

# Unilever Indonesia Tbk (UNVR)

## Solid Performance Supported by Most Segments

UNVR's top and bottom line performance in 1Q22 booked growth of 5.4% YoY dan 19.0% YoY. F&R segment booked the highest growth of 8.2% YoY, with gross margin successfully maintained at 45.0% in 1Q22. In the future, we see UNVR's performance to still be maintained by the F&R segment, in line with PPKM relaxation.

### Top Line and Bottom Line Successfully Recover

- UNVR booked a solid performance in 1Q22 by recording an income of IDR10.8 trillion (+5.4% YoY and +13.9% QoQ).
- F&R segment noted a growth of 8.2% YoY to IDR3.7 trillion (vs 1Q21: IDR3.4 trillion) on the back of Royco, Bango and Buavita.
- Amid high raw material costs and lower demand, the HPC segment was able to grow 4.0% to IDR7.1 trillion (vs 1Q21: IDR6.8 trillion) during 1Q22.
- Along with improving top line performance, UNVR's bottom line also booked a positive performance, where net profit in 1Q22 was recorded at IDR2.0 trillion (+19.0% YoY and +46.5% QoQ), supported by operational efficiency and lower financial costs.
- 1Q22 GPM was fell 48.7% (vs 1Q21: 52.4%) due to higher raw material costs. Meanwhile, 1Q22 OPM and NPM were able to grow to 24.3% and 18.6% (vs 1Q21 OPM: 21.6% and NPM: 16.5%).

### Performance Mostly Supported by F&R

- Seen from each segment, gross margin HPC in 1Q22 was lower at 50.5% while F&R was able to maintain gross margin at 45.0% (vs 1Q21 HPC: 55.9% and F&R: 45.5%).
- We believe that UNVR's performance in the future will mostly be supported by the F&R segment due to the relaxation of PPKM which is expected to increase consumer purchasing power and be able to increase the F&R segment.
- Another positive performance came from Beauty & Personal Care which grew 6.7% YoY in 1Q22 driven by good performance from the oral care and deodorant categories as well as the UFS segment which was also able to go up 25.1% YoY in 1Q22.
- This year, UNVR maintains its capital expenditure allocation ratio in the range of 2% to 2.5% of turnover in one year. Meanwhile, the capital expenditure will be used for investment in order to support business growth.

### Recommend Buy with TP IDR5.700

- We recommend BUY for UNVR, with a target price of IDR 5,700/share and P/E of 32.5x or -0.5 STD which has a potential increase of 20.5%. Meanwhile, the risks of our recommendation are rising commodity prices and decreasing product demand.

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

	2021A	2022F	2023F	2024F
Sales	39,546	41,128	42,705	44,276
Growth	-8.0%	4.0%	3.8%	3.7%
Net Profit	5,758	6,595	6,673	6,932
Growth	-19.6%	14.5%	1.2%	3.9%
EPS (IDR)	151	173	175	182
P/E	27.2x	33.0x	32.6x	31.4x
P/BV	36.3x	45.2x	44.2x	43.9x
EV/EBITDA	17.7x	22.5x	22.2x	21.3x
ROE	133.3%	137.0%	135.5%	140.0%
DER	0.4x	0.5x	0.5x	0.5x
Dividend Yield	4.0%	2.8%	3.0%	3.2%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## BUY

Target Price (IDR)	5,700
Consensus Price (IDR)	4,351
TP to Consensus Price	+31.0%
vs. Last Price	+20.5%

