

# PT. Unilever Indonesia Tbk.

**BUY**
**Investment Consideration**
**Margin Improvement**

- UNVR margins improved in 1Q2023 due to volume growth and price adjustments in 2022. UNVR total sales increased by +9.6% QoQ but was still lower -2.15% YoY at IDR 10.6 trillion from higher food and refreshment revenues.
- Domestic sales improved quarterly with an increase of +10.8% QoQ while export sales decreased by -19% QoQ.
- Food & Refreshment (FR) sales were higher with +2% growth YoY or +16% QoQ to IDR 3.78 trillion in 1Q2023. Home and personal care (HP) sales increased +6.3% QoQ but declined -4.3% YoY to IDR 6.8 trillion.
- UNVR started to see margin improvement in 1Q2023 with the gross margin in HP up to 52.4% from 44.5% in 4Q2022, and operating margins up to 25.5% from 16.3% in 4Q2022.
- FR GPM also increased to 43.8% in 1Q2023, while the OPM increased to 20.1% from 15.2% in 4Q2022.
- Volumes also improved in 1Q2023 inline with a higher market share in modern trade, we are targeting UNVR to maintain positive single-digit-growth for 2023F sales.

**1Q2023 Results: QoQ Improvement**

- UNVR performance showed an improvement in the 1Q2023 after the company booked their lowest quarterly bottom line profit in 4Q2022. UNVR's bottom line profit reached IDR 1.4 trillion, higher by 86.6% QoQ but still lower -30.5% YoY. The net profit margin improved to 13.3% from 4Q2022's 7.8%.
- Operating profit increased by +77% QoQ but was still lower -29.6% YoY to IDR 1.86 trillion. As a result, the OPM improved to 17.5% from 10.8% in 4Q2022.
- Gross profit also increased +27% QoQ but was still lower -0.8% YoY to IDR 5.22 trillion with a higher GPM of 49.3%.
- As the margins show an improvement in 1Q2023, we are now expecting UNVR's margin to continue to improve in 2023F in line with efficiency and higher volumes. We are targeting UNVR bottom line profit to reach IDR 5.9 trillion or +10% YoY growth.

**Valuation: Upgrade to BUY with TP 5,600**

- We revise up our target price to IDR 5,600 which represents 26% upside. We are targeting UNVR to trade at a 36x PE within a year. We upgrade our recommendation to BUY.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Bn)	42.972	39.546	41.219	43.699	46.336
EBITDA (IDR Bn)	10.297	8.516	7.890	8.497	9.303
Net Profit (IDR Bn)	7.164	5.758	5.365	5.922	6.529
EPS (IDR)	188	151	141	155	171
GPM (%)	52,3%	49,6%	46,3%	49,0%	49,0%
OPM (%)	22,0%	19,4%	17,1%	17,8%	18,5%
NPM (%)	16,7%	14,6%	13,0%	13,6%	14,1%
Ebitda Margin (%)	24,0%	21,5%	19,1%	19,4%	20,1%
ROE (%)	145,1%	133,3%	134,2%	129,0%	124,5%
PER (x)	39,1	27,2	33,4	36,1	32,7
PBV (x)	56,8	36,3	44,9	46,6	40,8
Current Ratio (x)	0,7	0,6	0,6	0,6	0,6
Tot. Debt / Equity (x)	3,2	3,4	3,6	3,2	3,0

Source: Company and Binaartha

 28 April 2023  
 Consumer Goods

Price	IDR	4,430
Target Price	IDR	5,600
JKSE Index		6,945.477


**Stock Information**

<b>Bloomberg Code</b>	<b>UNVR IJ</b>
Market Cap (IDR bn)	168,623
52-week high (IDR)	5,475
52-week low (IDR)	3,690
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)**

2022	15,350
2023F (6m-avg)	14,904

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Table: UNVR's Business Segment GPM &amp; OPM YoY

