

PT. Unilever Indonesia Tbk.

BUY

Investment Consideration

Volume growth in 3Q2023

- UNVR's total sales slightly increased by +1% YoY or +5% QoQ to IDR 10.21 trillion due to unit volume growth of +4.3% and adjusted pricing for increased competitiveness in 3Q2023. In 9M2023, UNVR's sales still decreased by -3.28% to IDR 30.5 trillion.
- Both domestic and export sales declined by -4.5% and -34.8%, respectively.
- Food & Refreshment (FR) sales increased by +2% YoY or +9% QoQ to IDR 3.5 trillion in 3Q2023, in line with a higher FR gross profit margin (GPM) of 45%.
- Home and Personal Care (HP) slightly increased by +1% YoY or +4% to IDR 6.67 trillion, and HP GPM also increased to 53% from 47%.
- As UNVR's volume starts picking up in 3Q2023 and is expected to continue into 4Q2023, while maintaining margin improvement in 2023F, we target UNVR's sales to reach IDR 40.5 trillion in 2023F.

3Q2023 Results: Maintaining higher margins

- UNVR maintained a higher gross profit margin at 50.5% in 3Q2023, thanks to higher volumes, softer commodity prices, and optimization programs in factories, distribution, logistics, and promotions.
- Gross profit increased by +12.1% YoY or +5.5% QoQ to IDR 5.15 trillion.
- Despite advertising and market research costs increasing by +22% YoY in 3Q2023, operating profit still increased by +19% YoY or +3.3% QoQ to IDR 1.83 trillion. The OPM improved to 17.9% from 15.2%.
- UNVR's bottom-line profit reached IDR 1.35 trillion, an increase of +21% YoY or +5.6% QoQ, while the net profit margin improved to 14%.

Valuation: Maintain BUY with TP 4,900

- Looking ahead, we expect UNVR's margins to continue improving in 2023F in line with greater efficiency. Therefore, we maintain our recommendation to BUY with a target price of IDR 4,900, representing 29% upside or a 33x PE within a year.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Bn)	42.972	39.546	41.219	40.554	42.582
EBITDA (IDR Bn)	10.297	8.516	7.890	8.011	8.399
Net Profit (IDR Bn)	7.164	5.758	5.365	5.627	5.909
EPS (IDR)	188	151	141	148	155
GPM (%)	52,3%	49,6%	46,3%	50,0%	50,0%
OPM (%)	22,0%	19,4%	17,1%	18,0%	18,0%
NPM (%)	16,7%	14,6%	13,0%	13,9%	13,9%
Ebitda Margin (%)	24,0%	21,5%	19,1%	19,8%	19,7%
ROE (%)	145,1%	133,3%	134,2%	123,4%	114,7%
PER (x)	39,1	27,2	33,4	33,2	31,6
PBV (x)	56,8	36,3	44,9	41,0	36,3
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

31 October 2023
Consumer Goods

Price	IDR	3,790
Target Price	IDR	4,900
JKSE Index		6,722.237



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	143,062
52-week high (IDR)	5,450
52-week low (IDR)	3,460
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)	15,743

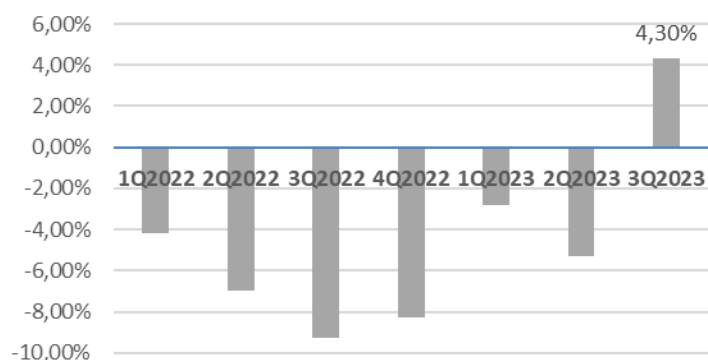
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Table: UNVR's Sales Performance YoY in IDR Mn

	9M2022	9M2023	%	3Q2022	3Q2023	%
Domestic	30.210.179	29.553.913	-2,2%	10.397.724	9.926.886	-4,5%
Export	1.329.110	951.841	-28,4%	440.318	286.886	-34,8%
Total	31.539.289	30.505.754	-3,3%	10.838.042	10.213.772	-5,8%