### Shares data

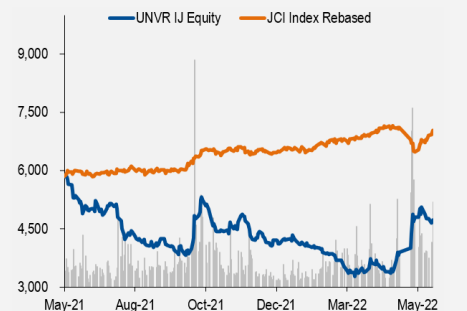
Last Price (IDR)	4,730
Price date as of	May 31, 2022
52 wk range (Hi/Lo)	6,000 / 3,280
Free float (%)	15.0
Outstanding sh.(mn)	38,150
Market Cap (IDR bn)	180,450
Market Cap (USD mn)	12,406
Avg. Trd Vol - 3M (mn)	43.41
Avg. Trd Val - 3M (bn)	176.66
Foreign Ownership	3.8%

### Consumer Staples

#### Household & Personal Products

Bloomberg	UNVR IJ
Reuters	UNVR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	11.8%	21.6%	22.9%	-19.1%
Rel. Ret.	4.6%	22.7%	19.3%	-39.3%

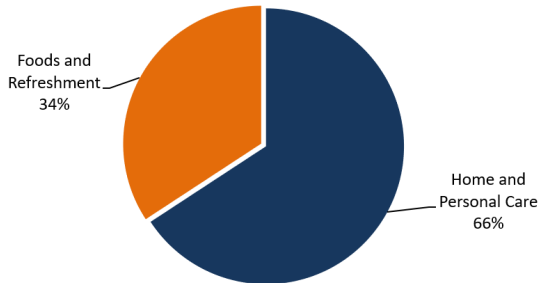
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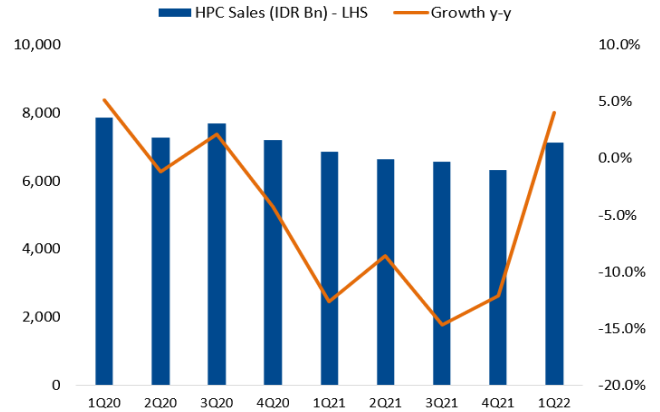
# Performance Highlights

