

PT. Unilever Indonesia Tbk.

Investment Consideration

BUY

4Q2021 Lower Sales

- Competition in the domestic market and Covid-19 related restrictions in 2021 resulted in a decrease in UNVR sales especially in 4Q2021. UNVR sales decreased by -9.5% YoY or -3.4% QoQ to IDR 9.52 trillion in 4Q2021.
- For 2021FY, UNVR sales also decreased, by -7.97% YoY to IDR 39.5 trillion. The domestic sales in 2021 decreased -8.1% to IDR 37.8 trillion from IDR 41.15 trillion in 2020. The sales were lower than we expected, at only 95% of our estimate.
- Home and Personal care (HP) sales decreased the most, -12.1% YoY to IDR 26.37 trillion, while Food & Refreshment (FR) sales increased slightly +1.4% YoY to IDR 13.17 trillion.
- The increase in commodity prices has also had an impact on higher COGS reflected in depressed margins for all business segments. HP gross profit margin decreased to 51% in 4Q2021 compared to 56% in 4Q2020. Operating margins were steady at 31% in 4Q2021. For 2021FY HP's GPM & OPM were 53% and 29% respectively.
- FR's GPM also declined to 42% from 46% last year, the OPM also decreased to 15% compared to 4Q2020's 20%.
- We are conservative on the outlook for UNVR 2022F sales performance as Omicron cases rise in 1Q2022 and the domestic market continues to be competitive. We are targeting UNVR's 2022F sales to reach IDR 40.13 trillion with low single digit growth.

Lower Margin

- With the decrease in sales, UNVR booked a lower net profit of IDR 1.38 trillion down by -20% YoY but up +3.5% QoQ. The net profit margin fell from 16.4% in 4Q2020 to 14.5% in 4Q2021. For 2021 net profit also declined by -20% YoY to IDR 5.76 trillion with a lower NPM at 14.6%.
- Operating profit decreased by -20.7% YoY but was higher +5.2% QoQ to IDR 1.86 trillion because of lower opex in 4Q2021. So, the OPM rose to 19.6% from 18% in 3Q2021. For 2021, operating profit decreased -18.7% to IDR 7.67 trillion with a lower OPM of 19.4%.
- Gross profit declined -18.8% YoY to IDR 4.53 trillion in 4Q2021 with a lower GPM of 47.6% from 53.1% in 4Q2020.
- We are targeting UNVR net profit for 2022F to reach IDR 5.99 trillion or +4% YoY growth.

Valuation: BUY with TP 4,400

- We are targeting UNVR to trade at 28x PE within a year. Target Price is IDR 4,400 which represents 25% upside. BUY

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	41.205	41.802	42.923	42.972	39.546	40.139	40.741
EBITDA (IDR Bn)	10.132	13.207	10.887	10.297	8.516	8.672	9.113
Net Profit (IDR Bn)	7.005	9.081	7.393	7.164	5.758	5.992	6.273
EPS (IDR)	918	1.190	969	188	151	157	164
GPM (%)	51,5%	50,5%	51,3%	52,3%	49,6%	49,6%	49,7%
OPM (%)	23,0%	29,5%	23,6%	22,0%	19,4%	19,6%	20,2%
NPM (%)	17,0%	21,7%	17,2%	16,7%	14,6%	14,9%	15,4%
Ebitda Margin (%)	24,6%	31,6%	25,4%	24,0%	21,5%	21,6%	22,4%
ROE (%)	139,9%	123,0%	140,0%	145,1%	133,3%	121,8%	113,1%
Current Ratio (x)	0,6	0,7	0,7	0,7	0,6	0,6	0,6
Tot. Debt / Equity (x)	3,0	1,8	2,9	3,2	3,4	3,1	2,8

Source: Company and Binaartha

7 March 2022
Consumer Goods

Price	IDR	3,520
Target Price	IDR	4,400
JKSE Index		6,928.330



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	132,000
52-week high (IDR)	7,000
52-week low (IDR)	3,780
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)	14,300

Analyst

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Table: UNVR's Business Segment GPM & OPM YoY

	1Q2021	2Q2021	3Q2021	4Q2021	2020A	2021A
HP Segment						
GPM	55,9%	52,1%	51,4%	50,6%	56,1%	52,6%
OPM	30,8%	29,0%	26,8%	31,2%	32,6%	29,5%
FR Segment						
GPM	45,5%	42,9%	44,7%	41,7%	43,5%	43,7%
OPM	18,5%	12,3%	17,4%	15,3%	15,0%	15,9%

Source: Company

Table: UNVR's Sales Performance YoY

	2020A	2021A	%
Domestic	41.158.401	37.847.315	-8,0%
Export	1.814.073	1.698.644	-6,4%
Total	42.972.474	39.545.959	-8,0%

