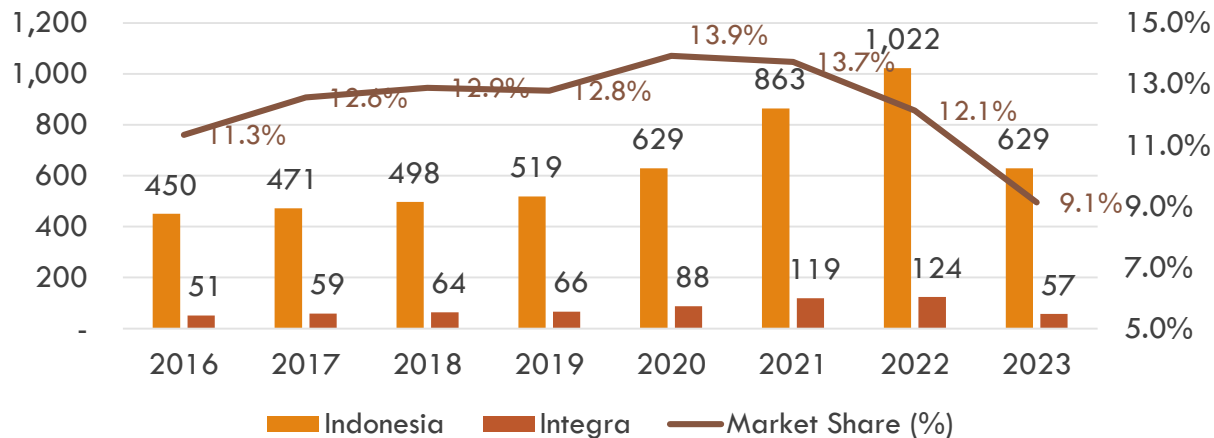
Opportunity in US-China tensions



Wooden Furniture Exporters to US (in USDmn)



Integra Furniture Export to US & Market Share

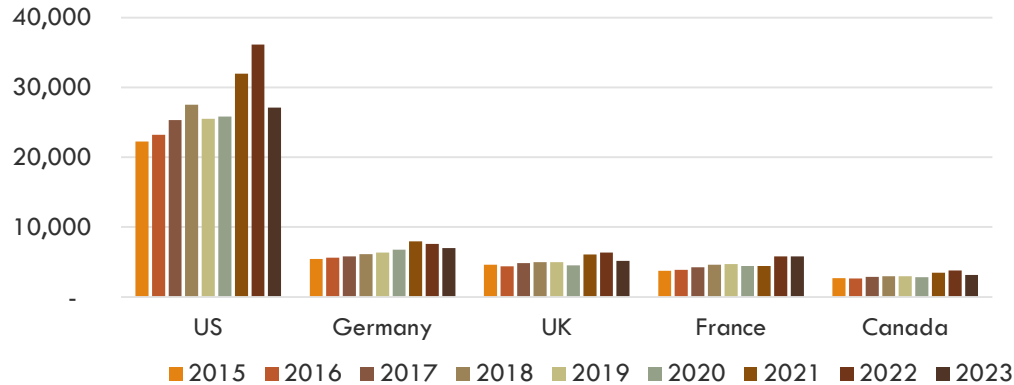


- China wooden furniture exports to US declining significantly since 2018 due to trade war tariff and anti-dumping and anti-subsidy duty implementation on China furniture export to US market.
- In 2023, Integra furniture export accounted for 9.1% of total Indonesia furniture exports to US market.

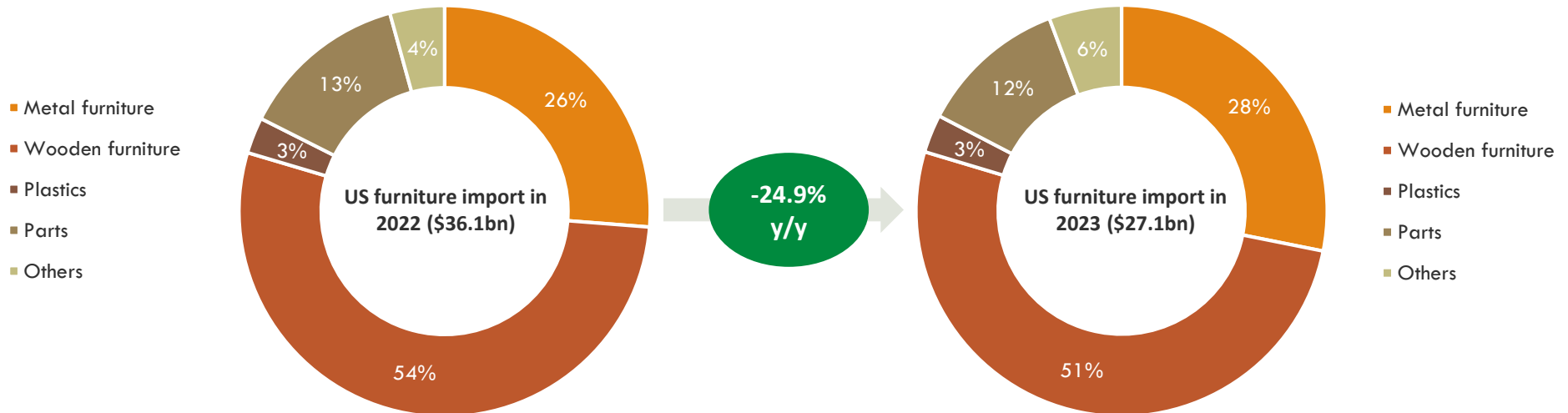
Global furniture trading



Major furniture importing countries (in USDmn), 2014-2022



- US remains the leading furniture importer with the value of USD27.1bn imported in 2023
- The largest value of furniture type imported is the wooden furniture which accounted for more than 50% of its total furniture import



Business outlook



Integra will continue to benefit from:

- Market expansion
- Anti-Dumping and Anti-Subsidy tariffs implementation on Chinese exports (particularly wood-based products) by the US will remain as an open opportunity for Integra to keep expanding its market share in US market.
- Limited resources of Vietnam in terms of raw materials and labor availability
- Competitive selling price

Millwork/Molding production facility expansion

Since 2019, the Company has kept increasing its millwork production capacity to satisfy the large demand from the US given the expected significant drop in Chinese supply due to the implementation of AD and CVD.

Sustainable raw materials

Integra only sources legally produced wood which is supported by its own FSC-certified forest concession.

Abundant supply of raw materials

The Government of Indonesia has banned log exports to combat illegal logging, hence, the supply of wood as raw materials is abundant with a stable price trend. This gives opportunity for the Company to expand its gross margin.

Strongly managed operations to ensure no negative impact from the ongoing pandemic

The company has practiced social distancing and conducted education drives regarding the safety and prevention measures against COVID-19 even before the outbreak of the disease in Indonesia. Therefore, our operations have not been disrupted so far.

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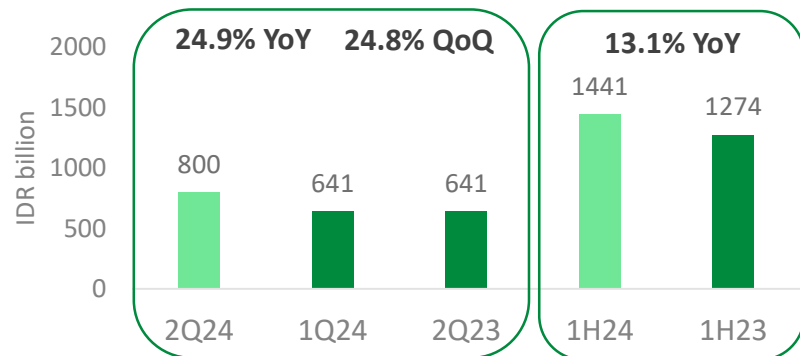
Capital structure

