

**PT. Unilever Indonesia Tbk.**

**BUY**

**Investment Consideration**

**Sales decline while margin Increases**

- UNVR's total sales declined by -16.3% YoY or -20.6% QoQ to IDR 8.1 trillion as consumers avoided multinational company brands due to the geopolitical situation in the Middle East in 4Q2023. In FY2023, UNVR's sales still decreased by -6.33% to IDR 38.6 trillion, the weakest performance since 2015.
- Both domestic and export sales declined by -5.2% and -30.9%, respectively in 2023. In 4Q2023, domestic and export sales declined even further by -15.3% and -38.9%, respectively.
- Food & Refreshment (FR) sales decreased by -11.8% YoY or -18.8% QoQ to IDR 2.87 trillion in 4Q2023, while FR gross profit margin (GPM) increased to 45% from 39%.
- Home and Personal Care (HP) decreased by -18.6% YoY or -21.6% QoQ to IDR 5.22 trillion, and HP GPM also increased to 50% from 44%.
- In January 2024, UNVR saw some improvement in customer and consumer uptake. We forecast margin improvement to be maintained in 2024F, and target UNVR's sales to reach IDR 39.7 trillion in 2024F.

**4Q2023 Results: lower bottom line, Higher GPM**

- UNVR maintained a higher gross profit margin at 48.4% in 4Q2023 compared to 42.6% in 4Q2022, though still lower than 3Q2023, thanks to softer commodity prices and optimization programs in factories, distribution, logistics, and promotion. Gross profit therefore only decreased by -4.8% YoY to IDR 3.92 trillion due to lower cost of goods sold by -25% YoY.
- Advertising and market research costs increased by 14% YoY in 4Q2023, resulting in a lower operating profit, -21.5% YoY or -55% QoQ to IDR 823 billion. The OPM declined to 10.2% from 15.2%.
- UNVR's bottom-line profit reached IDR 612 billion, a decrease of -18.7% YoY or -57% QoQ, while the net profit margin declined to 7.6%. UNVR's profit in 4Q2023 is the lowest quarterly profit in 2023.

**Valuation: Maintain BUY with lower TP 4,000**

- Looking ahead, we expect UNVR's margins to continue improving in 2024F in line with greater efficiency. The UNVR share price has now reached its lowest since 2011, resulting in a 36% upside to our target of IDR 4,000. We maintain our recommendation to BUY with a 26.7x PE target within a year.

Financial Highlights	2020A	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	42.972	39.546	41.219	38.611	39.711	41.697
EBITDA (IDR Bn)	10.297	8.516	7.890	7.043	7.517	7.418
Net Profit (IDR Bn)	7.164	5.758	5.365	4.801	5.134	5.712
EPS (IDR)	188	151	141	126	135	150
GPM (%)	52,3%	49,6%	46,3%	49,7%	50,0%	50,0%
OPM (%)	22,0%	19,4%	17,1%	16,3%	17,0%	18,0%
NPM (%)	16,7%	14,6%	13,0%	12,4%	12,9%	13,7%
Ebitda Margin (%)	24,0%	21,5%	19,1%	18,2%	18,9%	17,8%
ROE (%)	145,1%	133,3%	134,2%	142,0%	131,8%	127,9%
PER (x)	39,1	27,2	33,4	28,2	29,7	26,7
PBV (x)	56,8	36,3	44,9	40,1	39,2	34,2
Current Ratio (x)	0,7	0,6	0,6	0,6	0,6	0,6
Tot. Debt / Equity (x)	3,2	3,4	3,6	3,9	3,8	3,4

Source: Company and Binaartha

16 February 2024  
Consumer Goods

Price	IDR	2,930
Target Price	IDR	4,000
JKSE Index		7,303.28



**Stock Information**

<b>Bloomberg Code</b>	<b>UNVR IJ</b>
Market Cap (IDR bn)	110,635
52-week high (IDR)	4,630
52-week low (IDR)	2,800
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)	15,549

