

# Unilever Indonesia Tbk (UNVR)

## Performance Results Remain Weak

UNVR's sales in 2021 booked an 8.0% decline YoY. The F&R segment supported total sales, with growth of 1.4% YoY to IDR12.17 tn. The decline in sales also resulted in net profit down by 19.6% YoY. Meanwhile, the F&R segment is expected to boost UNVR's future performance through creating innovative products amid the consumer's low purchasing power.

### 4Q21 Performance Remains on a Decline

- Throughout 2021, UNVR posted sales of IDR39.55 tn or down 8.0% YoY (vs. IDR42.97 tn in 2020).
- The F&R segment were the main pillar by recording a 1.4% YoY growth to IDR13.17 tn, while HPC segment recorded a 12.1% YoY decline to IDR26.38 tn.
- Domestic sales decreased by 8.04% to IDR37.84 tn (contributing 95.71% to sales). In addition, export sales was also down by 6.39% to IDR1.69 tn (vs. IDR1.81 tn in 2020), where exports alone contributed 4.29% to sales.
- The decline in sales also cut UNVR's net profit throughout 2021 by 19.6% YoY to IDR5.76 tn, compared to 2020 which was IDR7.16 tn.
- Meanwhile, profitability margins declined from the previous year with GPM, OPM, and NPM at 49.63%, 19.42%, and 14.56% (vs 2020: 52.26%, 21.99%, 16.67% ).

### F&R Has the Potential to Maintain Growth

- In 2022, UNVR will continue to encourage the performance of products that have great potential such as the F&R segment which still has the opportunity to grow due to changes in consumer behavior, increasingly aware of the importance of health amid the Covid-19 pandemic.
- The products that have been prepared from the F&R segment are Buavita 100% Daily Vitamin Requirements and Paddle Pop Choco Magna with Vitamin D.
- UNVR also continues to innovate in the premium segment by launching various innovative products including Vaseline Gluta-Hya Serum Burst Lotion, the Best-selling Body Lotion & Hand Cream variant from USA, Dove Baby, and The Vegetarian Butcher from Unilever Food Solution (UFS).
- Although the HPC segment has not been able to grow, this segment also has the opportunity to rise with the demand for health and hygiene products.

### Recommend Buy with TP IDR4,700

- We recommend BUY for UNVR, with a target price of IDR4,700/share, which we obtained based on P/E 2022F target of 27.8x.
- We project that revenue and net profit for 2022F will increase by IDR40.27 tn and IDR6.46 tn, respectively.
- The challenge in 2022 for UNVR is the increase in raw material prices and the unstable purchasing power of consumers.

### Unilever Indonesia Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Sales	39,546	40,271	41,211	42,381
Growth	-8.0%	1.8%	2.3%	2.8%
Net Profit	5,758	6,458	6,385	6,629
Growth	-19.6%	12.2%	-1.1%	3.8%
EPS (IDR)	151	169	167	174
P/E	31.1x	27.8x	28.1x	27.0x
P/BV	41.5x	38.3x	39.8x	42.3x
EV/EBITDA	20.3x	18.9x	18.8x	18.3x
ROE	133.3%	137.9%	141.6%	156.5%
DER	0.4x	0.5x	0.5x	0.5x
Dividend Yield	3.0%	3.0%	3.2%	3.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | Feb 22, 2022

## BUY

Target Price (IDR)	4,700
Consensus Price (IDR)	4,555
TP to Consensus Price	+3.2%
vs. Last Price	+22.1%

### Shares data

Last Price (IDR)	3,850
Price date as of	Feb 21, 2022
52 wk range (Hi/Lo)	7,000 / 3,800
Free float (%)	15.0
Outstanding sh.(mn)	38,150
Market Cap (IDR bn)	146,877
Market Cap (USD mn)	10,231
Avg. Trd Vol - 3M (mn)	18.09
Avg. Trd Val - 3M (bn)	76.90
Foreign Ownership	3.6%

### Consumer Staples

#### Household & Personal Products

Bloomberg	UNVR IJ
Reuters	UNVR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.0%	-7.2%	-20.5%	-47.4%
Rel. Ret.	-12.5%	-9.9%	-23.1%	-55.1%

