

PT. Unilever Indonesia Tbk.

BUY

Investment Consideration

Quarterly Sales improvement

- UNVR recorded a quarterly sales increase of 24.4% QoQ in Q1 2024, although it experienced a year-over-year decline of -4.95% to IDR 10.08 trillion. This improvement follows a period in Q3 2023 when consumers shied away from multinational brands due to geopolitical tensions in the Middle East. The underlying price growth was -4.9% YoY, with flat volume growth of 0.2% YoY.
- Both domestic and export sales declined by -4.7% YoY and -14% YoY, respectively. However, domestic sales saw a quarterly increase of 24.7% QoQ, and imports grew by 13.9% QoQ.
- In the Food & Refreshment (FR) segment, sales decreased by -3.85% YoY but increased by 26.4% QoQ to IDR 3.63 trillion, with the FR gross profit margin (GPM) remaining stable at 44%.
- The Home and Personal Care (HP) sector experienced a decline of -5.57% YoY but saw an increase of 23.2% QoQ to IDR 6.44 trillion. The HP GPM also rose to 53% from 52%.

Q1 2024 Results: Higher Margins, lower opex

- UNVR reported positive bottom-line growth with lower general and administrative expenses due to a trademark discount. It maintained a higher margin in Q1 2024, with a gross profit margin of 49.9% attributed to softer commodity prices and a -20% decrease in raw material costs. Gross profit decreased by -3.8% YoY but increased by 28.4% QoQ to IDR 28.4 trillion.
- A significant reduction in trademark, technology, and service fees of -33.5% contributed to a -24.6% reduction in general and administrative expenses YoY, resulting in a higher operating profit, up by 1.3% YoY or 128% QoQ to IDR 1.8 trillion. The operating profit margin (OPM) increased to 18.7% from 10.2% in Q4 2023.
- UNVR's bottom-line profit reached IDR 1.44 trillion, an increase of 3.1% YoY or 137% QoQ, while the net profit margin improved to 14.4%.

Valuation: Maintain BUY with lower TP 3,500

- Looking ahead, we expect UNVR's margins to continue improving in 2024 in line with greater efficiency. We maintain our BUY recommendation with a target price of IDR 3,500, corresponding to a 22x PE target within a year.

Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	39.546	41.219	38.611	39.711	41.697
EBITDA (IDR Bn)	10.554	8.123	7.233	8.110	7.831
Net Profit (IDR Bn)	5.758	5.365	4.801	5.437	6.030
EPS (IDR)	151	141	126	143	158
GPM (%)	49,6%	46,3%	49,7%	50,0%	50,0%
OPM (%)	19,4%	17,1%	16,3%	18,0%	19,0%
NPM (%)	14,6%	13,0%	12,4%	13,7%	14,5%
Ebitda Margin (%)	26,7%	19,7%	18,7%	20,4%	18,8%
ROE (%)	133,3%	134,2%	142,0%	108,5%	88,4%
PER (x)	27,2	33,4	28,2	27,7	25,0
PBV (x)	36,3	44,9	40,1	30,1	22,1
Current Ratio (x)	0,6	0,6	0,6	0,6	0,7
Tot. Debt / Equity (x)	3,4	3,6	3,9	2,8	2,1

Source: Company and Binaartha

2 May 2024
Consumer Goods

Price	IDR	2,640
Target Price	IDR	3,500
JKSE Index		7,117.425



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	100,716.0
52-week high (IDR)	4,630
52-week low (IDR)	2,330
Shares issued (mn)	38,150
Free float	15.01%

Major share holders

Unilever Indonesia Holding B.V	84.99%
Public	15.01%

USD/ IDR – YE (IDR)

2023	15,439
2024F (6m-avg)	15,690

Analyst
eka.rahmah@binaartha.com

Table: UNVR's Sales Performances YoY in IDR Mn

	1Q2023	1Q2024	YoY %	4Q2023	QoQ %
Domestic	10.271.735	9.793.089	-4,7%	7.854.248	24,7%
Export	333.120	286.452	-14,0%	251.399	13,9%
Total	10.604.855	10.079.541	-5,0%	8.105.647	24,4%

