

BUY
Target Price Rp850

Share Price	Rp510
Upside (%)	+67.0

Description

Sector	Technology
Subsector	Technology Hardware

Shares Outstanding (bn)	1.33
Market Cap (Rpt)	0.68

Shareholders Composition

Timothy Siddik, Shu	56.25%
Colleen Siddik, Shu	18.75%
Public	25.00%

Share Price Performance

52 week High/Low	850/466
1 month	-7.3%
3 month	0.0%
6 month	-19.7%
1 year	+2.4%
YTD	-2.9%


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Zyrex Mandiri Buana (ZYRX)

Strong Growth Driven by Cooperation with Government

ZYRX recorded significant net profit in 2021 which almost 2x of net profit in 2020 when it went listing in stock market. Major growth factor is the cooperation with government in supplying computing devices as it can fulfill local content requirement. This cooperation should continue as long as it can maintain local content requirement while other brands fail to meet the requirement. We expect revenue in 2022 to grow by 16% yoy leading to net profit growth of 52% yoy.

Net profit almost doubled in 2021. ZYRX recorded net profit of Rp69 billion in 2021, growing almost double from Rp36 billion in 2020. ZYRX was able to take advantage from government project for supplying computer devices as it can fulfill local content requirement of minimum 40%. With the cooperation with government, ZYRX can post a significant growth and see no impact from COVID-19 pandemic like other brands. In addition, the cooperation will also establish strong growth at least in the next 2 years.

Potential increase in brand awareness. Compare to its competitors, ZYRX brand is still unfamiliar by many people although it has been in the market since 1996. Currently ZYRX is targeting mid-to-low segment by offering lower price and respectable quality. Going forward we expect brand awareness of ZYRX to increase driven by cooperation with government. There should many people especially from government agencies to use ZYRX product.

Expecting net profit growth of 52% yoy in 2022. We expect ZYRX to post net profit of Rp106.1 billion in 2022 or growing by 52% yoy. This should be helped by 16% yoy growth in sales. Sales of computer devices should be main contributor helped by cooperation with government. ZYRX is still has ample capacity to accommodate demand from government.

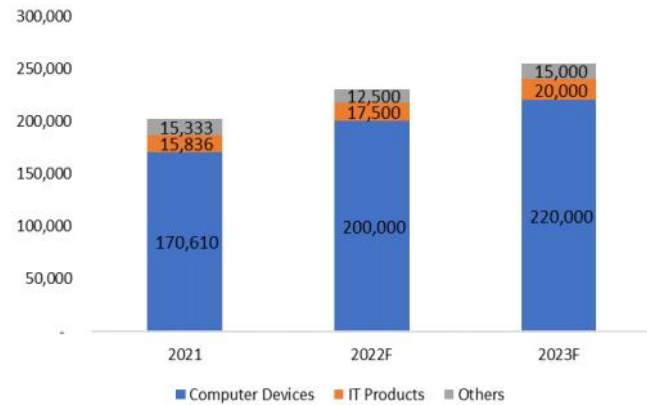
Recommend BUY with target price of Rp850. We recommend BUY for ZYRX with target price of Rp850. Our target price derives from discounted cash flow method assuming 17.6% WACC and 1% terminal growth. Our target price implies 2022F 10.6x P/E. Now ZYRX is still trading at discount at 2022F 6.4x P/E

Rp million	2021	2022F	2023F	2024F	2025F
Sales	650,832	756,081	835,700	835,700	835,700
Gross Profit	117,569	160,243	177,490	177,490	177,490
Operating Profit	94,344	133,075	147,985	147,216	146,731
EBITDA	96,202	135,188	152,118	153,564	155,273
Net Profit	69,751	106,077	118,846	119,084	119,128
EPS	52	80	89	89	89
P/E (x)	10.0	6.4	5.7	5.7	5.7
P/B (x)	3.5	2.2	1.6	1.4	1.2
Gross Margin	18.1%	21.2%	21.2%	21.2%	21.2%
Net Margin	10.7%	14.0%	14.2%	14.2%	14.3%
ROE (%)	34.9%	34.7%	28.0%	24.6%	21.9%
ROA (%)	25.1%	29.1%	24.4%	22.4%	19.9%

Sumber: ZYRX, SF Sekuritas

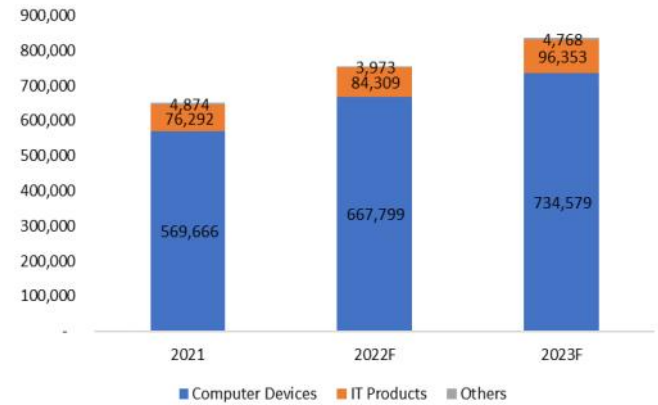
Key Highlights

Sales Volume (unit)



Source: ZYRX, SF Sekuritas

Sales Composition (Rp million)



Source: ZYRX, SF Sekuritas

Valuation

Free Cash Flow to the Firm Valuation (FCFF)

