

PT. Unilever Indonesia Tbk.

BUY

Investment Consideration

Stable Margins

- In 1Q2021, UNVR sales decreased -7.8% YoY to IDR 10.3 trillion.
- Home and Personal care (HP) contributed the most at 67% of revenue, but down from 70% in 1Q2020. HP gross profit margin was stable at 56% in 1Q2021, while operating margins for HP decreased to 31% from 32%.
- Meanwhile the Foods & Refreshment (FR) sales contribution increased to 33% from 30% last year, with a higher GPM of 46% from 43%. OPM also increased to 18% from 16% in 1Q2020.
- The domestic market remains challenging, following Public Activity Restrictions in early 2021 and this resulted in slower than expected sales growth in 1Q2021.
- We expect higher 2Q2021 sales because of the Eid celebrations.

1Q2021FY Results: Below expectation

- From the decrease in sales, UNVR booked net profit of IDR 1.69 trillion down by -8.8% YoY from IDR 1.86 trillion in 1Q2020. The net profit was below our expectations of positive growth in 1Q2021.
- Lower expenses in 1Q2021 inline with lower sales, resulted in an operating profit decrease of -6.8% YoY to IDR 2.22 trillion, while the margin remained stable at 21.6%.
- Gross profit also decreased -7.8% YoY to IDR 5.39 in 1Q2021 due to lower sales with a stable GPM of 52.4%.
- As the 1Q2021 result was below our expectations, we revise our net profit target to IDR 7.17 trillion in 2021F, stable compared to last year.

Valuation: Maintain BUY with TP 7,180

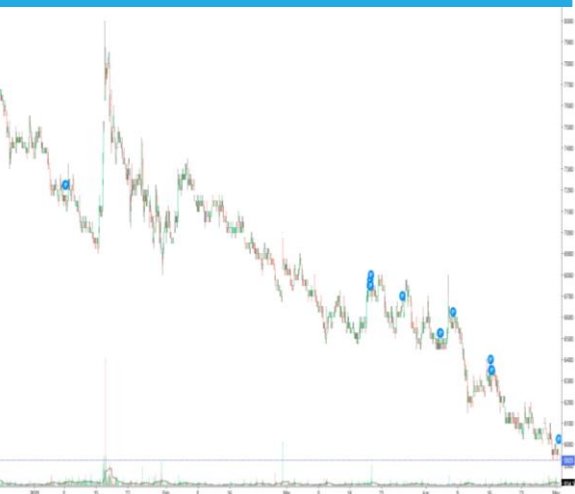
- We are targeting UNVR to trade at 36x PE within a year. Target Price is IDR 7,180 which represents 22% upside. BUY

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Bn)	40.054	41.205	41.802	42.923	42.972	43.662	44.972
EBITDA (IDR Bn)	9.245	10.132	13.207	10.887	10.297	10.321	10.874
Net Profit (IDR Bn)	6.391	7.005	9.081	7.393	7.164	7.169	7.559
EPS (IDR)	838	918	1.190	969	188	188	198
GPM (%)	51,1%	51,5%	50,5%	51,3%	52,3%	52,0%	52,0%
OPM (%)	21,7%	23,0%	29,5%	23,6%	22,0%	21,5%	22,0%
NPM (%)	16,0%	17,0%	21,7%	17,2%	16,7%	16,4%	16,8%
Ebitda Margin (%)	23,1%	24,6%	31,6%	25,4%	24,0%	23,6%	24,2%
ROE (%)	135,8%	139,9%	123,0%	140,0%	145,1%	126,8%	117,9%
Current Ratio (x)	0,6	0,6	0,7	0,7	0,7	0,7	0,7
Tot. Debt / Equity (x)	2,6	3,0	1,8	2,9	3,2	2,8	2,6

Source: Company and Binaartha

4 May 2021
Consumer Goods

Price	IDR	5,900
Target Price	IDR	7,180
JKSE Index		5,933.301



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	219,360
52-week high (IDR)	8,800
52-week low (IDR)	5,925
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)

2020	14,175
2021F (6m-avg)	14,525

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Company Profile

Unilever Indonesia was established on 5 December 1933 under the name Lever’s Zeepfabrieken N.V in Indonesia. Unilever Indonesia’s products were first offered to the public in 1981 and the company listed on the Indonesia Stock Exchange on 11 January 1982 with ticker code UNVR. UNVR has been one of Indonesia’s largest consumer goods company with home & personal care products and food & refreshments products. UNVR’s product range include world renowned brands such as Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall’s, Royco, Bango, and more.