	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
<b>HP Segment</b>					
GPM	50,5%	50,0%	46,6%	44,5%	52,4%
OPM	32,0%	25,2%	17,7%	16,3%	25,5%
<b>FR Segment</b>					
GPM	45,0%	43,2%	43,8%	38,8%	43,8%
OPM	23,0%	15,4%	26,2%	15,2%	20,1%

Source: Company

Table: UNVR's Sales Performance YoY in IDR Mn

	1Q2022	1Q2023	YoY %	4Q2022	QoQ %
Domestic	10.397.724	10.271.735	-1,2%	9.268.310	10,8%
Export	440.318	333.120	-24,3%	411.282	-19,0%
<b>Total</b>	<b>10.838.042</b>	<b>10.604.855</b>	<b>-2,2%</b>	<b>9.679.592</b>	<b>9,6%</b>

Source: Company

Table: Income Statement in IDR Million YoY &amp; QoQ

Income Statement (In IDR Mn)	1Q2022	1Q2023	YoY	4Q2022	QoQ
<b>Sales</b>	<b>10.838.042</b>	<b>10.604.855</b>	<b>-2,2%</b>	<b>9.679.592</b>	<b>9,6%</b>
Cost of Sales	-5.565.037	-5.374.913	-3,4%	-5.560.037	-3,3%
<b>Gross Profit</b>	<b>5.273.005</b>	<b>5.229.942</b>	<b>-0,8%</b>	<b>4.119.555</b>	<b>27,0%</b>
Operating Expenses	-2.633.385	-3.372.419	28,1%	-3.070.038	9,8%
<b>Operating Profit</b>	<b>2.639.620</b>	<b>1.857.523</b>	<b>-29,6%</b>	<b>1.049.517</b>	<b>77,0%</b>
Other Income (Expenses)	-31.817	-40.083	26,0%	-23.251	72,4%
<b>PBT</b>	<b>2.607.803</b>	<b>1.817.440</b>	<b>-30,3%</b>	<b>1.026.266</b>	<b>77,1%</b>
Tax	-586.596	-412.157	-29,7%	-272.990	51,0%
<b>NIAT</b>	<b>2.021.207</b>	<b>1.405.283</b>	<b>-30,5%</b>	<b>753.276</b>	<b>86,6%</b>
Non-controlling Interest	0	0		0	
<b>Net Income</b>	<b>2.021.207</b>	<b>1.405.283</b>	<b>-30,5%</b>	<b>753.276</b>	<b>86,6%</b>
<b>EPS</b>	<b>53</b>	<b>37</b>	<b>-30,5%</b>	<b>20</b>	<b>86,5%</b>
<b>GPM</b>	<b>48,7%</b>	<b>49,3%</b>		<b>42,6%</b>	
<b>OPM</b>	<b>24,4%</b>	<b>17,5%</b>		<b>10,8%</b>	
<b>NPM</b>	<b>18,6%</b>	<b>13,3%</b>		<b>7,8%</b>	

Source: Company and Binaartha

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2019A	2020A	2021A	2022A	2023F	2024F
Sales	42.922.563	42.972.474	39.545.959	41.218.881	43.698.709	46.336.039
Cost of Sales	-20.893.870	-20.515.484	-19.919.572	-22.153.944	-22.286.342	-23.631.380
<b>Gross Profit</b>	<b>22.028.693</b>	<b>22.456.990</b>	<b>19.626.387</b>	<b>19.064.937</b>	<b>21.412.367</b>	<b>22.704.659</b>
Operating Expenses	-11.907.787	-13.005.978	-11.946.936	-11.996.129	-13.633.997	-14.132.492
<b>Operating Profit</b>	<b>10.120.906</b>	<b>9.451.012</b>	<b>7.679.451</b>	<b>7.068.808</b>	<b>7.778.370</b>	<b>8.572.167</b>
Other Income (Expenses)	-219.134	-244.143	-182.859	-75.005	-87.397	-92.672
<b>PBT</b>	<b>9.901.772</b>	<b>9.206.869</b>	<b>7.496.592</b>	<b>6.993.803</b>	<b>7.690.973</b>	<b>8.479.495</b>
Tax	-2.508.935	-2.043.333	-1.738.444	-1.629.042	-1.768.924	-1.950.284
<b>NIAT</b>	<b>7.392.837</b>	<b>7.163.536</b>	<b>5.758.148</b>	<b>5.364.761</b>	<b>5.922.049</b>	<b>6.529.211</b>
Non-controlling Interest						
<b>Net Income</b>	<b>7.392.837</b>	<b>7.163.536</b>	<b>5.758.148</b>	<b>5.364.761</b>	<b>5.922.049</b>	<b>6.529.211</b>
<b>EPS</b>	<b>969</b>	<b>188</b>	<b>151</b>	<b>141</b>	<b>155</b>	<b>171</b>
<b>EBITDA</b>	<b>10.886.592</b>	<b>10.297.312</b>	<b>8.516.160</b>	<b>7.890.467</b>	<b>8.497.117</b>	<b>9.303.408</b>