Rp million	2022F	2023F	2024F	2025F	2026F
Free Cash Flow:					
EBIT(1-t)	106,460	118,388	117,773	117,385	116,986
Depreciation	2,113	4,133	6,348	8,541	10,712
Chg in Working Capital	17,096	(80,005)	45,454	(82,596)	36,169
Chg in Investment	(68,047)	(75,213)	(75,213)	(75,213)	(75,213)
Free Cash Flow	190,698	115,289	241,578	114,848	234,886
Terminal Value (assumption % growth 5.0%)					1,350,578
Risk free rate	7.3%	Cost of Debt		10%	
Beta	1.2	Tax rate		20%	
Risk premium	8.9%	Free-tax cost of debt		8.0%	
Cost of Equity	18.0%				
Portion of Equity	96%				
Portion of Debt	4%				
WACC	17.6%				
PV of Free Cash Flow	558,987				
PV of Terminal Value	601,343				
(less debt)	(30,610)				
Equity Value	1,129,719				
Equity Value per share (Rp)	850				
Implied 2022F P/B	3.7x				
Implied 2022F P/E	10.6x				
Implied 2022F EV/EBITDA	8.6x				

Source: SF Sekuritas

Financial Statement

Income Statement	2021	2022F	2023F	2024F
Sales	650,832	756,081	835,700	835,700
Cost of Sales	(533,263)	(595,838)	(658,209)	(658,209)
Gross Profit	117,569	160,243	177,490	177,490
Sales & GA Expenses	(23,225)	(27,168)	(29,505)	(30,274)
Operating Profit	94,344	133,075	147,985	147,216
Depreciation	1,858	2,113	4,133	6,348
EBITDA	96,202	135,188	152,118	153,564
Finance Expenses	(4,477)	(3,980)	(3,062)	(2,125)
Other Income (Exp.)	663	3,502	3,634	3,764
Pre-tax Profit	90,530	132,597	148,558	148,855
Tax Expenses	(20,780)	(26,519)	(29,712)	(29,771)
Non-Controlling Interest	-	-	-	-
Net Profit	69,751	106,077	118,846	119,084

Balance Sheet	2021	2022F	2023F	2024F
Cash	1,073	48,761	6,923	36,215
Receivables	68,260	58,236	104,262	90,735
Inventories	82,681	66,279	112,900	73,592
Other Current Assets	53,935	53,935	53,935	53,935
Total Current Assets	205,949	227,211	278,020	254,477
Net Fixed Assets	63,706	129,640	200,720	269,585
Intangible Assets	-	-	-	-
Other Non-Current Assets	7,920	8,146	8,383	8,632
Total Non-Current Assets	71,626	137,786	209,104	278,218
Trade Payables	20,489	11,159	23,802	16,422
ST Bank Loan	25,148	18,978	13,173	9,014
Curr. Portion of LT Debt	2,990	2,449	1,700	1,163
Other Current Liabilities	11,073	10,916	10,916	10,916
Total Current Liabilities	59,699	43,502	49,591	37,514
LT Debt	11,657	9,183	6,374	4,361
Other Non-Current Liabilities	6,193	6,210	6,210	6,210
Total Non-Curr. Liab.	17,851	15,393	12,584	10,572
Share Capital	33,333	33,333	33,333	33,333
Add. Paid in Capital	69,206	69,206	69,206	69,206
Retained Earnings	97,086	203,164	322,010	381,671
Other Equity	399	399	399	399
Shareholders Equity	200,025	306,102	424,948	484,609
Minority Interest	-	-	-	-

Cash Flow	2021	2022F	2023F	2024F
Net Profit	69,751	106,077	118,846	119,084
Depreciation	1,858	2,113	4,133	6,348
Chg in Working Capital	(68,940)	17,096	(80,005)	45,454
Others	(49,423)	(155)	-	-
CFO	(46,754)	125,131	42,975	170,886
Capex	(59,779)	(68,047)	(75,213)	(75,213)
Other	19,831	(210)	(237)	(249)
CFI	(39,948)	(68,258)	(75,450)	(75,462)
Debt Issuance (Repayment)	5,361	(9,185)	(9,363)	(6,709)
Dividend	-	-	-	(59,423)
Others	75,194	-	-	-
CFF	80,554	(9,185)	(9,363)	(66,132)
Net Cash Increase	(6,147)	47,689	(41,838)	29,292

Ratios	2021	2022F	2023F	2024F
Gross Margin	18.1%	21.2%	21.2%	21.2%
Operating Margin	14.5%	17.6%	17.7%	17.6%
EBITDA Margin	14.8%	17.9%	18.2%	18.4%
Net Margin	10.7%	14.0%	14.2%	14.2%
Return on Equity	34.9%	34.7%	28.0%	24.6%
Return on Asset	25.1%	29.1%	24.4%	22.4%
Receivable Turnover	13.2x	12.0x	10.3x	8.6x
Inventory Turnover	9.2x	8.0x	7.3x	7.1x
Payable Turnover	47.3x	37.7x	37.7x	32.7x
Days in Receivable	27.3	30.1	35.0	42.0
Days in Inventory	39.1	45.0	49.0	51.0
Days in Payable	7.6	9.6	9.6	11.0
Cash Conversion Cycle	58.8	65.6	74.4	82.0
Current Ratio	345.0%	522.3%	560.6%	678.3%
Quick Ratio	206.5%	369.9%	333.0%	482.2%
Interest Coverage Ratio	21.1x	33.4x	48.3x	69.3x
Debt/Equity	19.9%	10.0%	5.0%	3.0%
Asset/Equity	138.8%	119.2%	114.6%	109.9%
EPS	52	80	89	89
BVPS	150	230	319	363
P/E	10.0x	6.4x	5.7x	5.7x
P/B	3.5x	2.2x	1.6x	1.4x
EV/EBITDA	7.7x	5.6x	4.7x	4.8x



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