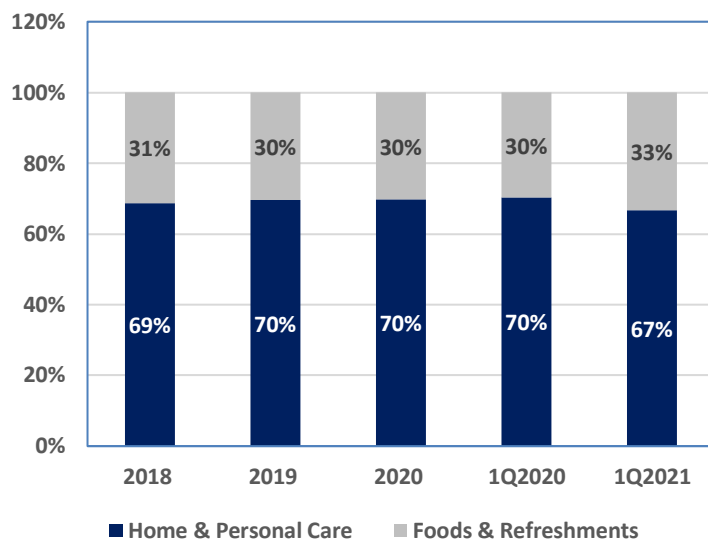
Source: Company

Pictures: UNVR’s Categories and Brands



Source: Company

Chart: Revenue Breakdown by Segment YoY



Source: Company

Table: Income Statement in IDR Million YoY

Income Statement (In IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Sales	40.053.732	41.204.510	41.802.073	42.922.563	42.972.474	43.661.829	44.971.684
Cost of Sales	-19.594.636	-19.984.776	-20.697.246	-20.893.870	-20.515.484	-20.957.678	-21.586.408
Gross Profit	20.459.096	21.219.734	21.104.827	22.028.693	22.456.990	22.704.151	23.385.276
Operating Expenses	-11.751.435	-11.723.970	-8.780.616	-11.907.787	-13.005.978	-13.316.858	-13.491.505
Operating Profit	8.707.661	9.495.764	12.324.211	10.120.906	9.451.012	9.387.293	9.893.771
Other Income (Expenses)	-135.776	-124.103	-176.124	-219.134	-244.143	-196.478	-202.373
PBT	8.571.885	9.371.661	12.148.087	9.901.772	9.206.869	9.190.815	9.691.398
Tax	-2.181.213	-2.367.099	-3.066.900	-2.508.935	-2.043.333	-2.021.979	-2.132.108
NIAT	6.390.672	7.004.562	9.081.187	7.392.837	7.163.536	7.168.836	7.559.290
Non-controlling Interest							
Net Income	6.390.672	7.004.562	9.081.187	7.392.837	7.163.536	7.168.836	7.559.290
EPS	838	918	1.190	969	188	188	198
EBITDA	9.244.744	10.132.204	13.207.147	10.886.592	10.297.312	10.321.450	10.874.108

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Million YoY

IDR mn.	2016A	2017A	2018A	2019A	2020A	2021F	2022F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	373.835	404.784	351.667	628.649	844.076	504.976	799.131
Trade Accounts Receivable	3.708.257	4.854.825	5.103.406	5.447.751	5.295.288	5.239.420	5.396.602
Inventories	2.318.130	2.393.540	2.658.073	2.429.234	2.463.104	2.532.386	2.923.159
Others Current Assets	187.887	223.237	144.764	24.700	225.892	261.971	449.717
Total Current Assets	6.588.109	7.876.386	8.257.910	8.530.334	8.828.360	8.538.752	9.568.610
NONCURRENT ASSETS							
Fixed Assets	9.529.476	10.422.133	10.627.387	10.715.376	10.419.902	11.305.594	12.210.041
Other Noncurrent Assets	628.110	1.553.271	1.441.572	1.403.661	1.286.370	1.746.473	1.349.151
Total Noncurrent Assets	10.157.586	11.975.404	12.068.959	12.119.037	11.706.272	13.052.067	13.559.192
TOTAL ASSETS	16.745.695	19.851.790	20.326.869	20.649.371	20.534.632	21.590.819	23.127.801
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	2.392.970	3.450.000	460.000	2.920.000	3.015.000	2.969.004	3.372.876
Trade Account Payable	4.641.910	4.527.110	4.572.600	4.516.954	4.277.617	4.278.859	4.407.225
Accruals	1.659.753	2.288.992	2.681.273	2.751.404	2.360.004	2.357.739	2.698.301
Others Current Liabilities	2.183.441	2.432.512	3.559.949	2.876.950	3.704.915	3.492.946	3.597.735
Total Current Liabilities	10.878.074	12.698.614	11.273.822	13.065.308	13.357.536	13.098.549	14.076.137
NONCURRENT LIABILITIES							
Others Noncurrent Liabilities	918.211	1.290.240	1.257.376	1.254.385	1.059.137	1.528.164	1.349.151
Long-term Liabilities	245.152	855.756	412.004	1.047.816	1.180.591	1.309.855	1.292.333
Total Noncurrent Liabilities	1.163.363	2.145.996	1.669.380	2.302.201	2.239.728	2.838.019	2.641.484
TOTAL LIABILITIES	12.041.437	14.844.610	12.943.202	15.367.509	15.597.264	15.936.568	16.717.621
EQUITY	4.704.258	5.007.180	7.383.667	5.281.862	4.937.368	5.654.252	6.410.181
TOTAL LIABILITIES & EQUITY	16.745.695	19.851.790	20.326.869	20.649.371	20.534.632	21.590.819	23.127.801

