

# Unilever Indonesia Tbk (UNVR)

## Positive Performance Amid Mobility Recovery

UNVR sales in 2Q22 were recorded at Rp10.6 trillion (+7.4% YoY) driven by an increase in domestic sales (+7.8% YoY) to Rp10.2 trillion. The HPC segment grew 7.1% YoY and F&R segment grew 8.0% YoY. The recovery of community mobility is expected to be able to encourage UNVR's performance in the future and continue to record positive performance.

Company Report | August 1, 2022

### All Segments Record Positive Performance

- In 6M22, UNVR sales managed to grow 6.4% YoY to IDR21.5 trillion (vs. 6M21: Rp20.2 trillion). On a quarterly basis, 2Q22 sales were recorded at IDR10.6 trillion (+7.4% YoY) driven by an increase in domestic sales (+7.8% YoY) to IDR10.2 trillion.
- Throughout 2Q22, all segments grew. The HPC segment, which contributed 66.9% to sales, grew 7.1% YoY to IDR7.1 trillion. Meanwhile, the F&R segment was recorded at IDR3.5 trillion (+8.0% YoY).
- 2Q22 profit experienced growth. 2Q22 gross profit was recorded at IDR5.1 trillion (+4.5% YoY), while 2Q22 operating profit grew 1.7% YoY to IDR1.8 trillion amid rising advertising and market research costs which jumped 64.3% YoY to IDR854.5 billion. Meanwhile, 2Q22 net profit recorded an increase of 4.5% YoY to IDR1.4 trillion.
- In terms of profitability margins, both GPM, OPM, and NPM in 2Q22 recorded lower ratios than the same period the previous year, which were 47.7%, 17.3%, and 13.3%, respectively (vs 2Q21: 49.1%, 18.3%, and 13.6%).

### The Return of People's Purchasing Power and Mobility

- The growth of the HPC segment was driven by positive performance of the fabric cleanser category, while the growth of F&R segment was supported by key brands such as Royco, Bango, Sariwangi and Buavita which managed to record regular repeat purchases.
- Meanwhile, the Personal Care segment in 2Q22 recorded a growth of 10.7%, supported by positive performance in the Oral Care and Deodorant categories. The Unilever Foods Solution (UFS) segment also continued to grow by 16.5%.
- In the midst of high commodity prices, UNVR was able to record a positive performance in line with the recovery of people's mobility. The return of people's purchasing power and mobility made UNVR in 2Q22 launch several product innovations to expand its portfolio to the premium and value segment, one of which is the Dove Micellar Shampoo Hair Boost Nourishment product.

### Recommend Buy with TP IDR5,700

- We maintain our BUY recommendation for UNVR, with a target price of IDR5,700/share with a P/E of 32.0x or -0.2 STD which has a potential increase of 26.4%. Meanwhile, the risks of our recommendation are rising commodity prices, consumer purchasing power, and declining product demand.

Unilever Indonesia Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Sales	39,546	41,976	43,540	45,448
Growth	-8.0%	6.1%	3.7%	4.4%
Net Profit	5,758	6,654	6,786	7,159
Growth	-19.6%	15.6%	2.0%	5.5%
EPS (IDR)	151	174	178	188
P/E	27.2x	32.7x	32.0x	30.4x
P/BV	36.3x	62.7x	49.3x	39.8x
EV/EBITDA	17.7x	21.7x	21.3x	20.2x
ROE	133.3%	191.8%	153.9%	131.2%
DER	0.4x	0.0x	0.2x	0.1x
Dividend Yield	4.0%	2.6%	2.8%	3.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

## BUY

Target Price (IDR)	5,700
Consensus Price (IDR)	4,861
TP to Consensus Price	+17.3%
vs. Last Price	+26.4%

### Shares data

Last Price (IDR)	4,510
Price date as of	July 29, 2022
52 wk range (Hi/Lo)	5,400 / 3,280
Free float (%)	15.0
Outstanding sh.(mn)	38,150
Market Cap (IDR bn)	172,056
Market Cap (USD mn)	11,578
Avg. Trd Vol - 3M (mn)	41.3
Avg. Trd Val - 3M (bn)	195.9
Foreign Ownership	4.0%

