

PT. Unilever Indonesia Tbk.

BUY

13 May 2022
Consumer Goods

Price	IDR	4,700
Target Price	IDR	5,700
JKSE Index		6,599.840



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	179,686
52-week high (IDR)	6,000
52-week low (IDR)	3,280
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)

2021	14,310
2022F (6m-avg)	14,550

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Investment Consideration

Returned to Growth

- After a decrease in 2021FY, UNVR returned to growth in 1Q2022 due to an increased in sales volume in line with increasing public mobility.
- UNVR sales increased by +5.40% YoY to IDR 10.8 trillion in 1Q2022. The domestic sales in 1Q2021 increased +5.8% YoY or +13.9% QoQ to IDR 10.3 trillion while export sales decreased -3.9% YoY to IDR 440.3 billion.
- Food & Refreshment (FR) sales increased +8.15% YoY to IDR 3.71 trillion, the highest quarterly sales since 2020. Home and Personal care (HP) sales also increased +4.03% YoY to IDR 7.13 trillion.
- In terms of margins, higher prices across all UNVR's products helped to maintain stable 1Q2022 margins compared to the 4Q2021 but margins were still lower compared to the 1Q2021.
- The HP gross profit margin was steady at 50.5%, while operating margins increased slightly to 32%.
- FR GPM increased to 45% from 41.7% in 4Q2021, while the OPM also increased to 23% from 15.3% in 4Q2021.
- As we expect prices and domestic sales volume will increase further, we are targeting UNVR's sales for 2022F to reach IDR 41.9 trillion or +6% YoY growth.

Strong Profit Growth

- In line with the increase in sales, UNVR net profit grew +19% YoY to IDR 2.02 trillion. The net profit margin rose to 18.6% compared to 16.5% in 1Q2021. The strong bottom line profit was due to lower opex such as a lower promotion expense (-45%), and trademark costs (-44%).
- This resulted in double digits growth of operating profit by +18.6% YoY to IDR 2.64 trillion while the OPM increased to 24.4% from 21.6% in 1Q2021.
- From higher raw material cost, COGS increased +13.8% YoY, so, gross profit declined -2.2% YoY to IDR 5.27 in 1Q2022 with a lower GPM of 48.7% from 52.4% in 1Q2021.
- We are targeting UNVR net profit for 2022F to reach IDR 6.66 trillion or +15% YoY growth.

Valuation: Upgrade to BUY with TP 5,700

- We are targeting UNVR to trade at 31x PE within a year. Target Price is IDR 5,700 which represents 21% upside. BUY

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	41.205	41.802	42.923	42.972	39.546	41.918	44.441
EBITDA (IDR Bn)	10.132	13.207	10.887	10.297	8.516	9.408	9.950
Net Profit (IDR Bn)	7.005	9.081	7.393	7.164	5.758	6.618	7.016
EPS (IDR)	918	1.190	969	188	151	173	184
GPM (%)	51,5%	50,5%	51,3%	52,3%	49,6%	48,7%	48,7%
OPM (%)	23,0%	29,5%	23,6%	22,0%	19,4%	20,7%	20,7%
NPM (%)	17,0%	21,7%	17,2%	16,7%	14,6%	15,8%	15,8%
Ebitda Margin (%)	24,6%	31,6%	25,4%	24,0%	21,5%	22,4%	22,4%
ROE (%)	139,9%	123,0%	140,0%	145,1%	133,3%	132,8%	123,4%
Current Ratio (x)	0,6	0,7	0,7	0,7	0,6	0,7	0,6
Tot. Debt / Equity (x)	3,0	1,8	2,9	3,2	3,4	3,1	2,8

Table: UNVR's Business Segment GPM & OPM YoY

	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022
HP Segment					
GPM	55,9%	52,1%	51,4%	50,6%	50,5%
OPM	30,8%	29,0%	26,8%	31,2%	32,0%
FR Segment					
GPM	45,5%	42,9%	44,7%	41,7%	45,0%
OPM	18,5%	12,3%	17,4%	15,3%	23,0%

Source: Company

Table: UNVR's Sales Performance YoY

	1Q2021	1Q2022	%
Domestic	9.824.463	10.397.724	5,8%
Export	458.058	440.318	-3,9%
Total	10.282.521	10.838.042	5,4%