Source: Company and Binaartha

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Income	6.390.672	7.004.562	9.081.187	7.392.837	7.163.536	7.168.836	7.559.290
Depreciation	529.615	632.861	867.160	754.590	841.653	885.692	904.447
Change in WC	531.213	563.212	-1.859.433	1.796.044	209.629	-308.480	241.887
Cash From Operating Activities	7.451.500	8.200.635	8.088.914	9.943.471	8.214.818	7.746.048	8.705.624
Capex	-1.580.370	-2.450.679	-960.715	-804.668	-428.888	-2.231.487	-1.411.572
Cash From Investing Activities	-1.580.370	-2.450.679	-960.715	-804.668	-428.888	-2.231.487	-1.411.572
Others Noncurrent Liabilities	515.209	372.029	-32.864	-2.991	-195.248	469.027	-179.014
Long-term Liabilities	-126.889	610.604	-443.752	635.812	132.775	129.264	-17.522
Equity	-6.513.774	-6.701.640	-6.704.700	-9.494.642	-7.508.030	-6.451.952	-6.803.361
Cash From Financing Activities	-6.125.454	-5.719.007	-7.181.316	-8.861.821	-7.570.503	-5.853.661	-6.999.897
Net Changes in Cash	-254.324	30.949	-53.117	276.982	215.427	-339.100	294.155
Beginning Balance	628.159	373.835	404.784	351.667	628.649	844.076	504.976
Ending Balance	373.835	404.784	351.667	628.649	844.076	504.976	799.131

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Growth (% YoY)							
Sales	9,8%	2,9%	1,5%	2,7%	0,1%	1,6%	3,0%
OP	9,7%	9,1%	29,8%	-17,9%	-6,6%	-0,7%	5,4%
EBITDA	9,6%	9,6%	30,3%	-17,6%	-5,4%	0,2%	5,4%
NP	9,2%	9,6%	29,6%	-18,6%	-3,1%	0,1%	5,4%
EPS	9,2%	9,6%	29,6%	-18,6%	-80,6%	0,1%	5,4%
Profitability (%)							
Gross Margin	51,1%	51,5%	50,5%	51,3%	52,3%	52,0%	52,0%
Operating Margin	21,7%	23,0%	29,5%	23,6%	22,0%	21,5%	22,0%
EBITDA margin	23,1%	24,6%	31,6%	25,4%	24,0%	23,6%	24,2%
NET Profit margin	16,0%	17,0%	21,7%	17,2%	16,7%	16,4%	16,8%
ROA	38,2%	35,3%	44,7%	35,8%	34,9%	33,2%	32,7%
ROE	135,8%	139,9%	123,0%	140,0%	145,1%	126,8%	117,9%
Solvability (x)							
Net debt/ equity	2,0	2,1	1,6	2,2	2,3	2,1	1,9
Tot. debt/ Tot.equity	2,6	3,0	1,8	2,9	3,2	2,8	2,6
Debt Ratio	0,7	0,7	0,6	0,7	0,8	0,7	0,7
Int. Coverage	44,6	54,9	47,3	32,1	28,8	29,3	27,2
Liquidity (x)							
Current Ratio	0,6	0,6	0,7	0,7	0,7	0,7	0,7
Cash Ratio	0,0	0,0	0,0	0,0	0,1	0,0	0,1
Per Share data (IDR)							
EPS	838	918	1.190	969	188	188	198
BV	617	656	968	692	129	148	168
EBITDA/share	1.212	1.328	1.731	1.427	270	271	285

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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