Earnings guidance

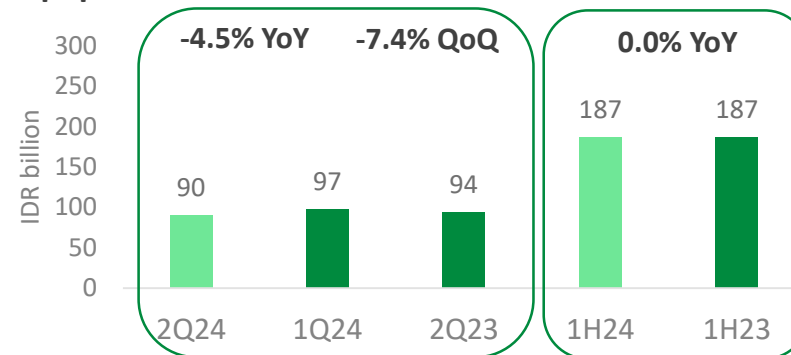
2Q24 Earnings Result



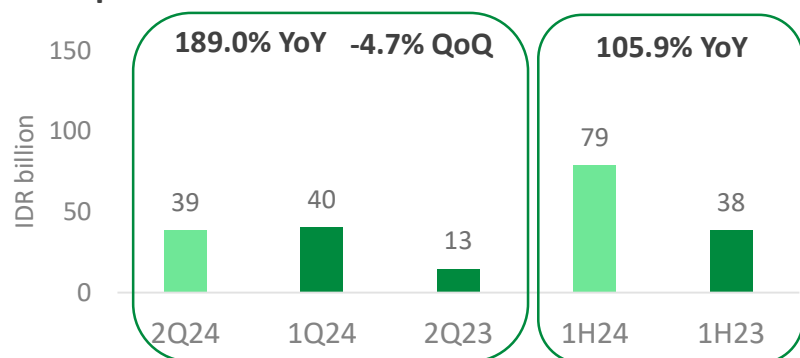
Revenue



Op. profit



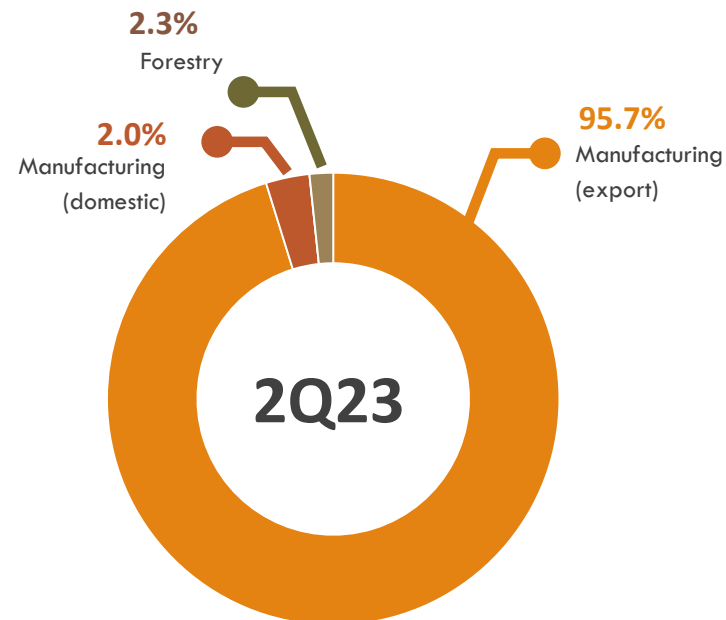
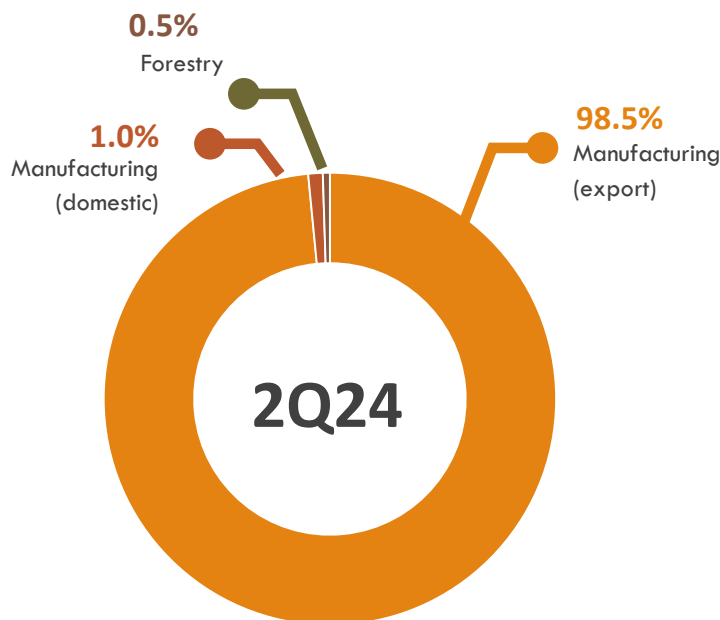
Net profit



- Strong sales in 2Q24 revenue is IDR800bn, increasing 24.9% YoY and increasing 24.8% on QoQ basis because stronger demand on Building Component in US.
- 2Q24 net profit is IDR39bn, increasing 159.9% YoY basis.

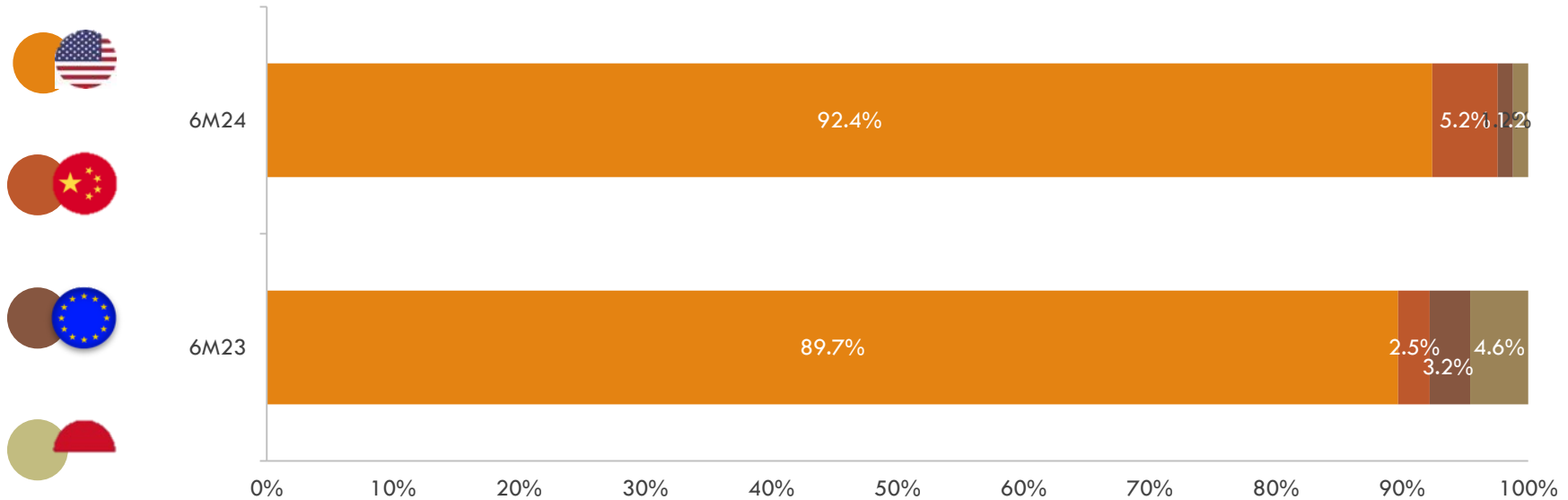
in IDRbn	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue	431	728	482	652	751	1,084	912	1,228	1,381	1,895	1,975	1,160	759	632	633	641	431	481	641	800
Op. income	115	143	111	125	167	223	189	209	238	325	322	151	47	-87	93	94	74	82	96	90
Net income	59	35	57	56	76	106	102	120	134	179	206	93	1	-124	25	13	18	38	40	39

