

Monday, 14 November 2022

Not Rated

Last price (IDR)	10,750
Stock Statistics	
Sector	Technology
Bloomberg Ticker	NFCX
No of Shrs (mn)	666.6
Mkt. Cap (IDRbn/USDmn)	7,166/462
Avg. daily T/O (IDRbn/USDmn)	10.6/0.68
Major shareholders (%)	
PT M Cash Integrasi	50.7
PT 1 Inti dot com	8.8
Estimated free float	34.6

NFC Indonesia(NFCX)

Impressions from site visit to VOLTA

We visited the factory of NFCX's indirect subsidiary VOLTA Indonesia Semesta in Semarang. We saw a fully occupied facility with mechanical components on one side, a busy assembly line with operators mounting components, and a lot of finished goods ready to be shipped. We left with a positive impression talking with the founders who are veterans in motorcycle assembling, and with a sense of strong demand coming from dealers especially after the hikes in pertalite fuel prices. Moreover, we also understand that a substantial chunk of the finished goods are intended for the entity Semolis that specializes in renting EV motorcycles.

A factory with fully occupied space. We visited the 2,000sqm VOLTA factory that produces about 80-100 EV 2-wheeler units daily either for the Virgo 1000watt 180 load, the 401 (1500Watt, 200Kg load) and the newly-launched Mandala (Vespa lookalike) series that have been available for purchase since end-Sept. Additionally, their old 700sqm factory located in the outskirts of Semarang produces the 3-wheelers based on demand. In the warehouse we spotted 2 more prototypes in the 2500-3000watt category that will be put into testing in 2023. The company argues that its maximum production capacity can reach about 200 units per day. The current 2-storey factory we saw is fully utilized with the EV parts, the main assembly line, the testing area and plenty of finished goods waiting for their STNK documentation. The finished goods are destined for the Semolis entity, some are destined for Sicepat, and some for the dealers. The founders said that they are on the lookout for a bigger facility that has a minimum of 7,000sqm to raise their capacity.

Strong interest from candidate dealerships. The founders aim to improve sales distribution constantly receiving visits from potential dealers of EV 2-wheelers. VOLTA has already established a network of 20+ dealers and based on their estimates can expand this to around 100 dealerships by YE22 who are eager to buy the units in advance. The founders noted that demand from dealers has picked up pace since the price of pertalite fuel was hiked.

VOLTA continues discussions with PLN in search of the most suitable ecosystem. The founder is set to meet with PLN Engineering to discuss the content of their existing umbrella MoU. It is argued that only VOLTA from all the current EV 2-wheeler players has signed a MoU with PLN, given their full ecosystem in terms of lithium battery, swapping stations (increased to 170 points as per the latest) and motorbikes, and given the affordable price point of ~Rp16mn/unit (Rp15mn on one occasion). We at BRIDS believe that pricing is a key determinant for EV adoption, inline with Pak Luhut's green industrialization strategy shared last weekend in Bali. To that end, VOLTA is working with Telkom and Gajah Mada university as well as others to support R&D. VOLTA also obtained a TKDN local content certificate of 47% from Indonesian surveyors, one percent higher than that of its closest competitor supporting national strategies.

Semolis solutions for Ojek Online. VOLTA via the Semolis entity (Sewa Motor Listrik) has also set up a scheme for OJOL drivers to rent a motorbike for Rp40,000 per day with a free full battery and recharging (no burning strategies involved). The OJOL driver can also choose instead to pay Rp50,000/day, ultimately owning the EV motor by year 2-3. If the OJOL changes their mind by the end of the month, the extra Rp10,000/day can be returned. Semolis is currently available in Jabodetabek and will soon enter the Semarang area. Looking at the Semolis website (www.sewamotorlistrik.com), dealers are also able to sell vouchers to people to use the motor (the motor only starts if the app has greenlit the use).

Building a sustainable EV model. The factory is run by 2 experienced veterans with 15-18yrs experience in motorcycle assembling who have been able to use their expertise in mounting, fitting and molding, using raw materials from abroad including the battery and dynamo units adjusted to local conditions. VOLTA is also managed by two more shareholders: one based in China, which is able to locate the key components from the primary source building an efficient supply chain. Additionally, the assembly operators and staff are compensated based on the local minimum wage of Rp2.9mn/month with some increments.



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Exhibit 1. EV 2-wheeler finished goods to be shipped



Source: VOLTA, BRIDS

Exhibit 2. EV 2-wheeler finished goods to be shipped



Source: VOLTA, BRIDS

Exhibit 3. Lithium battery charging instructions



Source: VOLTA, BRIDS

Exhibit 4. Sicepat 401 model 1,500watt



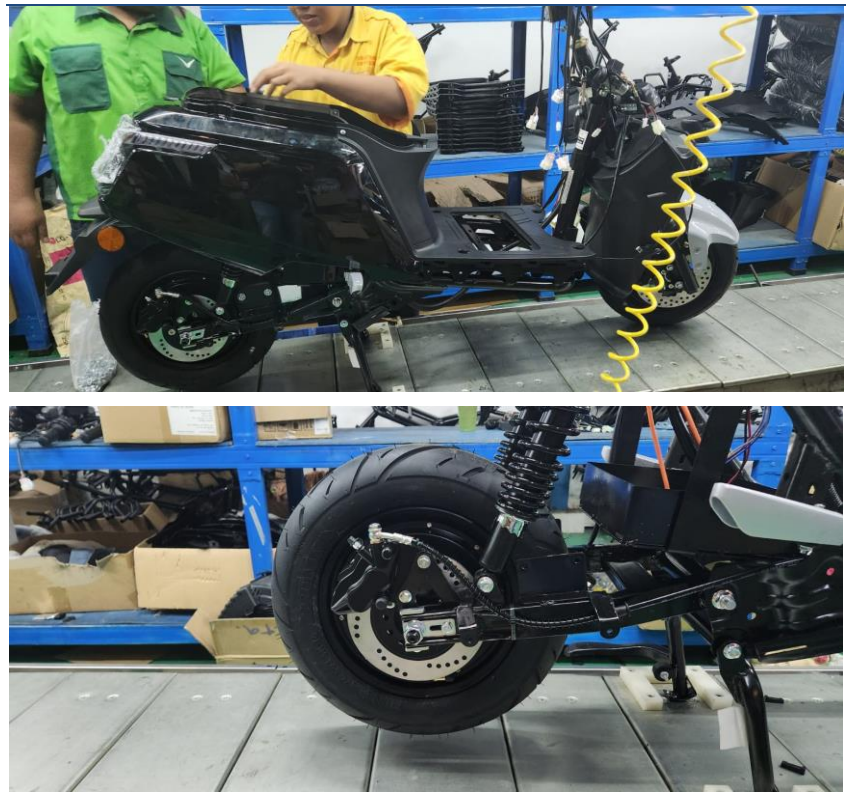
Source: VOLTA, BRIDS

Exhibit 5. Assembly line



Source: VOLTA, BRIDS

Exhibit 6. Assembly line and operators



Source: VOLTA, BRIDS

Exhibit 7. Assembly line and work stages



Source: NFX, BRIDS

Exhibit 8. New 2,500-3,000watt prototypes



Source: VOLTA, BRIDS

Exhibit 9. Green Industrialization strategy by Investments ministry



Source: Bali G20/B20 2022

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