Source: Company

Chart: UNVR's Unit Volume growth



Source: Company

Table: UNVR's Business Segment GPM & OPM YoY

	3Q2022	3Q2023	9M2022	9M2023
HP Segment				
GPM	46,6%	53,2%	49,1%	53,1%
OPM	17,7%	25,7%	25,2%	26,1%
FR Segment				
GPM	43,8%	45,3%	44,0%	44,4%
OPM	26,2%	20,1%	21,5%	19,9%

Source: Company

Table: Income Statement in IDR Million YoY & QoQ

Income Statement (In IDR Mn)	1Q2023	2Q2023	3Q2023	QoQ	3Q2022	YoY	9M2022	9M2023	YoY
Sales	10.604.855	9.687.127	10.213.772	5,4%	10.075.905	1,4%	31.539.289	30.505.754	-3,3%
Cost of Sales	-5.374.913	-4.799.844	-5.057.095	5,4%	-5.475.647	-7,6%	-16.593.907	-15.231.852	-8,2%
Gross Profit	5.229.942	4.887.283	5.156.677	5,5%	4.600.258	12,1%	14.945.382	15.273.902	2,2%
Operating Expenses	-3.372.419	-3.117.899	-3.328.239	6,7%	-3.063.803	8,6%	-8.926.091	-9.818.557	10,0%
Operating Profit	1.857.523	1.769.384	1.828.438	3,3%	1.536.455	19,0%	6.019.291	5.455.345	-9,4%
Other Income (Expenses)	-40.083	-12.947	-11.267	-13,0%	-11.849	-4,9%	-51.754	-64.297	24,2%
PBT	1.817.440	1.756.437	1.817.171	3,5%	1.524.606	19,2%	5.967.537	5.391.048	-9,7%
Tax	-412.157	-402.445	-387.589	-3,7%	-343.056	13,0%	-1.356.052	-1.202.191	-11,3%
NIAT	1.405.283	1.353.992	1.429.582	5,6%	1.181.550	21,0%	4.611.485	4.188.857	-9,2%
Non-controlling Interest	0	0	0		0		0	0	
Net Income	1.405.283	1.353.992	1.429.582	5,6%	1.181.550	21,0%	4.611.485	4.188.857	-9,2%
EPS	37	35	37	5,6%	31	21,0%	121	110	-9,2%
GPM	49,3%	50,5%	50,5%		45,7%		47,4%	50,1%	
OPM	17,5%	18,3%	17,9%		15,2%		19,1%	17,9%	
NPM	13,3%	14,0%	14,0%		11,7%		14,6%	13,7%	

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2020A	2021A	2022A	2023F	2024F
Sales	42.972.474	39.545.959	41.218.881	40.554.216	42.581.927
Cost of Sales	-20.515.484	-19.919.572	-22.153.944	-20.277.108	-21.290.964
Gross Profit	22.456.990	19.626.387	19.064.937	20.277.108	21.290.964
Operating Expenses	-13.005.978	-11.946.936	-11.996.129	-12.977.349	-13.626.217
Operating Profit	9.451.012	7.679.451	7.068.808	7.299.759	7.664.747
Other Income (Expenses)	-244.143	-182.859	-75.005	-85.164	-89.422
PBT	9.206.869	7.496.592	6.993.803	7.214.595	7.575.325
Tax	-2.043.333	-1.738.444	-1.629.042	-1.587.211	-1.666.571
NIAT	7.163.536	5.758.148	5.364.761	5.627.384	5.908.753
Non-controlling Interest					
Net Income	7.163.536	5.758.148	5.364.761	5.627.384	5.908.753
EPS	188	151	141	148	155
EBITDA	10.297.312	8.516.160	7.890.467	8.010.934	8.399.238