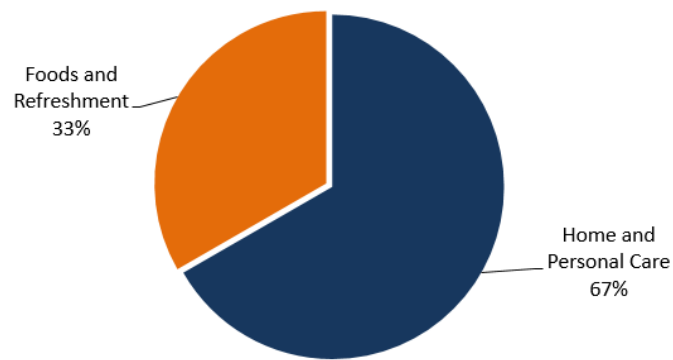
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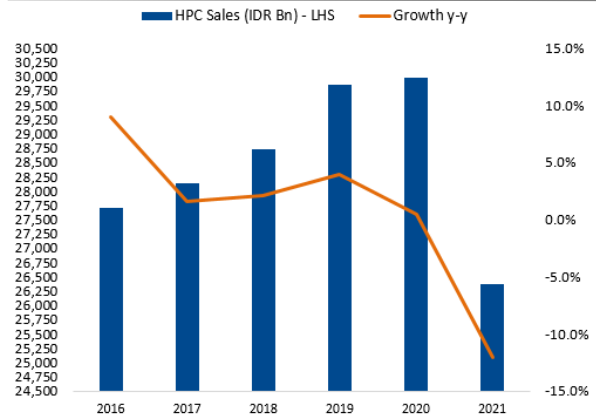
## Performance Highlights