Sales by segment 2Q24 vs 2Q23



Segment	2Q24	2Q23	% YoY	6M24	6M23	% YoY
Manufacture Export	787,892,150,913	613,084,191,153	29%	1,423,940,705,231	1,216,104,528,811	17%
Furniture	180,095,770,192	287,089,980,378	-37%	398,077,787,797	669,890,001,093	-41%
Building Component	607,796,380,721	325,994,210,775	86%	1,025,862,917,434	546,214,527,718	88%
Manufacture Domestic	8,281,200,802	12,843,814,136	-36%	13,543,528,569	32,603,876,177	-58%
Furniture	4,730,853,768	5,544,653,667	-15%	8,580,622,423	19,972,860,233	-57%
Building Component	3,550,347,034	7,299,160,469	-51%	4,962,906,146	12,631,015,944	-61%
Forestry	4,010,216,181	14,888,929,805	-73%	4,010,216,181	25,525,772,167	-84%
Total	800,183,567,896	640,816,935,094	25%	1,441,494,449,981	1,274,234,177,155	13%

Sales by region 6M24 VS 6M23



in IDR	6M24	6M23	Growth
America	1,332,218,707,869	1,143,612,791,384	16.5%
Asia	74,802,627,313	31,692,786,623	128.8%
Europe	16,919,370,050	40,798,950,804	-58.5%
Others	-	--	0.0%
Indonesia	17,553,744,751	58,129,648,345	-69.8%

Financial highlights



in IDR'b	2017	2018	2019	2020	2021	2022	2023	1H23	1H24
Sales	1,734	2,101	2,136	2,929	5,416	4,527	2,186	1,274	1,441
Gross profit	561	739	744	986	1,917	1,408	739	390	347
<i>GPM</i>	32.3%	35.2%	34.8%	33.6%	35.4%	31.1%	33.8%	30.6%	24.1%
Operating profit	353	473	490	664	961	433	342	187	187
<i>OPM</i>	20.4%	22.5%	23.0%	22.7%	17.7%	9.6%	15.7%	14.7%	13.0%
Net income	171	242	218	338	543	177	95	38	79
<i>NPM</i>	9.9%	11.5%	10.2%	11.5%	10.0%	3.9%	4.3%	3.0%	5.5%
EBITDA	441	561	592	742	1,051	533	437	282	230
<i>EBITDA Margin</i>	25.4%	26.7%	27.7%	25.3%	19.4%	11.8%	19.9%	22.1%	15.9%
Operating cash flows	41	(414)	(406)	96	(52)	88	(431)	(213)	273

Key ratios	2017	2018	2019	2020	2021	2022	2023	1H23	1H24
Revenue growth (%)	31.1%	21.1%	1.7%	37.1%	84.9%	-16.6%	-51.7%	-59.4%	13.1%
Net income growth (%)	21.5%	41.2%	-9.9%	58.4%	59.5%	-66.9%	-46.6%	-87.2%	105.9%
Debt to equity (x)	0.69	0.69	0.87	0.77	0.73	0.71	0.71	0.76	0.58
Debt to EBITDA (x)	2.99	3.51	3.83	3.09	2.51	5.01	7.04	5.19*	5.56*
ROA (%)	4.5%	5.3%	4.1%	5.9%	8.1%	2.5%	1.2%	1.1%*	2.1%*
ROE (%)	4.5%	9.9%	8.4%	11.7%	15.1%	4.7%	2.2%	2.0%*	3.6%*
EBITDA / interest expense (x)	3.5	3.6	2.6	3.2	4.2	2.1	1.7	2.3	1.9

* Annualized

Balance sheet



in IDR'b	2017	2018	2019	2020	2021	2022	2023	1H24
Cash & ST investments	54,484	64,216	22,265	40,487	116,906	267,210	200,031	95,810
Inventories	1,172,715	1,431,983	1,739,014	2,065,822	2,603,605	2,515,305	2,843,452	2,669,621
Account receivable	165,131	460,194	928,901	686,716	705,994	352,116	454,092	634,953
Others	274,066	369,674	310,126	645,982	884,118	1,307,124	1,257,028	1,109,827
Current assets	1,666,397	2,326,067	3,000,306	3,439,007	4,310,623	4,441,755	4,754,603	4,510,215
LT investments	15,880	18,870	52,197	48,623	39,470	44,139	26,273	26,273
Net fixed assets	1,679,941	1,935,200	2,144,892	2,197,910	2,251,984	2,002,882	2,221,153	2,202,655
Others	480,785	311,522	151,432	171,219	198,958	467,568	660.897	657,896
Non current assets	2,176,606	2,265,592	2,348,520	2,417,752	2,490,412	2,514,589	2,908,318	2,886,824
Total assets	3,843,002	4,591,659	5,348,826	5,856,759	6,801,035	6,956,345	7,662,921	7,397,040
Account payables	122,616	77,142	157,794	202,380	172,739	86,972	71,260	90,386
ST borrowings	1,229,787	1,607,823	2,091,445	2,197,716	1,669,489	1,655,409	2,375,814	1,893,276
Others	132,187	114,935	98,488	140,158	241,920	83,752	1,850,592	59,845
Current liabilities	1,484,590	1,799,900	2,347,727	2,540,254	2,084,148	1,826,133	2,554,032	2,043,507
LT debts	84,466	78,396	173,325	93,328	970,397	1,280,578	700,728	660,439
Others	361,322	266,327	219,944	263,255	103,952	89,027	96,300	302,100
Long term liabilities	445,788	344,723	393,269	356,583	1,074,349	1,396,605	797,028	962,539
Total liabilities	1,930,378	2,144,623	2,740,996	2,896,837	3,158,497	3,195,738	3,351,061	3,006,045
Paid in capital	625,000	630,625	630,625	630,625	636,250	643,750	643,750	643,750
Capital surplus	213,063	226,788	226,788	223,992	299,314	314,164	314,163	314,163
Retained earnings	285,211	540,241	786,136	1,121,564	1,663,977	1,822,469	1,940,759	2,025,733
Capital adjustment	766,890	1,040,173	955,363	973,494	1,032,389	1,019,687	1,418,591	1,327,494
Shareholders' equity	1,890,164	2,437,827	2,598,913	2,949,675	3,631,931	3,750,427	4,227,306	4,311,140
Minority interest	22,460	9,209	8,917	10,246	10,607	10,180	84,554	79,855
Total equity	1,912,624	2,447,036	2,607,830	2,959,921	3,642,538	3,760,607	4,311,861	4,390,995

Capex and production capacity



Capex (IDR'm)	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
Manufacturing	270,633	98.8%	95,763	99.5%	100,163	85.7%	91,505	76.5%	104,413	93.53%
Forestry	813	0.3%	42	0.0%	14,238	14.3%	28,046	23.5%	7,231	6.47%
Commerce	2,385	0.9%	401	0.4%	-	-	-	-	-	-
Total	273,831		96,206		100,163		119,552		111,644	
Advances	221,270		83,499		62,856		34,738		246,227	

Production capacity	FY 2017	FY 2018	FY 2019	FY 2020	FY2021	FY 2022
Furniture (m³)						
Installed capacity	38,106	41,650	44,710	47,775	52,775	49,688
Net increase in capacity	3,063	3,544	3,060	3,065	5,000	(3,087)
Production volume	25,116	27,518	29,678	30,246	37,175	37,175
Capacity utilization	66%	66%	66.4%	67.6%	70.4%	70.4%
Building component (m³)						
Installed capacity	129,238	126,760	213,720	345,060	345,060	389,060
Net increase in capacity	-	(2,477)	86,960	131,340	-	44,000
Production volume	85,260	75,156	91,463	164,270	315,925	315,925
Capacity utilization	66%	58%	42.8%	47.6%	91.6%	91.6%