## UNVR's Revenue Breakdown



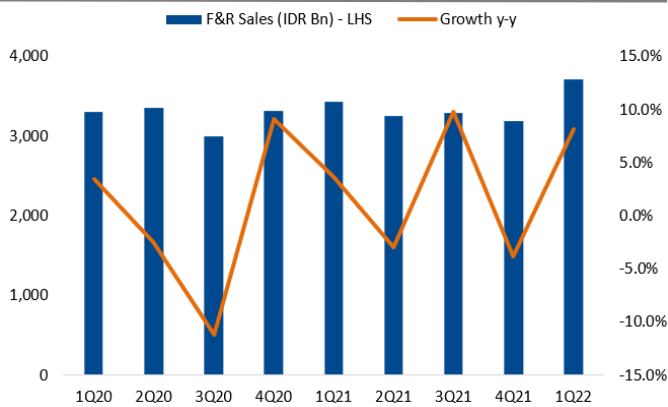
Source: Company, NHKSI Research

## HPC Division Sales



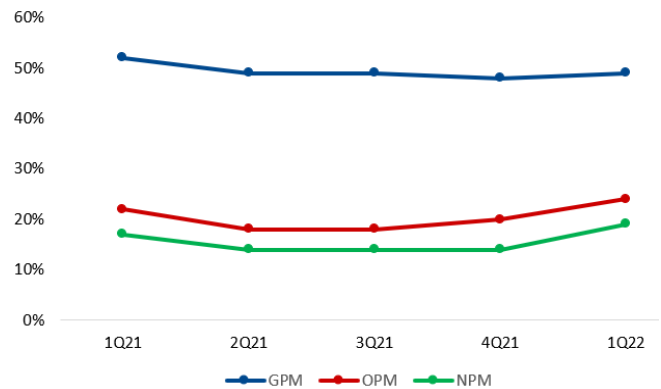
Source: Company, NHKSI Research

## F&R Division Sales



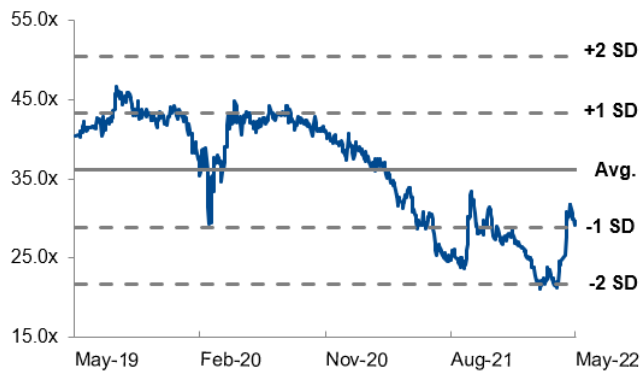
Source: Company, NHKSI Research

## UNVR's Margin Profitability



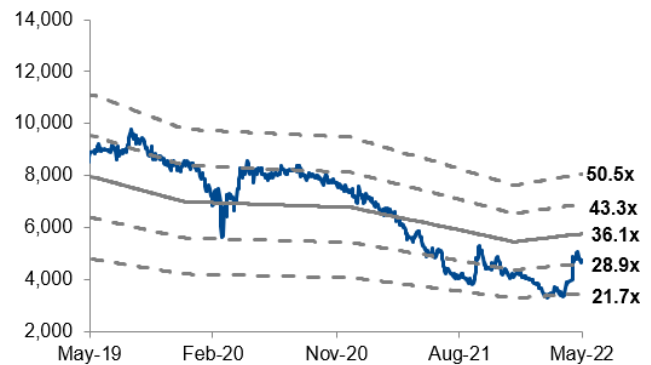
Source: Company, NHKSI Research

## 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					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
<b>Sales</b>	<b>39,546</b>	<b>41,128</b>	<b>42,705</b>	<b>44,276</b>	ROE	133.3%	137.0%	135.5%	140.0%
<i>Growth</i>	-8.0%	4.0%	3.8%	3.7%	ROA	30.2%	33.2%	32.4%	33.0%
COGS	(19,920)	(20,270)	(21,067)	(21,831)	Inventory Turnover	8.3x	8.3x	8.3x	8.3x
<b>Gross Profit</b>	<b>19,626</b>	<b>20,858</b>	<b>21,638</b>	<b>22,444</b>	Receivable Turnover	8.1x	8.1x	8.2x	8.2x
<i>Gross Margin</i>	49.6%	50.7%	50.7%	50.7%	Payables Turnover	4.4x	4.6x	4.6x	4.5x
Operating Expenses	(11,948)	(12,093)	(12,795)	(13,220)	Dividend Yield	4.0%	2.8%	3.0%	3.2%
<b>EBIT</b>	<b>7,679</b>	<b>8,765</b>	<b>8,843</b>	<b>9,224</b>	Payout Ratio	110.0%	92.6%	98.3%	99.6%
<i>EBIT Margin</i>	19.4%	21.3%	20.7%	20.8%	DER	0.4x	0.5x	0.5x	0.5x
Depreciation	1,034	801	864	845	Net Gearing	0.4x	0.5x	0.5x	0.5x
<b>EBITDA</b>	<b>8,713</b>	<b>9,567</b>	<b>9,707</b>	<b>10,070</b>	Equity Ratio	22.7%	24.2%	23.9%	23.6%
<i>EBITDA Margin</i>	22.0%	23.3%	22.7%	22.7%	Debt Ratio	9.7%	12.8%	12.5%	11.6%
Interest Expenses	(185)	(182)	(159)	(175)	Financial Leverage	4.1x	4.3x	4.0x	3.9x
<b>EBT</b>	<b>7,496</b>	<b>8,586</b>	<b>8,687</b>	<b>9,052</b>	Current Ratio	61.4%	65.7%	66.5%	66.6%
Income Tax	(1,738)	(1,991)	(2,014)	(2,119)	Quick Ratio	0.4x	0.5x	0.5x	0.5x
Minority Interest	-	-	-	-	Par Value (IDR)	10	10	10	10
<b>Net Profit</b>	<b>5,758</b>	<b>6,595</b>	<b>6,673</b>	<b>6,932</b>	Total Shares (mn)	38,150	38,150	38,150	38,150
<i>Growth</i>	-19.6%	14.5%	1.2%	3.9%	Share Price (IDR)	4,110	5,700	5,700	5,700
