

PT. Unilever Indonesia Tbk.

BUY

Investment Consideration

High-single digit growth

- UNVR sales grew by a high single-digit percentage, after another quarter of price-driven growth, supported by strong performances in oral care, deodorants and cooking aids, but volumes were still down, most notably in Home and Personal Care (HP).
- UNVR sales increased by +6.4% YoY to IDR 21.46 trillion in 1H2022. For 2Q2022, sales grew 7.4% YoY but were -2% QoQ to IDR 10.62 trillion. The domestic sales in 1H2022 increased +6.8% to IDR 20.6 trillion while export sales decreased -3.9% YoY to IDR 440.3 billion in line with higher domestic sales in the 2Q2022 which grew 7.8% YoY to IDR 10.2 trillion.
- Food & Refreshment (FR) sales increased +8.1% YoY to IDR 7.23 trillion in 1H2022 boosted by Royco, Bango, Sariwangi and Buavita, while HP sales also increased +5.5% YoY to IDR 14.2 trillion due to higher prices.
- As commodity prices remain high, UNVR is raising pricing across all categories which has resulted in lower volumes. With the price hike, the 1H2022 gross margin in HP was steady at 50.3%, while operating margins decreased to 28.6% from 29.9% in 1H2021.
- FR GPM was also steady at 44.2% in 1H2022, while the OPM increased to 19.3% from 15.5% in 1H2021.
- We are targeting UNVR's sales for 2022F to reach IDR 41.9 trillion or +6% YoY growth.

2Q2022 Result: Lower bottom line QoQ

- UNVR booked bottom line profit of IDR 1.41 trillion, lower by -30% QoQ but up +4.5% YoY, due to higher opex in 2Q2022. The net profit margin decreased to 13.3% compared to 18.6% in 1Q2022. For 1H2022, UNVR still booked +12.6% YoY growth in bottom line profit to IDR 3.43 trillion.
- Operating profit decreased by -30% QoQ but increased slightly +1.7% YoY to IDR 1.84 trillion due to higher advertising and market research expenses in 2Q2022, up by +64% YoY. As a result, OPM decreased to 17.3% from 24.4% in 1Q2022. Despite this, in the 1H2022, UNVR still recorded operating profit growth of 11% YoY.
- Gross profit slightly declined -3.8% QoQ but increased +4.5% YoY to IDR 5.07 trillion in 2Q2022 with a lower GPM of 47.7%.
- We are targeting UNVR's net profit for 2022F to reach IDR 6.62 trillion or +15% YoY growth.

Valuation: Maintain BUY with TP 5,885

- We are targeting UNVR to trade at 32x PE within a year. Target Price is IDR 5,885 which represents 25% upside. BUY

Financial Highlights	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	41.802	42.923	42.972	39.546	41.918	44.441
EBITDA (IDR Bn)	13.207	10.887	10.297	8.516	9.401	9.983
Net Profit (IDR Bn)	9.081	7.393	7.164	5.758	6.617	7.015
EPS (IDR)	1.190	969	188	151	173	184
GPM (%)	50,5%	51,3%	52,3%	49,6%	48,2%	48,2%
OPM (%)	29,5%	23,6%	22,0%	19,4%	20,7%	20,7%
NPM (%)	21,7%	17,2%	16,7%	14,6%	15,8%	15,8%
Ebitda Margin (%)	31,6%	25,4%	24,0%	21,5%	22,4%	22,5%
ROE (%)	123,0%	140,0%	145,1%	133,3%	132,8%	123,4%
Current Ratio (x)	0,7	0,7	0,7	0,6	0,7	0,7
Tot. Debt / Equity (x)	1,8	2,9	3,2	3,4	3,6	3,0

Source: Company and Binaartha

28 July 2022
Consumer Goods

Price	IDR	4,720
Target Price	IDR	5,885
JKSE Index		6,898.216



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	180,068
52-week high (IDR)	5,400
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)	14,545

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Table: UNVR's Business Segment GPM & OPM YoY

	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022	1H2021	1H2022
HP Segment							
GPM	52,1%	51,4%	50,6%	50,5%	50,0%	54,0%	50,3%
OPM	29,0%	26,8%	31,2%	32,0%	25,2%	29,9%	28,6%
FR Segment							
GPM	42,9%	44,7%	41,7%	45,0%	43,2%	44,2%	44,1%
OPM	12,3%	17,4%	15,3%	23,0%	15,4%	15,5%	19,3%

Source: Company

Table: UNVR's Sales Performance YoY

	1H2021	1H2022	%
Domestic	19.288.659	20.599.278	6,8%
Export	888.111	864.106	-2,7%
Total	20.176.770	21.463.384	6,4%