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2020A	2021A	2022A	2023F	2024F
Net Income	7.163.536	5.758.148	5.364.761	5.627.384	5.908.753
Depreciation	841.653	834.692	811.453	762.882	823.913
Change in WC	209.629	-245.111	249.196	737.121	630.019
Cash From Operating Activities	8.214.818	6.347.729	6.425.410	7.127.388	7.362.685
Change on Non-current Asset	-428.888	-554.744	-135.475	-1.528.072	-1.708.657
Cash From Investing Activities	-428.888	-554.744	-135.475	-1.528.072	-1.708.657
Others Noncurrent Liabilities	-195.248	3.118	-160.249	-9.813	44.610
Long-term Liabilities	132.775	59.265	-263.227	239.997	60.831
Equity	-7.508.030	-6.374.247	-5.688.774	-5.064.646	-5.317.878
Cash From Financing Activities	-7.570.503	-6.311.864	-6.112.250	-4.834.462	-5.212.437
Net Changes in Cash	215.427	-518.879	177.685	764.854	441.591
Beginning Balance	628.649	844.076	325.197	502.882	1.267.736
Ending Balance	844.076	325.197	502.882	1.267.736	1.709.327

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2019A	2020A	2021A	2022A	2023F	2024F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	628.649	844.076	325.197	502.882	1.267.736	1.709.327
Trade Accounts Receivable	5.447.751	5.295.288	4.516.555	3.924.499	3.649.879	3.832.373
Inventories	2.429.234	2.463.104	2.453.871	2.625.116	2.433.253	2.342.006
Others Current Assets	24.700	225.892	346.585	515.271	405.542	425.819
Total Current Assets	8.530.334	8.828.360	7.642.208	7.567.768	7.756.411	8.309.526
NONCURRENT ASSETS						
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	1.216.626	1.277.458
Total Noncurrent Assets	12.119.037	11.706.272	11.426.324	10.750.346	11.515.536	12.400.280
TOTAL ASSETS	20.649.371	20.534.632	19.068.532	18.318.114	19.271.947	20.709.806
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Short-term Bank Loans	2.920.000	3.015.000	1.850.000	600.000	405.542	212.910
Trade Account Payable	4.516.954	4.277.617	4.571.352	4.699.974	4.014.867	4.215.611
Accruals	2.751.404	2.360.004	2.631.421	3.998.399	3.316.218	3.806.324
Others Current Liabilities	2.876.950	3.704.915	3.392.379	3.143.850	4.866.506	5.109.831
Total Current Liabilities	13.065.308	13.357.536	12.445.152	12.442.223	12.603.133	13.344.676
NONCURRENT LIABILITIES						
Others Noncurrent Liabilities	1.254.385	1.059.137	1.062.255	902.006	892.193	936.802
Long-term Liabilities	1.047.816	1.180.591	1.239.856	976.629	1.216.626	1.277.458
Total Noncurrent Liabilities	2.302.201	2.239.728	2.302.111	1.878.635	2.108.819	2.214.260
TOTAL LIABILITIES	15.367.509	15.597.264	14.747.263	14.320.858	14.711.952	15.558.936
EQUITY	5.281.862	4.937.368	4.321.269	3.997.256	4.559.994	5.150.870
TOTAL LIABILITIES & EQUITY	20.649.371	20.534.632	19.068.532	18.318.114	19.271.947	20.709.806

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2020A	2021A	2022A	2023F	2024F
Growth (% YoY)					
Sales	0,1%	-8,0%	4,2%	-1,6%	5,0%
OP	-6,6%	-18,7%	-8,0%	3,3%	5,0%
EBITDA	-5,4%	-17,3%	-7,3%	1,5%	4,8%
NP	-3,1%	-19,6%	-6,8%	4,9%	5,0%
EPS	-80,6%	-19,6%	-6,8%	4,9%	5,0%
Profitability (%)					
Gross Margin	52,3%	49,6%	46,3%	50,0%	50,0%
Operating Margin	22,0%	19,4%	17,1%	18,0%	18,0%
EBITDA margin	24,0%	21,5%	19,1%	19,8%	19,7%
NET Profit margin	16,7%	14,6%	13,0%	13,9%	13,9%
ROA	34,9%	30,2%	29,3%	29,2%	28,5%
ROE	145,1%	133,3%	134,2%	123,4%	114,7%
Solvability (x)					
Net debt/ equity	2,3	2,7	3,2	2,9	2,7
Tot. debt/ Tot.equity	3,2	3,4	3,6	3,2	3,0
Debt Ratio	0,8	0,8	0,8	0,8	0,8
Liquidity (x)					
Current Ratio	0,7	0,6	0,6	0,6	0,6
Cash Ratio	0,1	0,0	0,0	0,1	0,1
Per Share data					
EPS (IDR)	188	151	141	148	155
PBV	57	36	45	41	36
PER	39	27	33	33	32
EBITDA/share	270	223	207	210	220

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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