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2019A	2020A	2021A	2022A	2023F	2024F
Net Income	7.392.837	7.163.536	5.758.148	5.364.761	5.922.049	6.529.211
Depreciation	754.590	841.653	834.692	811.453	762.882	823.913
Change in WC	1.796.044	209.629	-245.111	249.196	41.303	558.709
<b>Cash From Operating Activities</b>	<b>9.943.471</b>	<b>8.214.818</b>	<b>6.347.729</b>	<b>6.425.410</b>	<b>6.726.234</b>	<b>7.911.833</b>
Change on Non-current Asset	-804.668	-428.888	-554.744	-135.475	-1.622.407	-1.726.945
<b>Cash From Investing Activities</b>	<b>-804.668</b>	<b>-428.888</b>	<b>-554.744</b>	<b>-135.475</b>	<b>-1.622.407</b>	<b>-1.726.945</b>
Others Noncurrent Liabilities	-2.991	-195.248	3.118	-160.249	59.366	58.021
Long-term Liabilities	635.812	132.775	59.265	-263.227	334.332	79.120
Equity	-9.494.642	-7.508.030	-6.374.247	-5.688.774	-5.329.844	-5.876.290
<b>Cash From Financing Activities</b>	<b>-8.861.821</b>	<b>-7.570.503</b>	<b>-6.311.864</b>	<b>-6.112.250</b>	<b>-4.936.146</b>	<b>-5.739.149</b>
<b>Net Changes in Cash</b>	<b>276.982</b>	<b>215.427</b>	<b>-518.879</b>	<b>177.685</b>	<b>167.681</b>	<b>445.739</b>
<b>Beginning Balance</b>	<b>351.667</b>	<b>628.649</b>	<b>844.076</b>	<b>325.197</b>	<b>502.882</b>	<b>670.563</b>
<b>Ending Balance</b>	<b>628.649</b>	<b>844.076</b>	<b>325.197</b>	<b>502.882</b>	<b>670.563</b>	<b>1.116.302</b>

