

PT Voksel Electric Tbk

Company Rating

iiA-/Stable

Rated Issues

Proposed Obligasi Berkelanjutan I
Voksel Electric Tahun 2022*iiA-*

"Debt Securities with *iiA* rating has a high level of certainty to honor the financial obligations, but it can be affected by adverse changes in business and economic conditions, relative to debt securities with a higher rating."

The minus sign (-) indicates that the rating is still higher than the rating category below, although it is closer to the lower rating than it is to the higher rating category.

Rating Period

July 28, 2022 – August 1, 2023

Kredit Rating Indonesia assigns '*iiA-*' rating to Proposed Obligasi Berkelanjutan I Voksel Electric Tahun 2022 totaling IDR350 billion

Kredit Rating Indonesia (KRI) assigns a Company Rating of '*iiA-*' for PT Voksel Electric Tbk (VOKS or the Company) with "Stable" outlook. At the same time, KRI assigns '*iiA-*' rating to Proposed Obligasi Berkelanjutan I Voksel Electric Tahun 2022 totaling IDR350 billion. The rating reflects its robust market position due to stable demand for cable in the electricity sector and the company's strong financial flexibility. The rating is constrained by the company's aggressive capital structure and low profitability.

VOKS is one of the largest cable manufacturers and providers in Indonesia with 50 years of experience in Indonesia. VOKS produces various types of cables such as Power cables, which consist of Low Voltage Cable (LV), Medium Voltage Cable (MV), & High Voltage (HV), Telecommunication Cable, and others. The company is also involved in several derivative business including installation and construction business under its subsidiaries. The company was listed in the Indonesia Stock Exchange since 20 December 1990. VOKS's shareholder composition as of March 31, 2022, was Hengtong Optic-Electric International Co. Ltd. (30.08%), Showa Cable Systems Co. Ltd. (10.02%), Low Tuck Kwong (7.93%), and Public (51.97%).

The Company has long been one of the cable providers in electricity projects in Indonesia through PT Perusahaan Listrik Negara (PLN). This can be seen from the relatively high proportion of VOKS revenue from PLN in the March 2022 period of 37.67% (FY21: 15.12%; FY20: 12.93%; FY19: 37.10%). Along with the intensification of electricity projects in Indonesia after the spread of Covid-19 in 2020-2021, we see the need for cables will be recover.

We see that VOKS has a quite aggressive capital structure as the Debt-to-Equity ratio rose from 1.00x in 2019 to 1.33x in 1Q22. Meanwhile, the downward trend in VOKS's profitability margin has been seen since 2020 due to the Covid-19 outbreak which delayed many projects and lowered the company's sales. VOKS's Gross Profit Margin slump from 21.28% in 2019 to 2.33% in 1Q22. The company EBITDA and EBIT Margin fell from 14.00% and 12.56% in 2019 to -2.80% and -5.28% in March 2022, respectively. Going forward, the company's revenue is projected to reach IDR2.72 trillion, followed by an EBITDA margin of 6.65% by the end of 2022 in line with the commitment of Indonesia's government in developing and resuming various substantial infrastructure projects all around Indonesia.

The rating could be raised if VOKS is able to significantly increase its market position and reduce the company's leverage. On the other hand, the rating may be lowered if the company's profitability ratio deteriorates in the future.

VOKS Financial Results Highlights (Consolidated)

As of/For the year ended	Mar 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)	Dec 2019 (Audited)
Total adjusted assets (IDR, Bn)	2,974.70	2,893.15	2,915.64	3,027.93
Total adjusted debt (IDR, Bn)	1,141.56	1,217.39	1,054.30	1,110.82
Total adjusted equity (IDR, Bn)	861.89	905.77	1,112.12	1,109.62
Total sales (IDR, Bn)	634.40	1,710.09	1,834.16	2,669.69
EBITDA (IDR, Bn)	-17.78	-20.89	202.09	373.80
Net income After MI (IDR, Bn)	-44.75	-210.83	2.78	208.26
EBITDA Margin (%)	2.80	1.22	11.02	14.00
Adjusted debt/EBITDA (x)	-16.05	-58.27	5.22	2.97
Adjusted debt/adjusted equity (x)	1.32	1.34	0.95	1.00
EBITDA/IFCCI (x)	-0.69	-0.19	1.85	6.50
FFO/Total adjusted debt (%)	-0.23	-0.12	0.07	0.19
USD Exchange rate (IDR/USD)	14,349	14,269	14,105	13,901

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