Analyst  
eka.rahmah@binaartha.com

Table: UNVR's Sales Performances YoY in IDR Mn

	2022A	2023A	%		4Q2022	4Q2023	%
Domestic	39.478.489	37.408.161	-5,2%	Domestic	9.268.310	7.854.248	-15,3%
Export	1.740.392	1.203.240	-30,9%	Export	411.282	251.399	-38,9%
<b>Total</b>	<b>41.218.881</b>	<b>38.611.401</b>	<b>-6,3%</b>	<b>Total</b>	<b>9.679.592</b>	<b>8.105.647</b>	<b>-16,3%</b>

Source: Company

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

	4Q2022	4Q2023	2022A	2023A
<b>HP Segment</b>				
GPM	44,5%	50,3%	48,0%	52,5%
OPM	16,3%	18,8%	23,1%	24,6%
<b>FR Segment</b>				
GPM	38,8%	44,9%	42,8%	44,5%
OPM	15,2%	15,2%	20,0%	18,9%

Source: Company

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

Income Statement (In IDR Mn)	3Q2023	4Q2023	QoQ	4Q2022	YoY	2022A	2023A	YoY
<b>Sales</b>	<b>10.213.772</b>	<b>8.105.647</b>	<b>-20,6%</b>	<b>9.679.592</b>	<b>-16,3%</b>	<b>41.218.881</b>	<b>38.611.401</b>	<b>-6,3%</b>
Cost of Sales	-5.057.095	-4.185.035	-17,2%	-5.560.037	-24,7%	-22.153.944	-19.416.887	-12,4%
<b>Gross Profit</b>	<b>5.156.677</b>	<b>3.920.612</b>	<b>-24,0%</b>	<b>4.119.555</b>	<b>-4,8%</b>	<b>19.064.937</b>	<b>19.194.514</b>	<b>0,7%</b>
Operating Expenses	-3.328.239	-3.096.674	-7,0%	-3.070.038	0,9%	-11.996.129	-12.915.231	7,7%
<b>Operating Profit</b>	<b>1.828.438</b>	<b>823.938</b>	<b>-54,9%</b>	<b>1.049.517</b>	<b>-21,5%</b>	<b>7.068.808</b>	<b>6.279.283</b>	<b>-11,2%</b>
Other Income (Expenses)	-11.267	-13.110	16,4%	-23.251	-43,6%	-75.005	-77.407	3,2%
<b>PBT</b>	<b>1.817.171</b>	<b>810.828</b>	<b>-55,4%</b>	<b>1.026.266</b>	<b>-21,0%</b>	<b>6.993.803</b>	<b>6.201.876</b>	<b>-11,3%</b>
Tax	-387.589	-198.745	-48,7%	-272.990	-27,2%	-1.629.042	-1.400.936	-14,0%
<b>NIAT</b>	<b>1.429.582</b>	<b>612.083</b>	<b>-57,2%</b>	<b>753.276</b>	<b>-18,7%</b>	<b>5.364.761</b>	<b>4.800.940</b>	<b>-10,5%</b>
Non-controlling Interest	0	0		0		0	0	
<b>Net Income</b>	<b>1.429.582</b>	<b>612.083</b>	<b>-57,2%</b>	<b>753.276</b>	<b>-18,7%</b>	<b>5.364.761</b>	<b>4.800.940</b>	<b>-10,5%</b>
EPS	37	16	-57,2%	20	-18,7%	141	126	-10,5%
<b>GPM</b>	<b>50,5%</b>	<b>48,4%</b>		<b>42,6%</b>		<b>46,3%</b>	<b>49,7%</b>	
<b>OPM</b>	<b>17,9%</b>	<b>10,2%</b>		<b>10,8%</b>		<b>17,1%</b>	<b>16,3%</b>	
<b>NPM</b>	<b>14,0%</b>	<b>7,6%</b>		<b>7,8%</b>		<b>13,0%</b>	<b>12,4%</b>	