<i>Net Profit Margin</i>	14.6%	16.0%	15.6%	15.7%	Market Cap (IDR tn)	156.8	217.5	217.5	217.5
BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Cash	325	1,595	2,075	2,672	Price /Earnings	27.2x	33.0x	32.6x	31.4x
Receivables	4,517	4,965	5,055	5,198	Price /Book Value	36.3x	45.2x	44.2x	43.9x
Inventories	2,454	2,382	2,440	2,507	PE/EPS Growth	-1.4x	2.3x	27.7x	8.1x
<b>Total Current Assets</b>	<b>7,642</b>	<b>8,824</b>	<b>8,901</b>	<b>9,168</b>	EV/EBITDA	17.7x	22.5x	22.2x	21.3x
Net Fixed Assets	10,821	10,532	11,154	11,341	EV/EBIT	20.1x	24.6x	24.3x	23.3x
Other Non Current Assets	605	544	545	544	EV (IDR bn)	154,325	215,196	215,107	214,949
<b>Total Non Current Asset</b>	<b>11,426</b>	<b>11,077</b>	<b>11,698</b>	<b>11,885</b>	Sales CAGR (3-Yr)	-1.8%	-1.4%	-0.2%	3.8%
<b>Total Assets</b>	<b>19,068</b>	<b>19,890</b>	<b>20,572</b>	<b>21,007</b>	Net Income CAGR (3-Yr)	-14.1%	-3.7%	-2.3%	6.4%
Payables	4,571	4,420	4,607	4,848	Basic EPS (IDR)	151	173	175	182
ST Bank Loan	1,850	2,553	2,576	2,445	BVPS (IDR)	113	126	129	130
<b>Total Current Liabilities</b>	<b>12,445</b>	<b>12,794</b>	<b>13,375</b>	<b>13,770</b>	DPS (IDR)	166.00	160.00	172.00	181.00
LT Debt	-	-	-	-	OWNERSHIP				
<b>Total Liabilities</b>	<b>14,747</b>	<b>15,075</b>	<b>15,649</b>	<b>16,056</b>	<b>Top Shareholders</b>				%
Capital Stock	172	172	172	172	Unilever Indonesia Holding BV				84.9
Retained Earnings	4,149	4,641	4,751	4,779	Blackrock Inc				0.7
<b>Shareholders' Equity</b>	<b>4,321</b>	<b>4,814</b>	<b>4,923</b>	<b>4,951</b>	Vanguard Grup Inc				0.5
					T Rowe Price Group Inc				0.2
CASH FLOW STATEMENT					<b>By Geography</b>				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E	Indonesia				96.2
Operating Cash Flow	7,902	6,726	7,917	8,108	United States				1.9
Investing Cash Flow	(681)	(473)	(480)	(476)	Luxembourg				0.4
Financing Cash Flow	(7,740)	(5,401)	(6,539)	(7,035)	Ireland				0.4
<b>Net Changes in Cash</b>	<b>(519)</b>	<b>853</b>	<b>897</b>	<b>597</b>					

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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