Source: Company

Table: Income Statement in IDR Million YoY & QoQ

Income Statement (In IDR Mn)	1Q2022	2Q2022	QoQ	1H2021	1H2022	YoY	2Q2021	YoY
Sales	10.838.042	10.625.342	-2,0%	20.176.770	21.463.384	6,4%	9.894.249,0	7,4%
Cost of Sales	-5.565.037	-5.553.223	-0,2%	-9.929.159	-11.118.260	12,0%	-5.039.564,0	10,2%
Gross Profit	5.273.005	5.072.119	-3,8%	10.247.611	10.345.124	1,0%	4.854.685,0	4,5%
Operating Expenses	-2.633.385	-3.228.903	22,6%	-6.209.809	-5.862.288	-5,6%	-3.043.011,0	6,1%
Operating Profit	2.639.620	1.843.216	-30,2%	4.037.802	4.482.836	11,0%	1.811.674,0	1,7%
Other Income (Expenses)	-31.817	-8.088	-74,6%	-92.330	-39.905	-56,8%	-46.067,0	-82,4%
PBT	2.607.803	1.835.128	-29,6%	3.945.472	4.442.931	12,6%	1.765.607,0	3,9%
Tax	-586.596	-426.400	-27,3%	-899.580	-1.012.996	12,6%	-417.795,0	2,1%
NIAT	2.021.207	1.408.728	-30,3%	3.045.892	3.429.935	12,6%	1.347.812,0	4,5%
Non-controlling Interest	0	0		0	0		0,0	
Net Income	2.021.207	1.408.728	-30,3%	3.045.892	3.429.935	12,6%	1.347.812,0	4,5%
EPS	53	37	-30,3%	80	90	12,6%	35,3	4,5%
GPM	48,7%	47,7%		50,8%	48,2%		49,1%	
OPM	24,4%	17,3%		20,0%	20,9%		18,3%	
NPM	18,6%	13,3%		15,1%	16,0%		13,6%	

Source: Company and Binaartha

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2018A	2019A	2020A	2021A	2022F	2023F
Sales	41.802.073	42.922.563	42.972.474	39.545.959	41.918.341	44.440.949
Cost of Sales	-20.697.246	-20.893.870	-20.515.484	-19.919.572	-21.713.701	-23.020.412
Gross Profit	21.104.827	22.028.693	22.456.990	19.626.387	20.204.640	21.420.537
Operating Expenses	-8.780.616	-11.907.787	-13.005.978	-11.946.936	-11.527.544	-12.221.261
Operating Profit	12.324.211	10.120.906	9.451.012	7.679.451	8.677.097	9.199.276
Other Income (Expenses)	-176.124	-219.134	-244.143	-182.859	-83.837	-88.882
PBT	12.148.087	9.901.772	9.206.869	7.496.592	8.593.260	9.110.395
Tax	-3.066.900	-2.508.935	-2.043.333	-1.738.444	-1.976.450	-2.095.391
NIAT	9.081.187	7.392.837	7.163.536	5.758.148	6.616.810	7.015.004
Non-controlling Interest						
Net Income	9.081.187	7.392.837	7.163.536	5.758.148	6.616.810	7.015.004
EPS	1.190	969	188	151	173	184
EBITDA	13.207.147	10.886.592	10.297.312	8.516.160	9.401.427	9.983.215

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	6.616.810	7.015.004
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	2.207.569	-788.088
Cash From Operating Activities	8.200.635	8.088.914	9.943.471	8.214.818	6.347.729	9.632.546	7.099.736
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	-5.955.129	-6.313.503
Cash From Financing Activities	-5.719.007	-7.181.316	-8.861.821	-7.570.503	-6.311.864	-5.614.175	-6.374.550
Net Changes in Cash	30.949	-53.117	276.982	215.427	-518.879	2.468.725	-1.096.133
Beginning Balance	373.835	404.784	351.667	628.649	844.076	325.197	2.793.922
Ending Balance	404.784	351.667	628.649	844.076	325.197	2.793.922	1.697.789

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	2.793.922	1.697.789
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	628.775	666.614
Total Current Assets	7.876.386	8.257.910	8.530.334	8.828.360	7.642.208	10.967.998	9.697.160
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	23.135.802	22.813.462
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	3.450.000	460.000	2.920.000	3.015.000	1.850.000	0	0
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	3.772.651	3.999.685
Others Current Liabilities	2.432.512	3.559.949	2.876.950	3.704.915	3.392.379	6.287.751	4.769.983
Total Current Liabilities	12.698.614	11.273.822	13.065.308	13.357.536	12.445.152	15.509.786	14.546.992
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	18.152.852	17.129.011
EQUITY	5.007.180	7.383.667	5.281.862	4.937.368	4.321.269	4.982.950	5.684.450
TOTAL LIABILITIES & EQUITY	19.851.790	20.326.869	20.649.371	20.534.632	19.068.532	23.135.802	22.813.462

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%	10,4%	6,2%
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%	48,2%	48,2%
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%	22,5%
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%	28,6%	30,7%
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	3,3	2,8
Tot. debt/ Tot.equity	3,0	1,8	2,9	3,2	3,4	3,6	3,0
Debt Ratio	0,7	0,6	0,7	0,8	0,8	0,8	0,8
Liquidity (x)							
Current Ratio	0,6	0,7	0,7	0,7	0,6	0,7	0,7
Cash Ratio	0,0	0,0	0,0	0,1	0,0	0,2	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	246	262

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**.

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