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
<b>Gross Profit</b>	<b>22.456.990</b>	<b>19.626.387</b>	<b>19.064.937</b>	<b>19.194.514</b>	<b>19.855.648</b>	<b>20.848.431</b>
Operating Expenses	-13.005.978	-11.946.936	-11.996.129	-12.915.231	-13.104.728	-13.342.996
<b>Operating Profit</b>	<b>9.451.012</b>	<b>7.679.451</b>	<b>7.068.808</b>	<b>6.279.283</b>	<b>6.750.920</b>	<b>7.505.435</b>
Other Income (Expenses)	-244.143	-182.859	-75.005	-77.407	-83.394	-87.563
<b>PBT</b>	<b>9.206.869</b>	<b>7.496.592</b>	<b>6.993.803</b>	<b>6.201.876</b>	<b>6.667.527</b>	<b>7.417.872</b>
Tax	-2.043.333	-1.738.444	-1.629.042	-1.400.936	-1.533.531	-1.706.110
<b>NIAT</b>	<b>7.163.536</b>	<b>5.758.148</b>	<b>5.364.761</b>	<b>4.800.940</b>	<b>5.133.996</b>	<b>5.711.761</b>
Non-controlling Interest						
<b>Net Income</b>	<b>7.163.536</b>	<b>5.758.148</b>	<b>5.364.761</b>	<b>4.800.940</b>	<b>5.133.996</b>	<b>5.711.761</b>
EPS	188	151	141	126	135	150
<b>EBITDA</b>	<b>10.297.312</b>	<b>8.516.160</b>	<b>7.890.467</b>	<b>7.043.396</b>	<b>7.517.314</b>	<b>7.417.872</b>

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	5.133.996	5.711.761
Depreciation	841.653	834.692	811.453	735.550	735.550	0
Change in WC	209.629	-245.111	249.196	675.390	737.116	397.258
<b>Cash From Operating Activities</b>	<b>8.214.818</b>	<b>6.347.729</b>	<b>6.425.410</b>	<b>6.211.880</b>	<b>6.606.661</b>	<b>6.109.019</b>
Change on Non-current Asset	-428.888	-554.744	-135.475	-457.451	-1.500.926	-853.226
<b>Cash From Investing Activities</b>	<b>-428.888</b>	<b>-554.744</b>	<b>-135.475</b>	<b>-457.451</b>	<b>-1.500.926</b>	<b>-853.226</b>
Others Noncurrent Liabilities	-195.248	3.118	-160.249	-195.140	203.502	27.566
Long-term Liabilities	132.775	59.265	-263.227	375.385	-160.675	59.567
Equity	-7.508.030	-6.374.247	-5.688.774	-5.416.958	-4.620.596	-5.140.585
<b>Cash From Financing Activities</b>	<b>-7.570.503</b>	<b>-6.311.864</b>	<b>-6.112.250</b>	<b>-5.236.713</b>	<b>-4.577.769</b>	<b>-5.053.452</b>
<b>Net Changes in Cash</b>	<b>215.427</b>	<b>-518.879</b>	<b>177.685</b>	<b>517.716</b>	<b>527.967</b>	<b>202.341</b>
<b>Beginning Balance</b>	<b>628.649</b>	<b>844.076</b>	<b>325.197</b>	<b>502.882</b>	<b>1.020.598</b>	<b>1.548.565</b>
<b>Ending Balance</b>	<b>844.076</b>	<b>325.197</b>	<b>502.882</b>	<b>1.020.598</b>	<b>1.548.565</b>	<b>1.750.906</b>