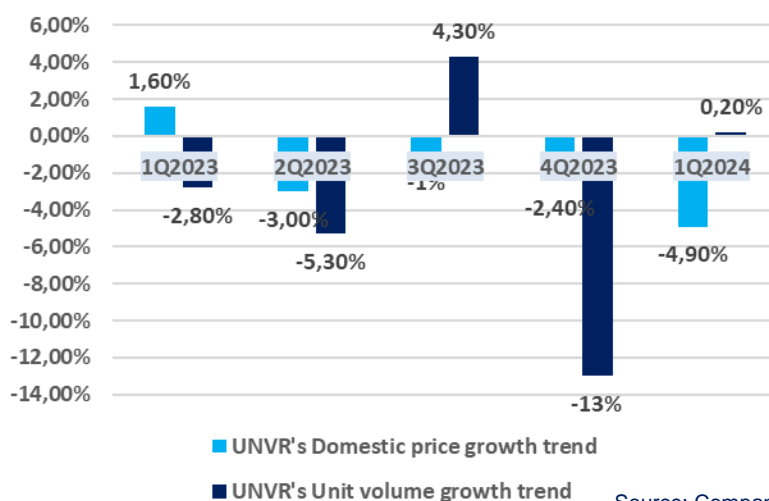
Source: Company

Table: UNVR's Business Segment GPM & OPM

	1Q2023	1Q2024	4Q2023
HP Segment			
GPM	52,4%	53,3%	50,3%
OPM	25,5%	26,7%	18,8%
FR Segment			
GPM	43,8%	44,0%	44,9%
OPM	20,1%	19,9%	15,2%

Source: Company

Chart: UNVR's Domestic price growth and Unit volume growth trend



Source: Company

Table: Income Statement in IDR Million YoY & QoQ

Income Statement (In IDR Mn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Sales	10.604.855	10.079.541	-5,0%	8.105.647	24,4%
Cost of Sales	-5.374.913	-5.046.838	-6,1%	-4.185.035	20,6%
Gross Profit	5.229.942	5.032.703	-3,8%	3.920.612	28,4%
Operating Expenses	-3.372.419	-3.150.869	-6,6%	-3.096.674	1,8%
Operating Profit	1.857.523	1.881.834	1,3%	823.938	128,4%
Other Income (Expenses)	-40.083	-22.425	-44,1%	-13.110	71,1%
PBT	1.817.440	1.859.409	2,3%	810.828	129,3%
Tax	-412.157	-410.692	-0,4%	-198.745	106,6%
NIAT	1.405.283	1.448.717	3,1%	612.083	136,7%
Non-controlling Interest	0	0		0	
Net Income	1.405.283	1.448.717	3,1%	612.083	136,7%
EPS	37	38	3,1%	16	136,6%
GPM	49,3%	49,9%		48,4%	
OPM	17,5%	18,7%		10,2%	
NPM	13,3%	14,4%		7,6%	

Source: Company and Binaartha

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2020A	2021A	2022A	2023A	2024F	2025F
Sales	42.972.474	39.545.959	41.218.881	38.611.401	39.711.296	41.696.861
Cost of Sales	-20.515.484	-19.919.572	-22.153.944	-19.416.887	-19.855.648	-20.848.431
Gross Profit	22.456.990	19.626.387	19.064.937	19.194.514	19.855.648	20.848.431
Operating Expenses	-13.005.978	-11.946.936	-11.996.129	-12.915.231	-12.707.615	-12.926.027
Operating Profit	9.451.012	7.679.451	7.068.808	6.279.283	7.148.033	7.922.404
Other Income (Expenses)	-244.143	-182.859	-75.005	-77.407	-87.365	-91.733
PBT	9.206.869	7.496.592	6.993.803	6.201.876	7.060.668	7.830.671
Tax	-2.043.333	-1.738.444	-1.629.042	-1.400.936	-1.623.954	-1.801.054
NIAT	7.163.536	5.758.148	5.364.761	4.800.940	5.436.715	6.029.616
Non-controlling Interest						
Net Income	7.163.536	5.758.148	5.364.761	4.800.940	5.436.715	6.029.616
EPS	188	151	141	126	143	158
EBITDA	11.250.251	10.554.448	8.122.793	7.232.830	8.109.690	7.830.671

Source: Company and Binaartha

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2020A	2021A	2022A	2023A	2024F	2025F
Net Income	7.163.536	5.758.148	5.364.761	4.800.940	5.436.715	6.029.616
Depreciation	1.082.297	992.507	1.271.163	1.049.022	1.049.022	0
Change in WC	209.629	-245.111	249.196	675.390	-637.268	-232.566
Cash From Operating Activities	8.455.462	6.505.544	6.885.120	6.525.352	5.848.469	5.797.051
Change on Non-current Asset	-669.532	-712.559	-595.185	-770.923	-2.127.870	-1.435.264
Cash From Investing Activities	-669.532	-712.559	-595.185	-770.923	-2.127.870	-1.435.264
Others Noncurrent Liabilities	-195.248	3.118	-160.249	-195.140	7.937	35.740
Long-term Liabilities	132.775	59.265	-263.227	375.385	37.881	-55.596
Equity	-7.508.030	-6.374.247	-5.688.774	-5.416.958	-3.805.700	-4.220.731
Cash From Financing Activities	-7.570.503	-6.311.864	-6.112.250	-5.236.713	-3.759.882	-4.240.587
Net Changes in Cash	215.427	-518.879	177.685	517.716	-39.283	121.199
Beginning Balance	628.649	844.076	325.197	502.882	1.020.598	981.315
Ending Balance	844.076	325.197	502.882	1.020.598	981.315	1.102.514

