

PT Voksel Electric Tbk

Company Rating

irA-/Stable

Rated Issues

Obligasi Berkelanjutan I

Voksel Electric Tahun 2022

irA-

Proposed Obligasi Berkelanjutan II

Voksel Electric Tahun 2023

irA-

"Debt Securities with *irA* 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 17, 2023 – August 1, 2024

Rating History

July 2022

Kredit Rating Indonesia assigns 'irA-' rating to Proposed Obligasi Berkelanjutan II Voksel Electric Tahun 2023 totaling IDR500 billion

Kredit Rating Indonesia (KRI) has also affirmed a Company Rating of 'irA-' for PT Voksel Electric Tbk (VOKS or the Company) with "Stable" outlook. At the same time, KRI assigns 'irA-' rating to Proposed Obligasi Berkelanjutan II Voksel Electric Tahun 2023 totaling IDR500 billion. KRI has also affirmed a rating of 'irA-' for the Company's Obligasi Berkelanjutan I Voksel Electric Tahun 2022 totaling IDR350 billion. The rating reflects its solid market position, strong financial flexibility, and recovering profitability. The rating is constrained by the company's aggressive capital structure.

With 50 years of experience in Indonesia, VOKS is one of the largest cable manufacturers and providers. VOKS manufactures a variety of cables, including power cables (low voltage (LV), medium voltage (MV), and high voltage (HV), telecommunication cables, and others. Under its subsidiaries, the company is also involved in several derivative businesses, including installation and construction. Since December 20, 1990, the company has been listed on the Indonesia Stock Exchange. As of March 31, 2023, the shareholders of VOKS were Hengtong Optic-Electric International Co. Ltd. (30.08%), Showa Cable Systems Co. Ltd. (10.02%), Low Tuck Kwong (7.93%), and Public (51.97%).

Through PT Perusahaan Listrik Negara (PLN), the Company has long been one of the cable providers in Indonesian electricity projects. This is evidenced by the relatively high proportion of VOKS revenue from PLN of 51.33% in the March 2023 period (FY22: 36.10%; FY21: 15.12%; FY20: 12.93%). With the intensification of electricity projects in Indonesia following the spread of Covid-19 in 2020-2021, we expect the demand for cables to recover.

The Gross Profit Margin of VOKS fell from 21.28% in 2019 to 4.60% in FY22. EBITDA and EBIT Margin for the company fell from 14.00% and 12.56% in 2019 to -1.18% and -3.64% in December 2022, respectively. VOKS's GPM, EBITDA, and EBIT Margin increased to 13.49%, 6.02%, and 3.56%, respectively, as the Covid-19 pandemic eased. Going forward, the company's revenue is expected to reach IDR3.00 trillion, with an EBITDA margin of 10.87% by the end of 2023, in line with the Indonesian government's commitment to developing and restarting various significant infrastructure projects throughout the country.

The Debt-to-Equity ratio increased from 0.95x in 2020 to 1.35x in 1Q23, indicating that VOKS has an aggressive capital structure. The rise in VOKS' debt-to-equity ratio was caused by a drop in retained earnings as a result of the Covid-19 pandemic in 2020 and 2021.

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 2023 (Audited)	Dec 2022 (Audited)	Dec 2021 (Audited)	Dec 2020 (Audited)
Total adjusted assets (IDR, Bn)	2.831,98	2.665,56	2,893.15	2,915.64
Total adjusted debt (IDR, Bn)	995,31	865,46	1,217.39	1,054.30
Total adjusted equity (IDR, Bn)	737,47	718,72	905.77	1,112.12
Total sales (IDR, Bn)	649,78	2.628,55	1,710.09	1,834.16
EBITDA (IDR, Bn)	39,09	-31,04	-20.89	202.09
Net income After MI (IDR, Bn)	19,76	-191,04	-210.83	2.78
EBITDA Margin (%)	6.02	-1.18	-1.22	11.02
Adjusted debt/EBITDA (x)	6.36	-27.88	-58.27	5.22
Adjusted debt/adjusted equity (x)	1.35	1.20	1.34	0.95
EBITDA/IFCCI (x)	1.86	-0.29	-0.19	1.85
FFO/Total adjusted debt (%)	0.07	-0,19	-0.12	0.07
USD Exchange rate (IDR/USD)	15,061	15,730	14,269	14,105

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