Source: Company

Table: Income Statement in IDR Million YoY & QoQ

Income Statement (In IDR Mn)	1Q2021	1Q2022	YoY	4Q2021	QoQ
Sales	10.282.521	10.838.042	5,4%	9.516.429	13,9%
Cost of Sales	-4.889.595	-5.565.037	13,8%	-4.983.091	11,7%
Gross Profit	5.392.926	5.273.005	-2,2%	4.533.338	16,3%
Operating Expenses	-3.166.798	-2.633.385	-16,8%	-2.666.361	-1,2%
Operating Profit	2.226.128	2.639.620	18,6%	1.866.977	41,4%
Other Income (Expenses)	-46.263	-31.817	-31,2%	-33.439	-4,9%
PBT	2.179.865	2.607.803	19,6%	1.833.538	42,2%
Tax	-481.785	-586.596	21,8%	-454.184	29,2%
NIAT	1.698.080	2.021.207	19,0%	1.379.354	46,5%
Non-controlling Interest	0	0		0	
Net Income	1.698.080	2.021.207	19,0%	1.379.354	46,5%
EPS	45	53	19,0%	36	46,5%
GPM	52,4%	48,7%		47,6%	
OPM	21,6%	24,4%		19,6%	
NPM	16,5%	18,6%		14,5%	

Source: Company and Binaartha

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Sales	41.204.510	41.802.073	42.922.563	42.972.474	39.545.959	41.918.341	44.440.949
Cost of Sales	-19.984.776	-20.697.246	-20.893.870	-20.515.484	-19.919.572	-21.504.109	-22.798.207
Gross Profit	21.219.734	21.104.827	22.028.693	22.456.990	19.626.387	20.414.232	21.642.742
Operating Expenses	-11.723.970	-8.780.616	-11.907.787	-13.005.978	-11.946.936	-11.737.135	-12.443.466
Operating Profit	9.495.764	12.324.211	10.120.906	9.451.012	7.679.451	8.677.097	9.199.276
Other Income (Expenses)	-124.103	-176.124	-219.134	-244.143	-182.859	-192.824	-204.428
PBT	9.371.661	12.148.087	9.901.772	9.206.869	7.496.592	8.484.272	8.994.848
Tax	-2.367.099	-3.066.900	-2.508.935	-2.043.333	-1.738.444	-1.866.540	-1.978.867
NIAT	7.004.562	9.081.187	7.392.837	7.163.536	5.758.148	6.617.732	7.015.981
Non-controlling Interest							
Net Income	7.004.562	9.081.187	7.392.837	7.163.536	5.758.148	6.617.732	7.015.981
EPS	918	1.190	969	188	151	173	184
EBITDA	10.132.204	13.207.147	10.886.592	10.297.312	8.516.160	9.407.939	9.950.168

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	7.004.562	9.081.187	7.392.837	7.163.536	5.758.148	6.617.732	7.015.981
Depreciation	632.861	867.160	754.590	841.653	834.692	808.167	872.820
Change in WC	563.212	-1.859.433	1.796.044	209.629	-245.111	2.591	491.126
Cash From Operating Activities	8.200.635	8.088.914	9.943.471	8.214.818	6.347.729	7.428.491	8.379.928
Change on Non-current Asset	-2.450.679	-960.715	-804.668	-428.888	-554.744	-1.549.646	-1.821.319
Cash From Investing Activities	-2.450.679	-960.715	-804.668	-428.888	-554.744	-1.549.646	-1.821.319
Others Noncurrent Liabilities	372.029	-32.864	-2.991	-195.248	3.118	113.668	72.867
Long-term Liabilities	610.604	-443.752	635.812	132.775	59.265	227.286	-133.913
Equity	-6.701.640	-6.704.700	-9.494.642	-7.508.030	-6.374.247	-5.955.959	-6.314.383
Cash From Financing Activities	-5.719.007	-7.181.316	-8.861.821	-7.570.503	-6.311.864	-5.615.005	-6.375.430
Net Changes in Cash	30.949	-53.117	276.982	215.427	-518.879	263.840	183.180
Beginning Balance	373.835	404.784	351.667	628.649	844.076	325.197	589.037
Ending Balance	404.784	351.667	628.649	844.076	325.197	589.037	772.217