Capital structure

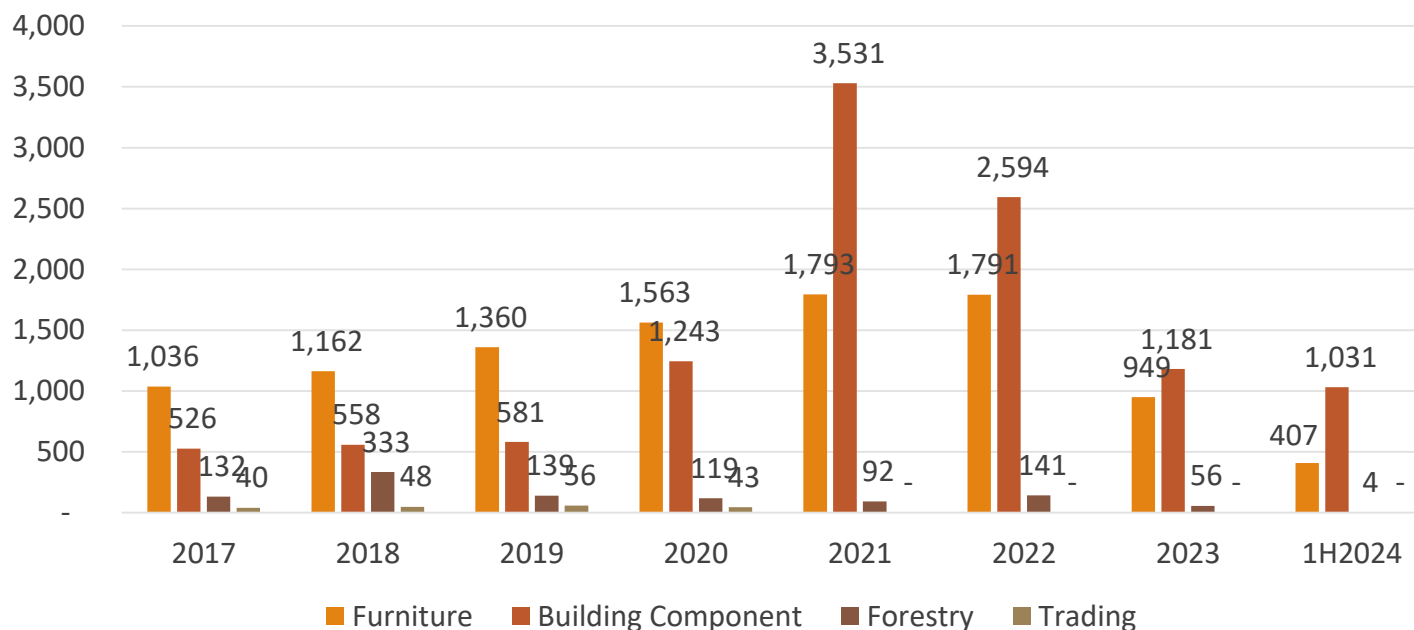


Debt	IDR facilities	USD facilities	Total debt in IDR
Short term debt facility	1,698,154,488,240	11,882,540	1,893,277,687,104
Long term debt facility	302,095,969,039	-	302,095,969,039
Bonds	249,313,392,960	-	249,313,392,960
Sukuk	109,030,000,000	-	109,030,000,000
Gross debt	2,358,593,850,239	11,882,540	2,553,717,049,103
Net debt (gross debt less cash)			2,457,907,252,971
EBITDA			229,685,992,397
Net debt / EBITDA			5.35x
Net debt / equity			0.56x
Interest rate (p.a.)	8.00-8.25%	8.00-8.50%	

What's About Now?



Sales per Segment

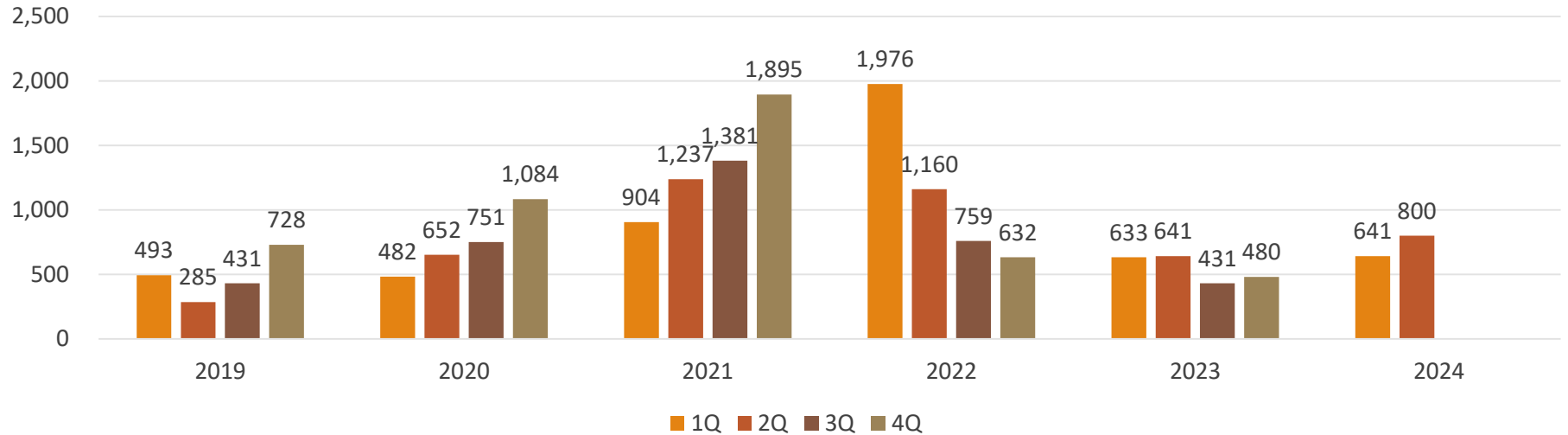


Segment	1H24	1H23	YoY
Manufacture Export	1,423,940,705,231	1,216,104,528,811	17.1%
Furniture	398,077,787,797	669,890,001,093	-40.6%
Building Component	1,025,862,917,434	546,214,527,718	87.8%
Manufacture Domestic	13,543,528,569	32,603,876,177	-58.5%
Furniture	8,580,622,423	19,972,860,233	-57.0%
Building Component	4,962,906,146	12,631,015,944	-60.7%
Forestry	4,010,216,181	25,525,772,167	-84.3%
Total	1,441,494,449,981	1,274,234,177,155	13.1%

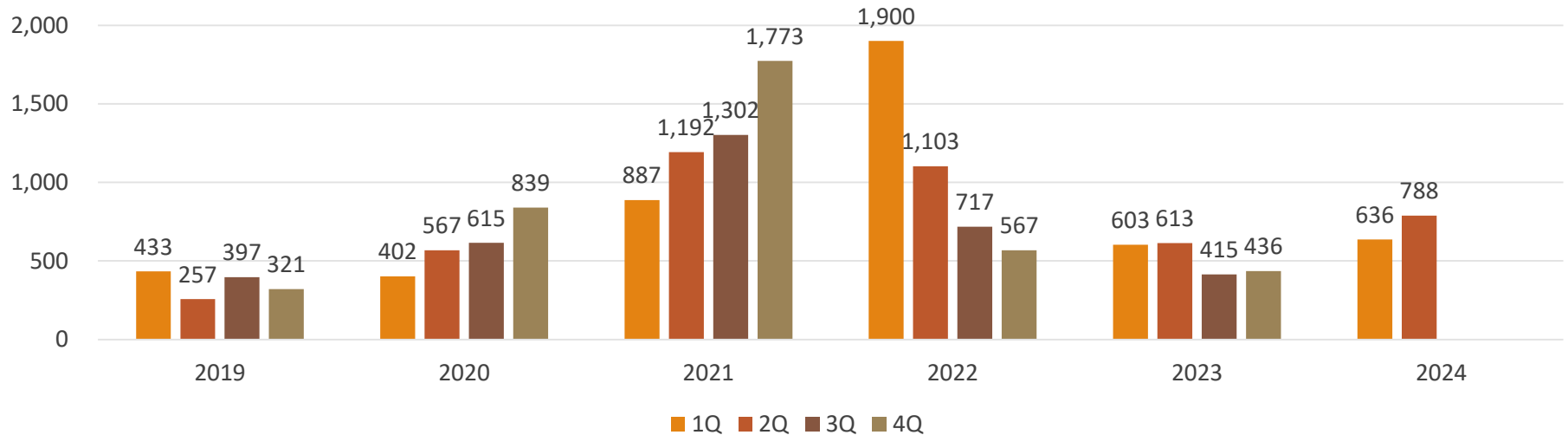
What's About Now?