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2020A	2021A	2022A	2023A	2024F	2025F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	844.076	325.197	502.882	1.020.598	981.315	1.102.514
Trade Accounts Receivable	5.295.288	4.516.555	3.924.499	2.104.729	3.843.628	4.035.809
Inventories	2.463.104	2.453.871	2.625.116	2.422.044	2.184.121	2.293.327
Others Current Assets	225.892	346.585	515.271	644.468	662.826	695.968
Total Current Assets	8.828.360	7.642.208	7.567.768	6.191.839	7.671.891	8.127.619
NONCURRENT ASSETS						
Fixed Assets	10.419.902	10.102.086	9.536.027	9.310.734	10.359.756	11.526.969
Other Noncurrent Assets	1.286.370	1.324.238	1.214.319	1.161.513	1.191.339	1.459.390
Total Noncurrent Assets	11.706.272	11.426.324	10.750.346	10.472.247	11.551.095	12.986.359
TOTAL ASSETS	20.534.632	19.068.532	18.318.114	16.664.086	19.222.986	21.113.978
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	3.015.000	1.850.000	600.000	0	0	0
Trade Account Payable	4.277.617	4.571.352	4.699.974	4.063.637	4.432.644	4.599.039
Accruals	2.360.004	2.631.421	3.998.399	3.892.014	4.368.243	4.169.686
Others Current Liabilities	3.704.915	3.392.379	3.143.850	3.268.317	3.305.149	3.439.273
Total Current Liabilities	13.357.536	12.445.152	12.442.223	11.223.968	12.106.035	12.207.998
NONCURRENT LIABILITIES						
Others Noncurrent Liabilities	1.059.137	1.062.255	902.006	706.866	714.803	750.543
Long-term Liabilities	1.180.591	1.239.856	976.629	1.352.014	1.389.895	1.334.300
Total Noncurrent Liabilities	2.239.728	2.302.111	1.878.635	2.058.880	2.104.699	2.084.843
TOTAL LIABILITIES	15.597.264	14.747.263	14.320.858	13.282.848	14.210.734	14.292.841
EQUITY	4.937.368	4.321.269	3.997.256	3.381.238	5.012.252	6.821.137
TOTAL LIABILITIES & EQUITY	20.534.632	19.068.532	18.318.114	16.664.086	19.222.986	21.113.978

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)						
Sales	0,1%	-8,0%	4,2%	-6,3%	2,8%	5,0%
OP	-6,6%	-18,7%	-8,0%	-11,2%	13,8%	10,8%
EBITDA	3,3%	-6,2%	-23,0%	-11,0%	12,1%	-3,4%
NP	-3,1%	-19,6%	-6,8%	-10,5%	13,2%	10,9%
EPS	-80,6%	-19,6%	-6,8%	-10,5%	13,2%	10,9%
Profitability (%)						
Gross Margin	52,3%	49,6%	46,3%	49,7%	50,0%	50,0%
Operating Margin	22,0%	19,4%	17,1%	16,3%	18,0%	19,0%
EBITDA margin	26,2%	26,7%	19,7%	18,7%	20,4%	18,8%
NET Profit margin	16,7%	14,6%	13,0%	12,4%	13,7%	14,5%
ROA	34,9%	30,2%	29,3%	28,8%	28,3%	28,6%
ROE	145,1%	133,3%	134,2%	142,0%	108,5%	88,4%
Solvability (x)						
Net debt/ equity	2,3	2,7	3,2	3,5	2,6	1,9
Tot. debt/ Tot.equity	3,2	3,4	3,6	3,9	2,8	2,1
Debt Ratio	0,8	0,8	0,8	0,8	0,7	0,7
Liquidity (x)						
Current Ratio	0,7	0,6	0,6	0,6	0,6	0,7
Cash Ratio	0,1	0,0	0,0	0,1	0,1	0,1
Per Share data						
EPS (IDR)	188	151	141	126	143	158
PBV	57	36	45	40	30	22
PER	39	27	33	28	28	25
EBITDA/share	295	277	213	190	213	205

Source: Company and Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
(62 21) 520 6678 ext. 611

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