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	404.784	351.667	628.649	844.076	325.197	589.037	772.217
Trade Accounts Receivable	4.854.825	5.103.406	5.447.751	5.295.288	4.516.555	5.030.201	4.888.504
Inventories	2.393.540	2.658.073	2.429.234	2.463.104	2.453.871	2.515.100	2.444.252
Others Current Assets	223.237	144.764	24.700	225.892	346.585	335.347	355.528
Total Current Assets	7.876.386	8.257.910	8.530.334	8.828.360	7.642.208	8.469.685	8.460.501
NONCURRENT ASSETS							
Fixed Assets	10.422.133	10.627.387	10.715.376	10.419.902	10.102.086	10.910.253	11.783.073
Other Noncurrent Assets	1.553.271	1.441.572	1.403.661	1.286.370	1.324.238	1.257.550	1.333.228
Total Noncurrent Assets	11.975.404	12.068.959	12.119.037	11.706.272	11.426.324	12.167.803	13.116.302
TOTAL ASSETS	19.851.790	20.326.869	20.649.371	20.534.632	19.068.532	20.637.488	21.576.802
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	3.450.000	460.000	2.920.000	3.015.000	1.850.000	1.400.000	1.000.000
Trade Account Payable	4.527.110	4.572.600	4.516.954	4.277.617	4.571.352	5.449.384	5.777.323
Accruals	2.288.992	2.681.273	2.751.404	2.360.004	2.631.421	2.808.529	2.977.544
Others Current Liabilities	2.432.512	3.559.949	2.876.950	3.704.915	3.392.379	3.353.467	3.555.276
Total Current Liabilities	12.698.614	11.273.822	13.065.308	13.357.536	12.445.152	13.011.380	13.310.143
NONCURRENT LIABILITIES							
Others Noncurrent Liabilities	1.290.240	1.257.376	1.254.385	1.059.137	1.062.255	1.175.923	1.248.791
Long-term Liabilities	855.756	412.004	1.047.816	1.180.591	1.239.856	1.467.142	1.333.228
Total Noncurrent Liabilities	2.145.996	1.669.380	2.302.201	2.239.728	2.302.111	2.643.065	2.582.019
TOTAL LIABILITIES	14.844.610	12.943.202	15.367.509	15.597.264	14.747.263	15.654.446	15.892.162
EQUITY	5.007.180	7.383.667	5.281.862	4.937.368	4.321.269	4.983.042	5.684.640
TOTAL LIABILITIES & EQUITY	19.851.790	20.326.869	20.649.371	20.534.632	19.068.532	20.637.488	21.576.802

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Growth (% YoY)							
Sales	2,9%	1,5%	2,7%	0,1%	-8,0%	6,0%	6,0%
OP	9,1%	29,8%	-17,9%	-6,6%	-18,7%	13,0%	6,0%
EBITDA	9,6%	30,3%	-17,6%	-5,4%	-17,3%	10,5%	5,8%
NP	9,6%	29,6%	-18,6%	-3,1%	-19,6%	14,9%	6,0%
EPS	9,6%	29,6%	-18,6%	-80,6%	-19,6%	14,9%	6,0%
Profitability (%)							
Gross Margin	51,5%	50,5%	51,3%	52,3%	49,6%	48,7%	48,7%
Operating Margin	23,0%	29,5%	23,6%	22,0%	19,4%	20,7%	20,7%
EBITDA margin	24,6%	31,6%	25,4%	24,0%	21,5%	22,4%	22,4%
NET Profit margin	17,0%	21,7%	17,2%	16,7%	14,6%	15,8%	15,8%
ROA	35,3%	44,7%	35,8%	34,9%	30,2%	32,1%	32,5%
ROE	139,9%	123,0%	140,0%	145,1%	133,3%	132,8%	123,4%
Solvability (x)							
Net debt/ equity	2,1	1,6	2,2	2,3	2,7	2,6	2,4
Tot. debt/ Tot.equity	3,0	1,8	2,9	3,2	3,4	3,1	2,8
Debt Ratio	0,7	0,6	0,7	0,8	0,8	0,8	0,7
Int. Coverage	54,9	47,3	32,1	28,8	31,1	57,3	85,0
Liquidity (x)							
Current Ratio	0,6	0,7	0,7	0,7	0,6	0,7	0,6
Cash Ratio	0,0	0,0	0,0	0,1	0,0	0,0	0,1
Per Share data (IDR)							
EPS	918	1.190	969	188	151	173	184
BV	656	968	692	129	113	131	149
EBITDA/share	1.328	1.731	1.427	270	223	247	261

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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