PEFINDO
CREDIT RATING AGENCY

Rating Summary

December 14, 2023

PT Integra Indocabinet Tbk

Credit Ratings

General Obligation (GO)	idA-/Negative
SR Bond I	idA-
SR Sukuk Mudharabah I	idA-(sy)

Rating Period

December 12, 2023 – December 1, 2024

Published Rating History

DEC 2022	idA/Stable
DEC 2021	idA/Stable
DEC 2020	idA-/Stable

PEFINDO has lowered the ratings for PT Integra Indocabinet Tbk (WOOD) and its Shelf-Registered (SR) Bond I to idA- from idA as well as its SR Sukuk Mudharabah I to idA-(sy) from idA(sy). Outlook for the corporate rating is revised to Negative from stable. The rating actions reflect on our view of the Company's persistently weak sales performance in the near to medium term, resulting from a drop in demand in the United States (US), which constitutes a considerable portion of the Company's revenue stream. This results in an elongation of the WOOD's days inventory that may impede the pace of deleveraging in the near to medium term. Amid this unfavorable situation, the Company is also facing heightened repayment risk for its maturing SR Sukuk Mudharabah I Phase I/2021 Series B of IDR97.5 billion and SR Bond I Phase I/2021 Series B of IDR407.82 billion both due on April 14, 2024. WOOD plans to repay the corresponding debt securities from receivables collection and other external funding sources. As of September 30, 2023, the Company recorded cash and equivalents of IDR130.67 billion and unused credit facilities from several banks of IDR632.3 billion.

The corporate rating reflects WOOD's strong market position in the wood furniture manufacturing business, diversified products offering of wood-related products, and stable profitability margins. The rating is constrained by its moderate financial profile, exposure to tight competition and the US economic fluctuation.

The rating could be lowered if WOOD is unable to address the concerns related to its maturing debt instrument on a timely manner. We may revise the outlook to stable if the Company could promptly resolve the source of repayment for its maturing bonds.

WOOD was established in 1989 and engaged in manufacturing various types of wood-related products, such as furniture and building components. More than 80% of its products are mainly exported while the remainders are distributed locally. It has four production facilities, all located in East Java. As of September 30, 2023, its shareholders consisted of PT Integra Indo Lestari (71.05%) and the public (28.95%).

Rating Definition

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors. The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

Suffix (sy) indicates Islamic principles compliant.

Financial Highlights

As of/for the year ended	Sep-2023 (Unaudited)	Dec-2022 (Audited)	Dec-2021 (Audited)	Dec-2020 (Audited)
Total adjusted assets [IDR bn]	6,954.8	6,956.3	6,801.0	5,856.8
Total adjusted debt [IDR bn]	2,751.2	2,977.6	2,665.3	2,460.7
Total adjusted equity [IDR bn]	3,862.0	3,760.6	3,642.5	2,959.9
Total sales [IDR bn]	1,705.1	4,526.7	5,416.3	2,929.4
EBITDA [IDR bn]	332.7	528.5	1,059.4	758.5
Net income after MI [IDR bn]	59.1	177.6	544.8	337.3
EBITDA margin [%]	19.5	11.7	19.6	25.9
Adjusted debt/EBITDA [X]	*6.2	5.6	2.5	3.2
Adjusted debt/adjusted equity [X]	0.7	0.8	0.7	0.8
FFO/adjusted debt [%]	*4.7	7.4	24.1	16.9
EBITDA/IFCCI [X]	1.8	2.1	4.2	3.2
USD exchange rate [IDR/USD]	15,526	15,731	14,269	14,105

FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense
EBITDA = Operating Profit + Depreciation Expense + Amortization Expense
IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)
MI= Minority Interest **annualized*

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

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