### Consumer Staples

#### Household & Personal Products

Bloomberg	UNVR IJ
Reuters	UNVR.JK

### Share Price Performance



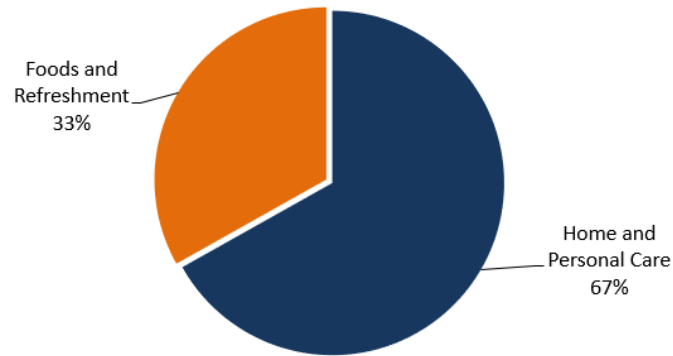
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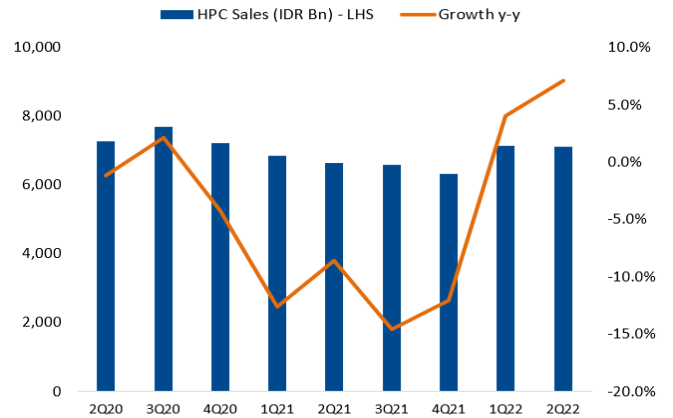
# Performance Highlights