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2019A	2020A	2021A	2022A	2023F	2024F
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	628.649	844.076	325.197	502.882	670.563	1.116.302
Trade Accounts Receivable	5.447.751	5.295.288	4.516.555	3.924.499	4.151.377	4.401.924
Inventories	2.429.234	2.463.104	2.453.871	2.625.116	2.621.923	2.548.482
Others Current Assets	24.700	225.892	346.585	515.271	436.987	463.360
<b>Total Current Assets</b>	<b>8.530.334</b>	<b>8.828.360</b>	<b>7.642.208</b>	<b>7.567.768</b>	<b>7.880.850</b>	<b>8.530.068</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	10.715.376	10.419.902	10.102.086	9.536.027	10.298.909	11.122.822
Other Noncurrent Assets	1.403.661	1.286.370	1.324.238	1.214.319	1.310.961	1.390.081
<b>Total Noncurrent Assets</b>	<b>12.119.037</b>	<b>11.706.272</b>	<b>11.426.324</b>	<b>10.750.346</b>	<b>11.609.870</b>	<b>12.512.903</b>
<b>TOTAL ASSETS</b>	<b>20.649.371</b>	<b>20.534.632</b>	<b>19.068.532</b>	<b>18.318.114</b>	<b>19.490.721</b>	<b>21.042.971</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Short-term Bank Loans	2.920.000	3.015.000	1.850.000	600.000	524.385	556.032
Trade Account Payable	4.516.954	4.277.617	4.571.352	4.699.974	4.806.858	5.096.964
Accruals	2.751.404	2.360.004	2.631.421	3.998.399	4.151.377	4.401.924
Others Current Liabilities	2.876.950	3.704.915	3.392.379	3.143.850	3.146.307	3.336.195
<b>Total Current Liabilities</b>	<b>13.065.308</b>	<b>13.357.536</b>	<b>12.445.152</b>	<b>12.442.223</b>	<b>12.628.927</b>	<b>13.391.115</b>
<b>NONCURRENT LIABILITIES</b>						
Others Noncurrent Liabilities	1.254.385	1.059.137	1.062.255	902.006	961.372	1.019.393
Long-term Liabilities	1.047.816	1.180.591	1.239.856	976.629	1.310.961	1.390.081
<b>Total Noncurrent Liabilities</b>	<b>2.302.201</b>	<b>2.239.728</b>	<b>2.302.111</b>	<b>1.878.635</b>	<b>2.272.333</b>	<b>2.409.474</b>
<b>TOTAL LIABILITIES</b>	<b>15.367.509</b>	<b>15.597.264</b>	<b>14.747.263</b>	<b>14.320.858</b>	<b>14.901.260</b>	<b>15.800.589</b>
<b>EQUITY</b>	<b>5.281.862</b>	<b>4.937.368</b>	<b>4.321.269</b>	<b>3.997.256</b>	<b>4.589.461</b>	<b>5.242.382</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20.649.371</b>	<b>20.534.632</b>	<b>19.068.532</b>	<b>18.318.114</b>	<b>19.490.721</b>	<b>21.042.971</b>

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2019A	2020A	2021A	2022A	2023F	2024F
<b>Growth (% YoY)</b>						
Sales	2,7%	0,1%	-8,0%	4,2%	6,0%	6,0%
OP	-17,9%	-6,6%	-18,7%	-8,0%	10,0%	10,2%
EBITDA	-17,6%	-5,4%	-17,3%	-7,3%	7,7%	9,5%
NP	-18,6%	-3,1%	-19,6%	-6,8%	10,4%	10,3%
EPS	-18,6%	-80,6%	-19,6%	-6,8%	10,4%	10,3%
<b>Profitability (%)</b>						
Gross Margin	51,3%	52,3%	49,6%	46,3%	49,0%	49,0%
Operating Margin	23,6%	22,0%	19,4%	17,1%	17,8%	18,5%
EBITDA margin	25,4%	24,0%	21,5%	19,1%	19,4%	20,1%
NET Profit margin	17,2%	16,7%	14,6%	13,0%	13,6%	14,1%
ROA	35,8%	34,9%	30,2%	29,3%	30,4%	31,0%
ROE	140,0%	145,1%	133,3%	134,2%	129,0%	124,5%
<b>Solvability (x)</b>						
Net debt/ equity	2,2	2,3	2,7	3,2	2,8	2,6
Tot. debt/ Tot.equity	2,9	3,2	3,4	3,6	3,2	3,0
Debt Ratio	0,7	0,8	0,8	0,8	0,8	0,8
<b>Liquidity (x)</b>						
Current Ratio	0,7	0,7	0,6	0,6	0,6	0,6
Cash Ratio	0,0	0,1	0,0	0,0	0,1	0,1
<b>Per Share data</b>						
EPS (IDR)	969	188	151	141	155	171
PBV	61	57	36	45	47	41
PER	43	39	27	33	36	33
EBITDA/share	1.427	270	223	207	223	244

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**  
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