### UNVR's Revenue Breakdown



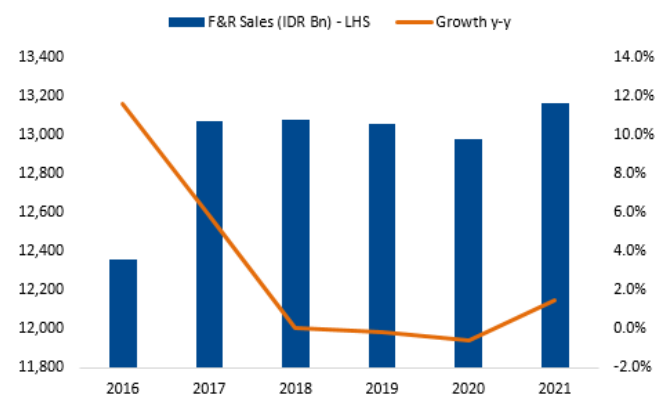
Source: Company, NHKSI Research

### HPC Division Sales



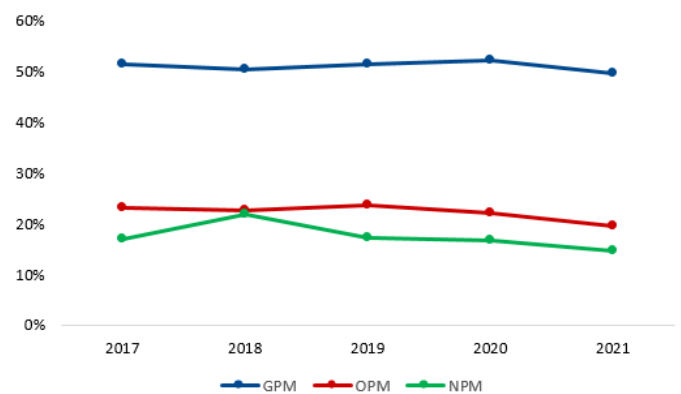
Source: Company, NHKSI Research

### F&R Division Sales



Source: Company, NHKSI Research

### UNVR's Margin Profitability



Source: Company, NHKSI Research

### Forward P/E Band | Last 3 Years



Source: NHKSI Research

### Dynamic Forward P/E Band | Last 3 Years



Source: NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Sales	39,546	40,271	41,211	42,381
Growth	-8.0%	1.8%	2.3%	2.8%
COGS	(19,920)	(19,843)	(20,326)	(20,883)
Gross Profit	19,626	20,428	20,885	21,498
Gross Margin	49.6%	50.7%	50.7%	50.7%
Operating Expenses	(11,948)	(11,841)	(12,347)	(12,654)
EBIT	7,679	8,587	8,538	8,844
EBIT Margin	19.4%	21.3%	20.7%	20.9%
Depreciation	1,034	801	863	844
EBITDA	8,713	9,388	9,401	9,688
EBITDA Margin	22.0%	23.3%	22.8%	22.9%
Interest Expenses	(185)	(182)	(159)	(175)
EBT	7,496	8,408	8,381	8,671
Income Tax	(1,738)	(1,949)	(1,997)	(2,041)
Minority Interest	-	-	-	-
Net Profit	5,758	6,458	6,385	6,629
Growth	-19.6%	12.2%	-1.1%	3.8%
Net Profit Margin	14.6%	16.0%	15.5%	15.6%

### PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	133.3%	137.9%	141.6%	156.5%
ROA	30.2%	33.2%	32.6%	34.1%
Inventory Turnover	8.3x	8.3x	8.3x	8.3x
Receivable Turnover	8.1x	8.1x	8.2x	8.2x
Payables Turnover	4.4x	4.6x	4.6x	4.5x
Dividend Yield	3.4%	3.4%	3.7%	3.9%
Payout Ratio	106.0%	94.5%	102.8%	104.2%
DER	0.4x	0.5x	0.5x	0.5x
Net Gearing	0.4x	0.5x	0.5x	0.5x
Equity Ratio	22.7%	24.0%	23.0%	21.8%
Debt Ratio	9.7%	12.8%	12.1%	10.8%
Financial Leverage	4.1x	4.3x	4.3x	4.4x
Current Ratio	61.4%	67.2%	69.7%	70.9%
Quick Ratio	0.4x	0.5x	0.5x	0.5x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	38,150	38,150	38,150	38,150
Share Price (IDR)	4,700	4,700	4,700	4,700
Market Cap (IDR tn)	179.3	179.3	179.3	179.3

### BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	325	773	1,089	1,161
Receivables	4,517	4,965	5,055	5,198
Inventories	2,454	2,382	2,440	2,507
Total Current Assets	7,642	8,407	8,901	9,168
Net Fixed Assets	10,821	10,522	10,115	9,738
Other Non Current Assets	605	544	545	544
Total Non Current Asset	11,426	11,066	10,660	10,282
Total Assets	19,068	19,473	19,561	19,450
Payables	4,571	4,327	4,445	4,638
ST Bank Loan	1,850	2,484	2,358	2,092
Total Current Liabilities	12,445	12,510	12,779	12,929
LT Debt	-	-	-	-
Total Liabilities	14,747	14,791	15,053	15,215
Capital Stock	172	172	172	172
Retained Earnings	4,149	4,509	4,335	4,063
Shareholders' Equity	4,321	4,682	4,508	4,235

### CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	7,902	6,380	7,468	7,698
Investing Cash Flow	(681)	(462)	(464)	(455)
Financing Cash Flow	(7,740)	(5,470)	(6,687)	(7,171)
Net Changes in Cash	(519)	448	316	72

### VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	31.1x	27.8x	28.1x	27.0x
Price /Book Value	41.5x	38.3x	39.8x	42.3x
PE/EPS Growth	-1.6x	2.3x	-24.6x	7.0x
EV/EBITDA	20.3x	18.9x	18.8x	18.3x
EV/EBIT	23.0x	20.6x	20.7x	20.0x
EV (IDR bn)	176,834	177,107	177,155	177,162
Sales CAGR (3-Yr)	-1.8%	-2.1%	-1.4%	2.3%
Net Income CAGR (3-Yr)	-14.1%	-4.4%	-3.8%	4.8%
Basic EPS (IDR)	151	169	167	174
BVPS (IDR)	113	123	118	111
DPS (IDR)	160.00	160.00	172.00	181.00

### OWNERSHIP

Top Shareholders	%
Unilever Indonesia Holding BV	84.9
Blackrock Inc	0.7
Vanguard Grup Inc	0.5
T Rowe Price Group Inc	0.3
By Geography	
Indonesia	96.4
United States	1.9
Luxembourg	0.4
Ireland	0.4

Source: Bloomberg, NHKSI research

**NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings**

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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