Total Sales per Quarter



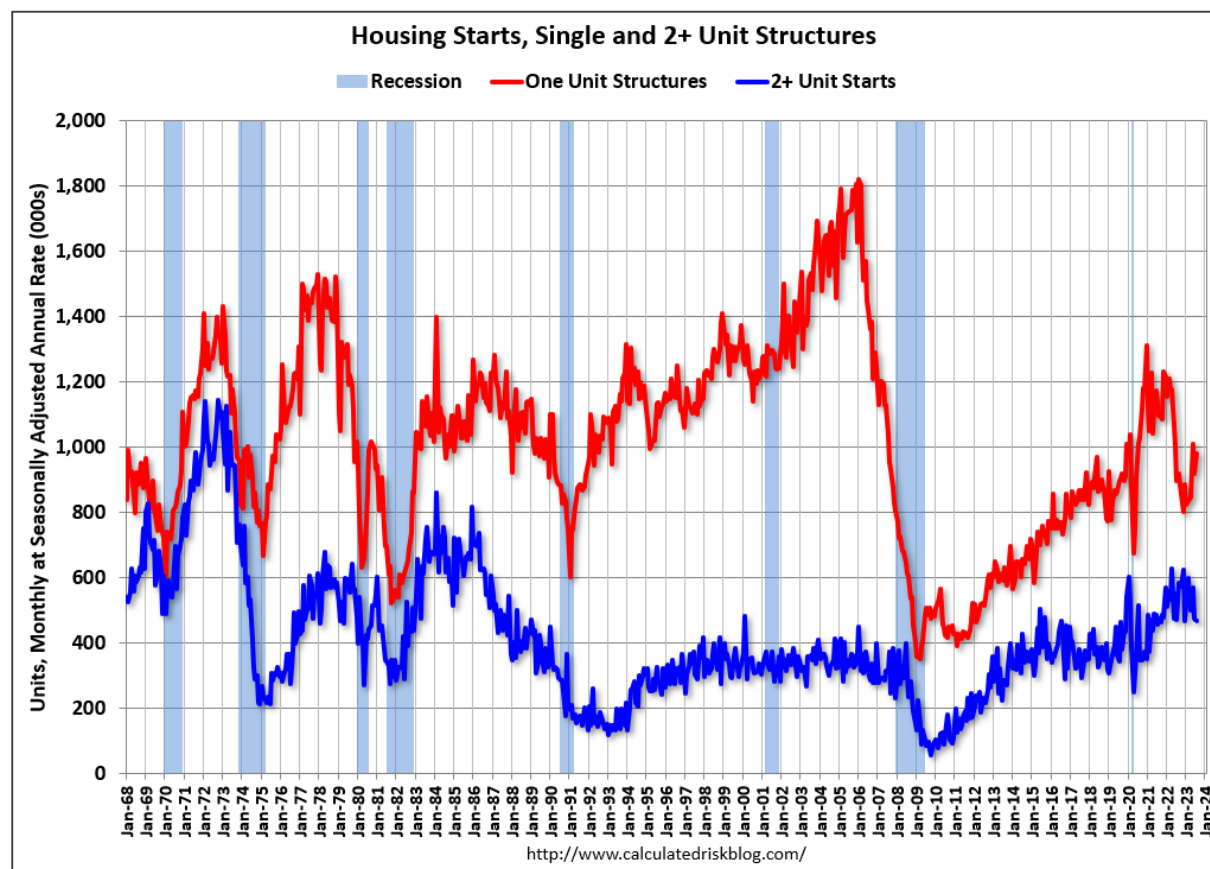
Total Export Sales per Quarter



How to assess the US Housing Market?



- ✓ **"Housing starts"** and **"building permits"** are two key indicators of the health of the residential construction sector in the United States ;
- ✓ Both are published by the U.S. Census Bureau and the U.S. Department of Housing and Urban Development.



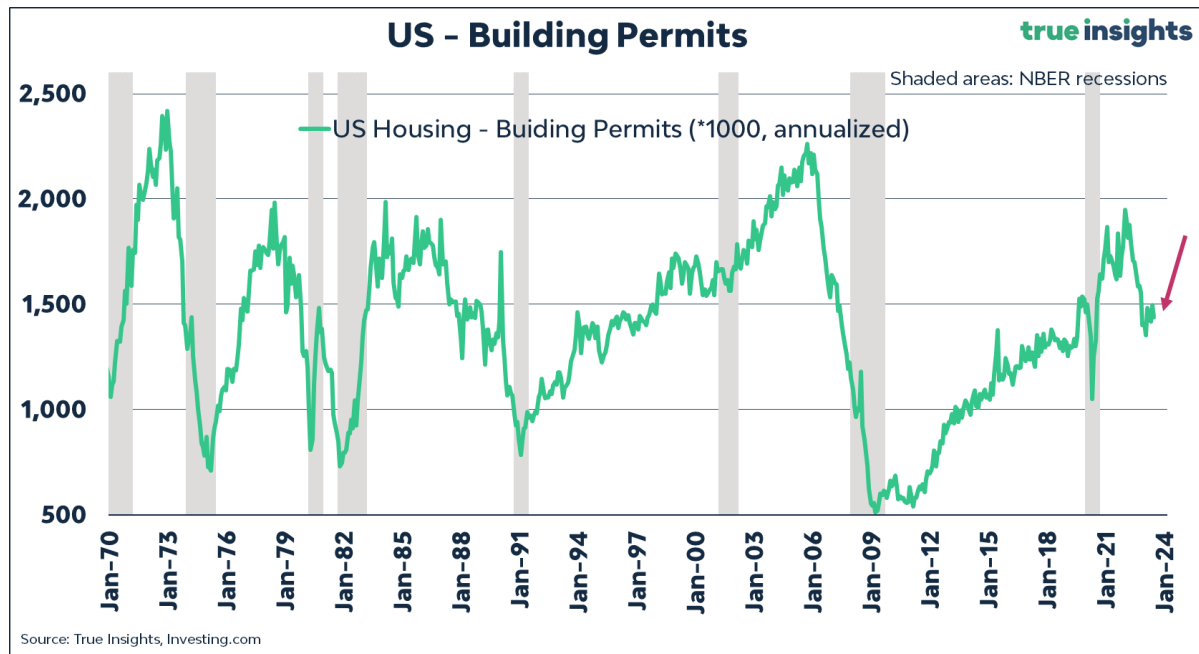
- ✓ **Housing starts** refer to the start of construction on a new residential housing unit and are considered an important leading indicator on the economy.
- ✓ As it is a big-ticket capital good that spurs additional consumer spending on appliances and furniture.
- ✓ Housing starts highlight American households' wealth but can also show their sensitivity to changes in interest rates.

How to assess the US Housing Market?



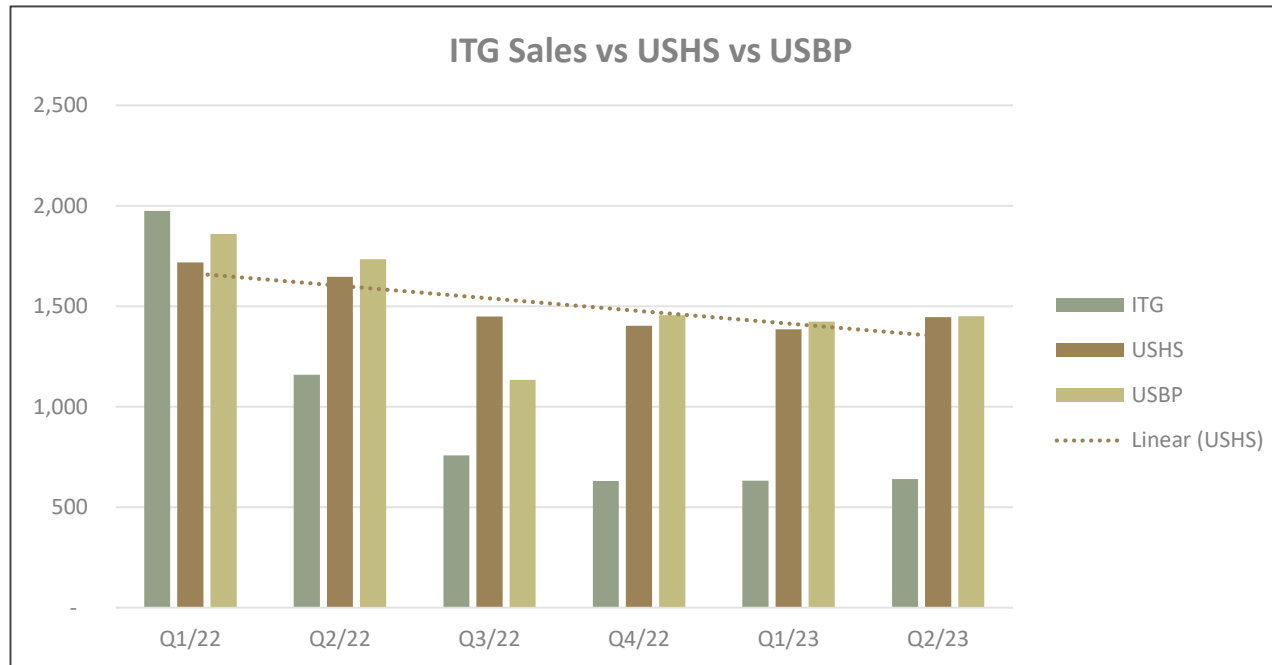
- ✓ A housing start is counted as soon as groundbreaking begins, and each unit in a multi-family housing project is treated as a separate housing start.
- ✓ Housing starts measure builders' willingness to expend resources on new projects, which in turn depends on their estimates of housing demand, so the trend in starts can also offer insights into risk appetite and consumer sentiment
- ✓ The health of the housing sector is also an important factor in employment as well as the price of commodities including lumber and copper.