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2020A	2021A	2022A	2023A	2024F	2025F
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	844.076	325.197	502.882	1.020.598	1.548.565	1.750.906
Trade Accounts Receivable	5.295.288	4.516.555	3.924.499	2.104.729	2.972.822	2.697.191
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
<b>Total Current Assets</b>	<b>8.828.360</b>	<b>7.642.208</b>	<b>7.567.768</b>	<b>6.191.839</b>	<b>7.368.335</b>	<b>7.437.393</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	10.419.902	10.102.086	9.536.027	9.310.734	10.046.284	10.839.943
Other Noncurrent Assets	1.286.370	1.324.238	1.214.319	1.161.513	1.191.339	1.250.906
<b>Total Noncurrent Assets</b>	<b>11.706.272</b>	<b>11.426.324</b>	<b>10.750.346</b>	<b>10.472.247</b>	<b>11.237.623</b>	<b>12.090.848</b>
<b>TOTAL ASSETS</b>	<b>20.534.632</b>	<b>19.068.532</b>	<b>18.318.114</b>	<b>16.664.086</b>	<b>18.605.958</b>	<b>19.528.241</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Short-term Bank Loans	3.015.000	1.850.000	600.000	0	944.301	671.814
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	3.927.520	4.163.462
Others Current Liabilities	3.704.915	3.392.379	3.143.850	3.268.317	3.305.149	3.439.273
<b>Total Current Liabilities</b>	<b>13.357.536</b>	<b>12.445.152</b>	<b>12.442.223</b>	<b>11.223.968</b>	<b>12.609.613</b>	<b>12.873.588</b>
<b>NONCURRENT LIABILITIES</b>						
Others Noncurrent Liabilities	1.059.137	1.062.255	902.006	706.866	910.368	937.934
Long-term Liabilities	1.180.591	1.239.856	976.629	1.352.014	1.191.339	1.250.906
<b>Total Noncurrent Liabilities</b>	<b>2.239.728</b>	<b>2.302.111</b>	<b>1.878.635</b>	<b>2.058.880</b>	<b>2.101.707</b>	<b>2.188.840</b>
<b>TOTAL LIABILITIES</b>	<b>15.597.264</b>	<b>14.747.263</b>	<b>14.320.858</b>	<b>13.282.848</b>	<b>14.711.320</b>	<b>15.062.427</b>
<b>EQUITY</b>	<b>4.937.368</b>	<b>4.321.269</b>	<b>3.997.256</b>	<b>3.381.238</b>	<b>3.894.638</b>	<b>4.465.814</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20.534.632</b>	<b>19.068.532</b>	<b>18.318.114</b>	<b>16.664.086</b>	<b>18.605.958</b>	<b>19.528.241</b>

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
<b>Growth (% YoY)</b>						
Sales	0,1%	-8,0%	4,2%	-6,3%	2,8%	5,0%
OP	-6,6%	-18,7%	-8,0%	-11,2%	7,5%	11,2%
EBITDA	-5,4%	-17,3%	-7,3%	-10,7%	6,7%	-1,3%
NP	-3,1%	-19,6%	-6,8%	-10,5%	6,9%	11,3%
EPS	-80,6%	-19,6%	-6,8%	-10,5%	6,9%	11,3%
<b>Profitability (%)</b>						
Gross Margin	52,3%	49,6%	46,3%	49,7%	50,0%	50,0%
Operating Margin	22,0%	19,4%	17,1%	16,3%	17,0%	18,0%
EBITDA margin	24,0%	21,5%	19,1%	18,2%	18,9%	17,8%
NET Profit margin	16,7%	14,6%	13,0%	12,4%	12,9%	13,7%
ROA	34,9%	30,2%	29,3%	28,8%	27,6%	29,2%
ROE	145,1%	133,3%	134,2%	142,0%	131,8%	127,9%
<b>Solvability (x)</b>						
Net debt/ equity	2,3	2,7	3,2	3,5	3,2	2,9
Tot. debt/ Tot.equity	3,2	3,4	3,6	3,9	3,8	3,4
Debt Ratio	0,8	0,8	0,8	0,8	0,8	0,8
<b>Liquidity (x)</b>						
Current Ratio	0,7	0,6	0,6	0,6	0,6	0,6
Cash Ratio	0,1	0,0	0,0	0,1	0,1	0,1
<b>Per Share data</b>						
EPS (IDR)	188	151	141	126	135	150
PBV	57	36	45	40	39	34
PER	39	27	33	28	30	27
EBITDA/share	270	223	207	185	197	194

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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