## UNVR's Revenue Breakdown



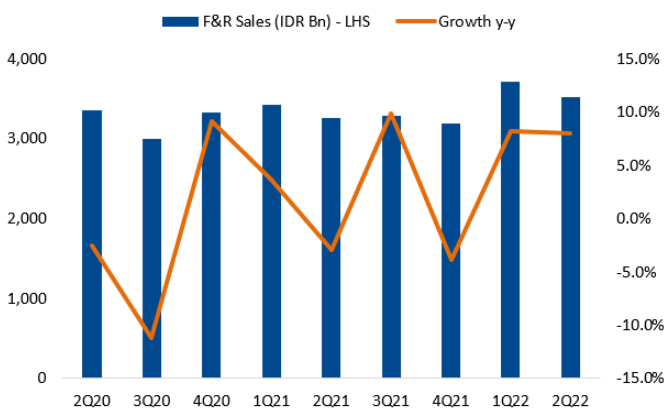
Source: Company, NHKSI Research

## HPC Division Sales



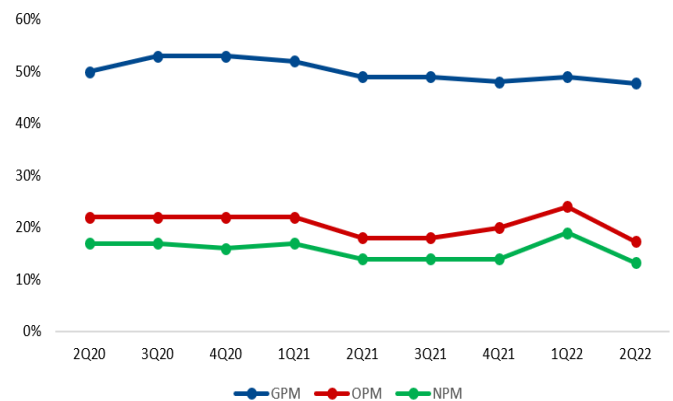
Source: Company, NHKSI Research

## F&R Division Sales



Source: Company, NHKSI Research

## UNVR's Margin Profitability



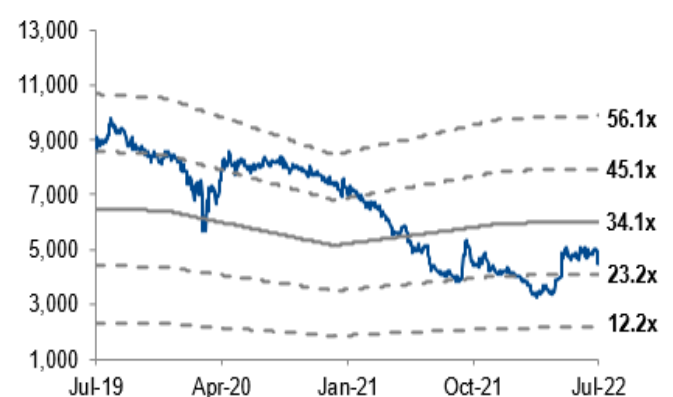
Source: Company, NHKSI Research

## 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
<b>Sales</b>	<b>39,546</b>	<b>41,976</b>	<b>43,540</b>	<b>45,448</b>
<i>Growth</i>	-8.0%	6.1%	3.7%	4.4%
COGS	(19,920)	(21,214)	(21,603)	(22,546)
<b>Gross Profit</b>	<b>19,626</b>	<b>20,762</b>	<b>21,937</b>	<b>22,901</b>
<i>Gross Margin</i>	49.6%	49.5%	50.4%	50.4%
Operating Expenses	(11,948)	(12,007)	(12,929)	(13,409)
<b>EBIT</b>	<b>7,679</b>	<b>8,755</b>	<b>9,008</b>	<b>9,493</b>
<i>EBIT Margin</i>	19.4%	20.9%	20.7%	20.9%
Depreciation	1,034	1,093	1,077	1,068
<b>EBITDA</b>	<b>8,713</b>	<b>9,848</b>	<b>10,085</b>	<b>10,561</b>
<i>EBITDA Margin</i>	22.0%	23.5%	23.2%	23.2%
Interest Expenses	(185)	(94)	(176)	(152)
<b>EBT</b>	<b>7,496</b>	<b>8,670</b>	<b>8,842</b>	<b>9,352</b>
Income Tax	(1,738)	(2,016)	(2,056)	(2,192)
Minority Interest	-	-	-	-
<b>Net Profit</b>	<b>5,758</b>	<b>6,654</b>	<b>6,786</b>	<b>7,159</b>
<i>Growth</i>	-19.6%	15.6%	2.0%	5.5%
<i>Net Profit Margin</i>	14.6%	15.9%	15.6%	15.8%

### PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	133.3%	191.8%	153.9%	131.2%
ROA	30.2%	32.8%	32.9%	31.5%
Inventory Turnover	8.1x	8.3x	8.3x	8.2x
Receivable Turnover	8.8x	10.8x	9.1x	9.5x
Payables Turnover	4.4x	4.6x	4.6x	4.5x
Dividend Yield	4.0%	2.6%	2.8%	3.0%
Payout Ratio	110.0%	85.7%	90.9%	90.5%
DER	0.4x	0.0x	0.2x	0.1x
Net Gearing	0.4x	0.0x	0.2x	0.1x
Equity Ratio	22.7%	17.1%	21.4%	24.0%
Debt Ratio	9.7%	0.0%	3.7%	1.6%
Financial Leverage	4.1x	5.2x	5.2x	4.6x
Current Ratio	61.4%	63.8%	76.6%	90.5%
Quick Ratio	0.4x	0.5x	0.6x	0.7x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	38,150	38,150	38,150	38,150
Share Price (IDR)	4,110	5,700	5,700	5,700
Market Cap (IDR tn)	156.8	217.5	217.5	217.5

### BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	325	2,342	2,263	4,590
Receivables	4,517	3,886	4,790	4,799
Inventories	2,454	2,542	2,615	2,736
<b>Total Current Assets</b>	<b>7,642</b>	<b>9,308</b>	<b>10,109</b>	<b>12,615</b>
Net Fixed Assets	10,821	10,377	9,956	9,551
Other Non Current Assets	605	616	559	561
<b>Total Non Current Asset</b>	<b>11,426</b>	<b>10,993</b>	<b>10,515</b>	<b>10,112</b>
<b>Total Assets</b>	<b>19,069</b>	<b>20,301</b>	<b>20,624</b>	<b>22,727</b>
Payables	4,571	4,626	4,724	5,007
ST Bank Loan	1,850	-	764	353
<b>Total Current Liabilities</b>	<b>12,445</b>	<b>14,594</b>	<b>13,193</b>	<b>13,946</b>
LT Debt	-	-	-	2
<b>Total Liabilities</b>	<b>14,747</b>	<b>16,831</b>	<b>16,216</b>	<b>17,269</b>
Capital Stock	172	172	172	172
Retained Earnings	4,149	3,297	4,236	5,286
<b>Shareholders' Equity</b>	<b>4,321</b>	<b>3,469</b>	<b>4,409</b>	<b>5,458</b>

### CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	7,902	8,939	4,819	9,212
Investing Cash Flow	(681)	(347)	(253)	(289)
Financing Cash Flow	(7,740)	(7,845)	(4,645)	(6,596)
<b>Net Changes in Cash</b>	<b>(519)</b>	<b>747</b>	<b>(79)</b>	<b>2,327</b>

### VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	27.2x	32.7x	32.0x	30.4x
Price /Book Value	36.3x	62.7x	49.3x	39.8x
PE/EPS Growth	-1.4x	2.1x	16.1x	5.5x
EV/EBITDA	17.7x	21.7x	21.3x	20.2x
EV/EBIT	20.1x	24.4x	23.8x	22.5x
EV (IDR bn)	154,325	213,988	214,574	213,407
Sales CAGR (3-Yr)	-1.8%	-0.7%	0.4%	4.7%
Net Income CAGR (3-Yr)	-14.1%	-3.4%	-1.8%	7.5%
Basic EPS (IDR)	151	174	178	188
BVPS (IDR)	113	91	116	143
DPS (IDR)	166	149	162	170

### OWNERSHIP

Top Shareholders	%
Unilever Indonesia Holding BV	84.9
Blackrock Inc	0.7
Vanguard Grup Inc	0.6
JPMorgan Chase & Co	0.2
By Geography	
Indonesia	96.0
United States	1.9
Luxembourg	0.5
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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