How to assess the US Housing Market?



- ✓ Building permits for new housing can run the gamut from multifamily units to single-family construction. A general increase in building permits might indicate a need for more homes. A rise in building permits specifically for single-family homes can indicate that more citizens have accumulated enough finances to afford their residences.
- ✓ A building permit is an official approval to construct a new building or expand or remodel an existing one. Its purpose is to ensure that the construction project follows all relevant regulations, including building standards, land use, and environmental protection.
- ✓ The building permit report can give a major hint as to the state of the economy in the near future.
- ✓ The issuance of residential building permits can be a barometer for consumer confidence and solvency.

How to assess the US Housing Market?

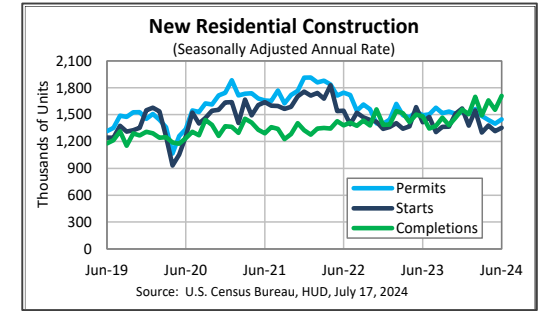
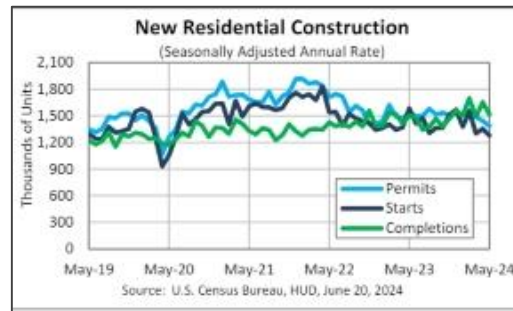
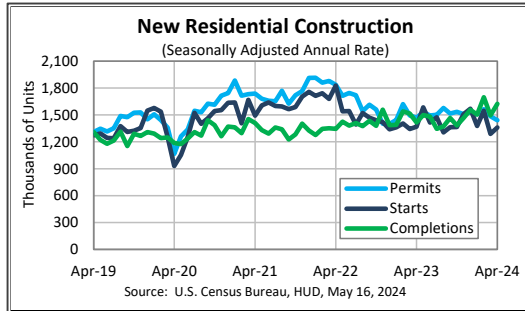


- ✓ ITG performances have strong correlation with USHS
- ✓ Therefore, the USHS may be a good lead indicator for predicting the future performance of ITG in the US market

	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23	Corr
ITG	1,976	1,160	759	632	633	641	
USHS	1,720	1,647	1,450	1,403	1,385	1,447	0.93
USBP	1,861	1,735	1,134	1,455	1,424	1,451	0.79



What US Market Indicators Say?



NEW RESIDENTIAL CONSTRUCTION APRIL 2024	
Building Permits:	1,440,000
Housing Starts:	1,360,000
Housing Completions:	1,623,000
Next Release: June 20, 2024	
Seasonally Adjusted Annual Rate (SAAR)	
Source: U.S. Census Bureau, HUD, May 16, 2024	

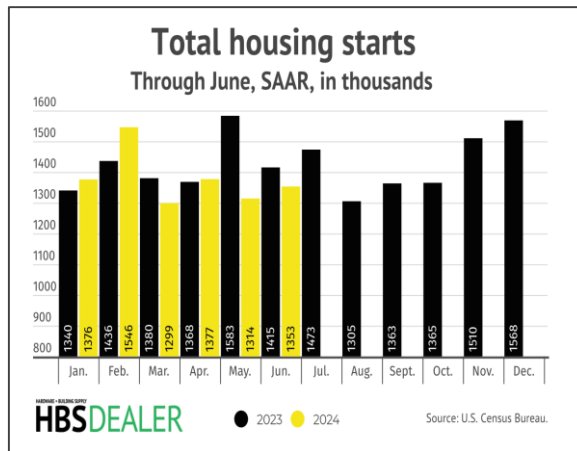
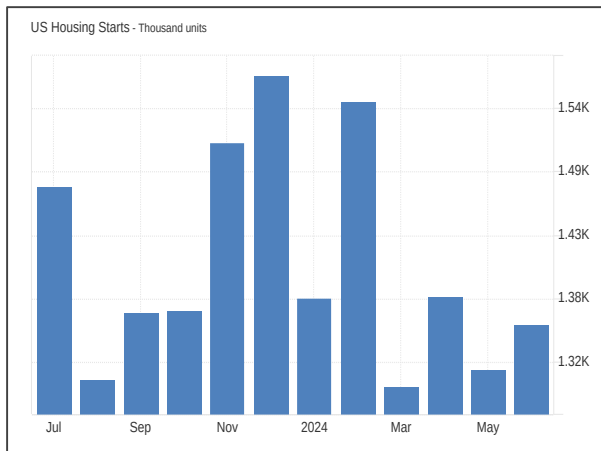
NEW RESIDENTIAL CONSTRUCTION MAY 2024	
Building Permits:	1,386,000
Housing Starts:	1,277,000
Housing Completions:	1,514,000
Next Release: July 17, 2024	
Seasonally Adjusted Annual Rate (SAAR)	
Source: U.S. Census Bureau, HUD, June 20, 2024	

NEW RESIDENTIAL CONSTRUCTION JUNE 2024	
Building Permits:	1,446,000
Housing Starts:	1,353,000
Housing Completions:	1,710,000
Next Release: August 16, 2024	
Seasonally Adjusted Annual Rate (SAAR)	
Source: U.S. Census Bureau, HUD, July 17, 2024	

What US Market Indicators Say? June 2024

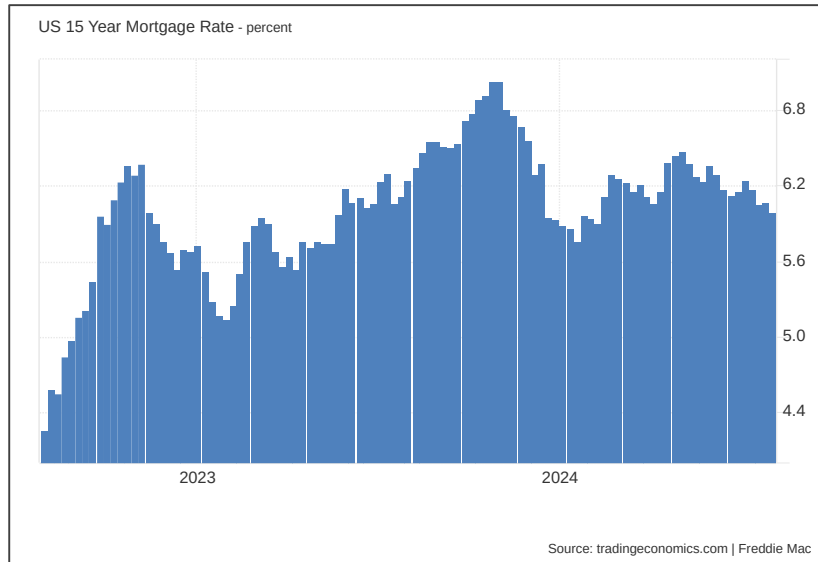


United States Housing Starts

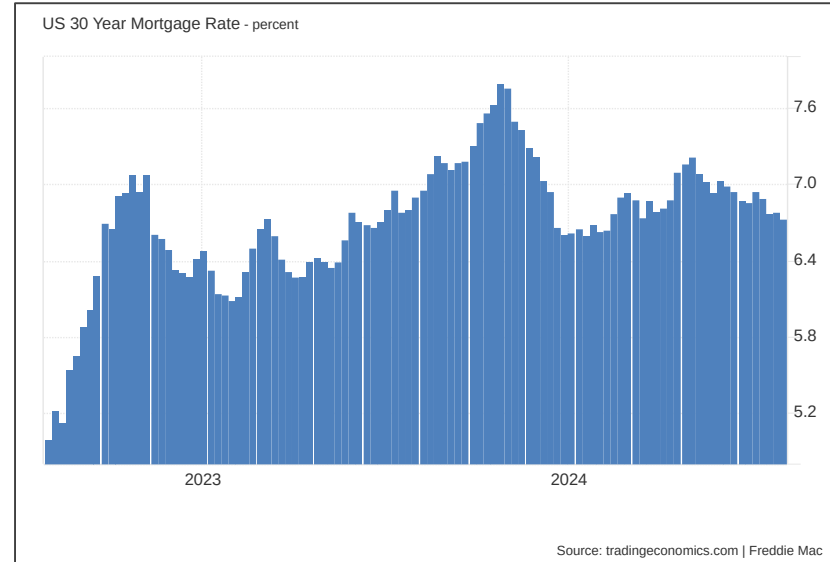


- ✓ Total starts **rose 3% month-over-month to an annualized rate of 1.353 million in June 2024, rebounding from the revised May of 1.314 million**; but the figure is **4.4% below the June 2023** rate of 1.415 million.
- ✓ The March was the **lowest** reading **since August** and **the biggest decline since April 2020**, as a rise in mortgage rates weighed on potential buyers.
- ✓ Because of **a lack of existing home inventory**, home building activity **leveled off in April as higher interest rates**, tighter lending conditions and lower home building sentiment acted as headwinds on new home construction

What US Market Indicators Say? June 2024



15 Year Mortgage Rate in the United States decreased to 5.99 percent in July 31 from 6.07 percent in the previous week. 15 Year Mortgage Rate in the United States averaged 5.23 percent from 1991 until 2024, reaching an all time high of 8.89 percent in December of 1994 and a record low of 2.10 percent in July of 2021

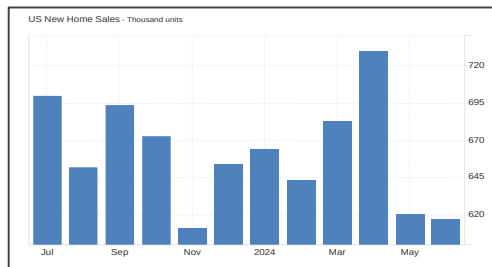


The average rate for a 30-year fixed mortgage decreased by 5 basis points to 6.73% as of August 1st, reaching its lowest level since early-February, according to Freddie Mac. This decline coincided with a significant drop in Treasury yields to six-month lows as markets assessed the Federal Reserve's monetary policy outlook, with the central bank maintaining its funds rate in the 5.25%-5.5% range while hinting at potential rate cuts in September

What US Market Indicators Say? June 2024

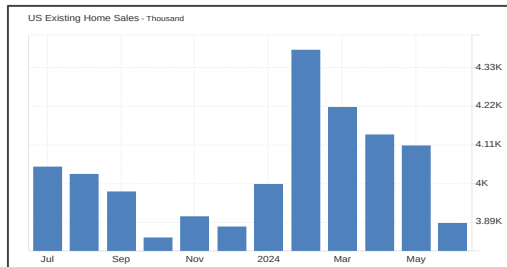


New Home Sales



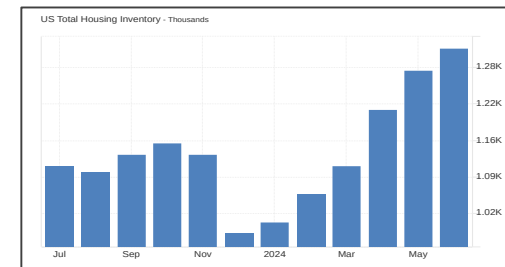
- ✓ **Sales of new single-family houses in the United States declined 0.6% month-over-month** to a seasonally adjusted annualized rate **of 617K in June 2024**, as **high prices and mortgage rates continued to weigh on buyers' affordability**
- ✓ It is **the lowest reading in seven months** and well below forecasts of 640K, with May data revised higher to 621K
- ✓ Meanwhile, there were 476K new homes listed for sale during the period, representing about 9.3 months of supply at the latest sales rate

Existing Home Sales



- ✓ **Existing home sales in the US declined 5.4% month-over-month** to a seasonally adjusted annualized rate of **3.89 million units in June 2024, the sharpest monthly decline since 2022**, to the fewest amount of sales since the start of the year. It was the fourth consecutive monthly decline in existing home sales
- ✓ **Home sales are stuck** because interest rates have not made any major moves

Total Housing Inventory



- ✓ **Total Housing Inventory** in the United States **increased to 1320 Thousands in June** from 1280 Thousands in May of 2024.
- ✓ Total Housing Inventory in the United States averaged 226.12 Thousands from 1982 until 2024, reaching an all time high of 4040.00 Thousands in July of 2007 and a record low of 860.00 Thousands in January of 2022.



HOUSING SNAPSHOT

EXISTING-HOME SALES

JUNE 2024

SALES

3.89^{*}
MILLION

*Seasonally Adjusted Annual Rate

MoM $\downarrow$ **5.4%**
YoY $\downarrow$ **5.4%**

INVENTORY

4.1 MONTHS

3.1 MONTHS
IN JUNE 2023

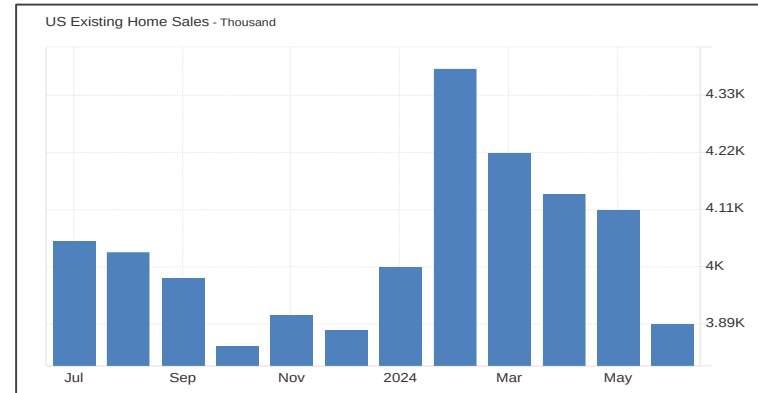
MEDIAN SALES PRICE

\$426,900

YoY $\uparrow$ **4.1%**

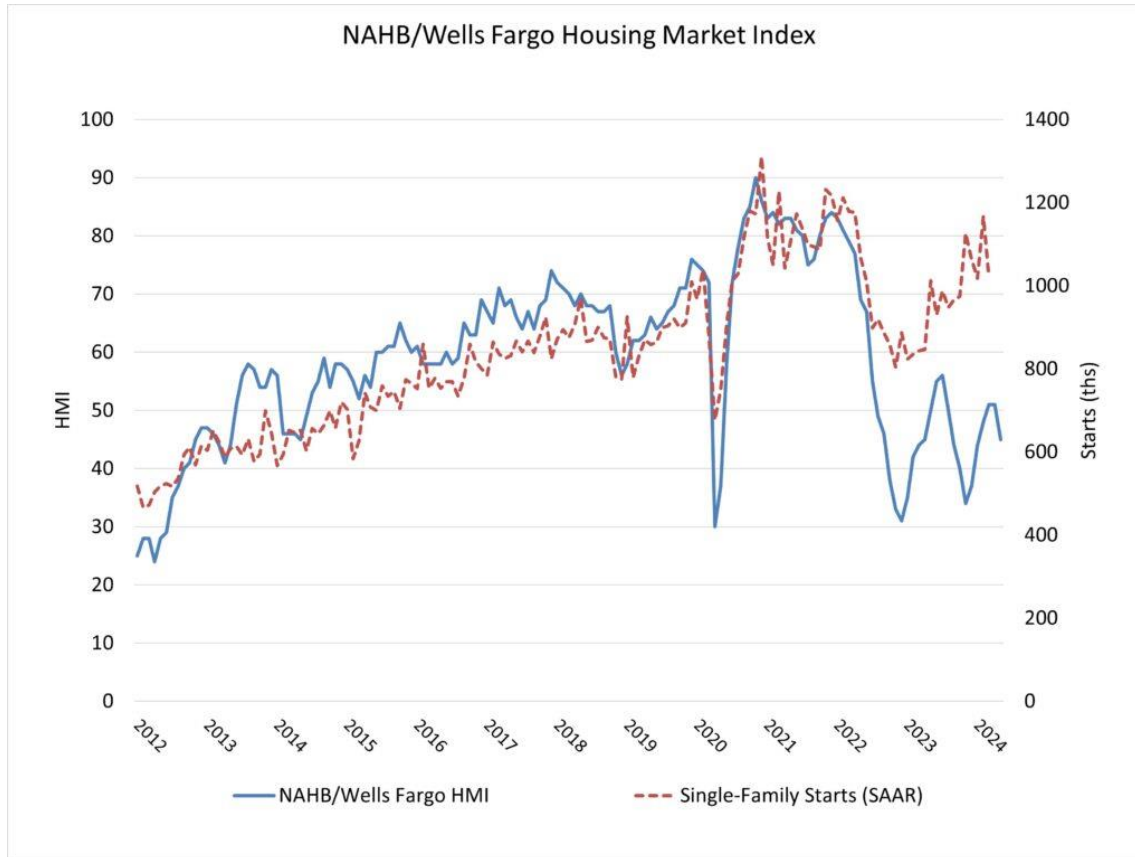


Existing Home Sales



- ✓ Total Existing Home Sales **receded 5.4% from May** to a seasonally adjusted annual rate of **3.89 million in June**. **Year-over-year, sales also dropped 5.4%** (down from 4.11 million in June 2023).
- ✓ In June 2024, existing-home sales fell as the **median sales price climbed to the highest price ever recorded (US\$ 426.9K)**

What US Market Indicators Say? June 2024



- Builder confidence in the market for newly built single-family homes was 42 in July, down one point from June, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This is the lowest reading since December 2023.
- While buyers appear to be waiting for lower interest rates, the six-month sales expectation for builders moved higher, indicating that builders expect mortgage rates to edge lower later this year as inflation data are showing signs of easing.
- Mortgage rates that averaged 6.92% in June per Freddie Mac, along with elevated rates for construction and development loans, continue to put a damper on builder sentiment.
- Home inventory is increasing, total market inventory remains lean at a 4.1 months' supply, indicating a long-run need for more home construction.



What US Market Indicators Say? Mar 2024



HOUSING MARKET PREDICTIONS

Housing Market Updates Q4 2023 - Q2 2024

DEC 2023

- Prices may not drop in 2024
- First rate cut in March
- We may be in a recession
- Inflation will go down by end of year

APRIL 2024

- Prices are not dropping in 2024
- First rate cut in July
- We are not in a recession
- Inflation will go down by end of year

- ✓ The prediction for interest rates for the remainder of 2024 is that mortgage rates will continue to rise before finally ending up lower than they started at the beginning of this year.

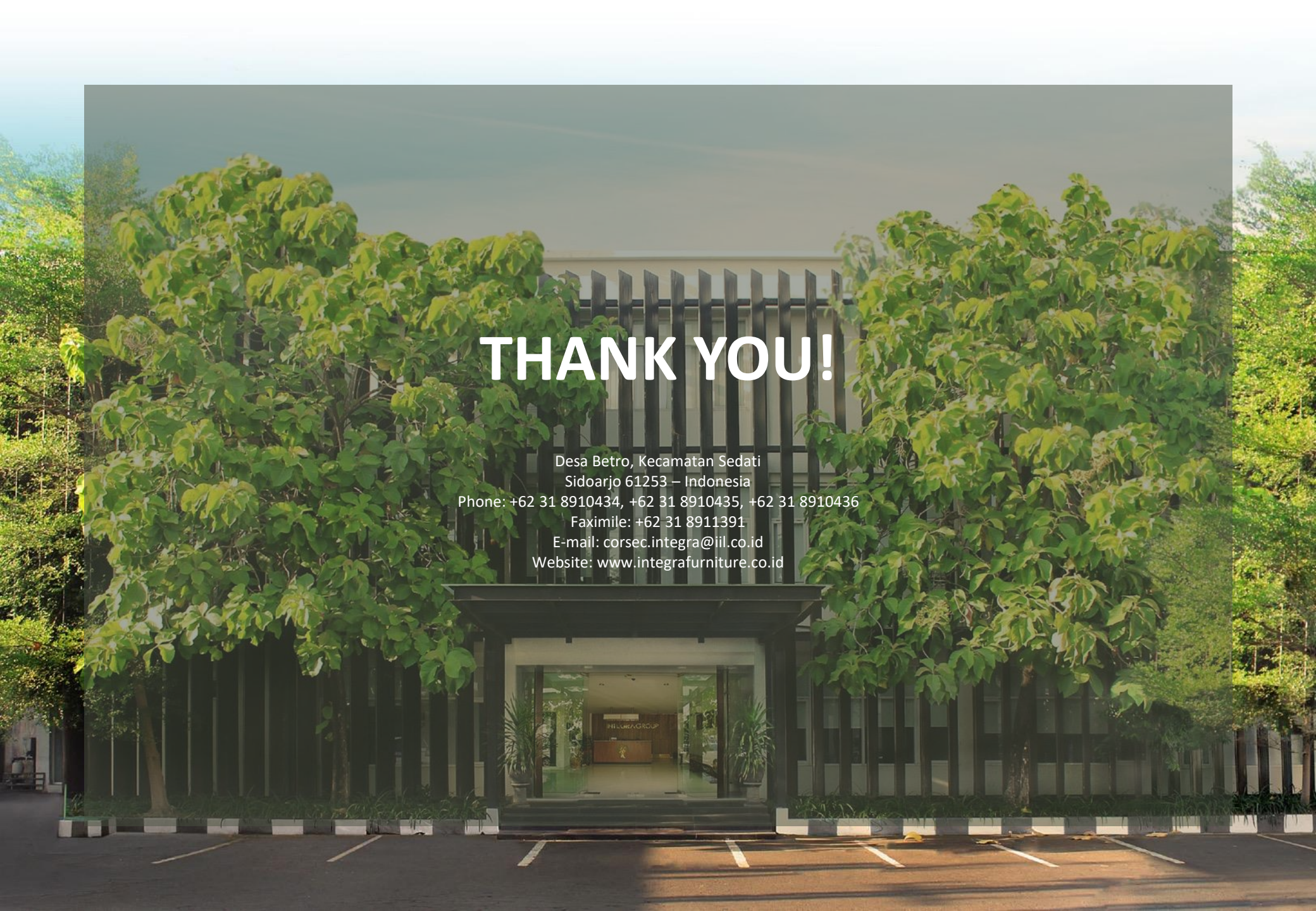
2023 30-year fixed-rate average

7.00%



Current 30-year fixed-rate as of 4/25

7.52%



THANK YOU!

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