Source: Company

Table: Income Statement in IDR Million YoY & QoQ

Income Statement (In IDR Mn)	1Q2021	2Q2021	3Q2021	4Q2021	QoQ	4Q2020	YoY
Sales	10.282.521	9.894.249	9.852.760	9.516.429	-3,4%	10.515.801	-9,5%
Cost of Sales	-4.889.595	-5.039.564	-5.007.322	-4.983.091	-0,5%	-4.929.788	1,1%
Gross Profit	5.392.926	4.854.685	4.845.438	4.533.338	-6,4%	5.586.013	-18,8%
Operating Expenses	-3.166.798	-3.043.011	-3.070.766	-2.666.361	-13,2%	-3.230.553	-17,5%
Operating Profit	2.226.128	1.811.674	1.774.672	1.866.977	5,2%	2.355.460	-20,7%
Other Income (Expenses)	-46.263	-46.067	-57.090	-33.439	-41,4%	-88.289	-62,1%
PBT	2.179.865	1.765.607	1.717.582	1.833.538	6,8%	2.267.171	-19,1%
Tax	-481.785	-417.795	-384.680	-454.184	18,1%	-541.974	-16,2%
NIAT	1.698.080	1.347.812	1.332.902	1.379.354	3,5%	1.725.197	-20,0%
Non-controlling Interest	0	0	0	0	0,0%	0	0,0%
Net Income	1.698.080	1.347.812	1.332.902	1.379.354	3,5%	1.725.197	-20,0%
EPS	45	35	35	36	3,5%	45	-20,0%
GPM	52,4%	49,1%	49,2%	47,6%		53,1%	
OPM	21,6%	18,3%	18,0%	19,6%		22,4%	
NPM	16,5%	13,6%	13,5%	14,5%		16,4%	

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	40.139.148	40.741.236
Cost of Sales	-19.984.776	-20.697.246	-20.893.870	-20.515.484	-19.919.572	-20.230.131	-20.492.842
Gross Profit	21.219.734	21.104.827	22.028.693	22.456.990	19.626.387	19.909.018	20.248.394
Operating Expenses	-11.723.970	-8.780.616	-11.907.787	-13.005.978	-11.946.936	-12.041.745	-12.018.665
Operating Profit	9.495.764	12.324.211	10.120.906	9.451.012	7.679.451	7.867.273	8.229.730
Other Income (Expenses)	-124.103	-176.124	-219.134	-244.143	-182.859	-184.640	-187.410
PBT	9.371.661	12.148.087	9.901.772	9.206.869	7.496.592	7.682.633	8.042.320
Tax	-2.367.099	-3.066.900	-2.508.935	-2.043.333	-1.738.444	-1.690.179	-1.769.310
NIAT	7.004.562	9.081.187	7.392.837	7.163.536	5.758.148	5.992.454	6.273.010
Non-controlling Interest							
Net Income	7.004.562	9.081.187	7.392.837	7.163.536	5.758.148	5.992.454	6.273.010
EPS	918	1.190	969	188	151	157	164
EBITDA	10.132.204	13.207.147	10.886.592	10.297.312	8.516.160	8.672.300	9.113.140

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	5.992.454	6.273.010
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	72.825	308.868
Cash From Operating Activities	8.200.635	8.088.914	9.943.471	8.214.818	6.347.729	6.873.445	7.454.697
Change on Non-current Asset	-2.450.679	-960.715	-804.668	-428.888	-554.744	-1.576.549	-1.764.907
Cash From Investing Activities	-2.450.679	-960.715	-804.668	-428.888	-554.744	-1.576.549	-1.764.907
Others Noncurrent Liabilities	372.029	-32.864	-2.991	-195.248	3.118	63.757	-9.676
Long-term Liabilities	610.604	-443.752	635.812	132.775	59.265	165.014	21.073
Equity	-6.701.640	-6.704.700	-9.494.642	-7.508.030	-6.374.247	-5.393.208	-5.645.709
Cash From Financing Activities	-5.719.007	-7.181.316	-8.861.821	-7.570.503	-6.311.864	-5.164.437	-5.634.312
Net Changes in Cash	30.949	-53.117	276.982	215.427	-518.879	132.460	55.479
Beginning Balance	373.835	404.784	351.667	628.649	844.076	325.197	457.657
Ending Balance	404.784	351.667	628.649	844.076	325.197	457.657	513.135

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	457.657	513.135
Trade Accounts Receivable	4.854.825	5.103.406	5.447.751	5.295.288	4.516.555	4.765.227	4.744.887
Inventories	2.393.540	2.658.073	2.429.234	2.463.104	2.453.871	2.354.362	2.417.643
Others Current Assets	223.237	144.764	24.700	225.892	346.585	401.391	407.412
Total Current Assets	7.876.386	8.257.910	8.530.334	8.828.360	7.642.208	7.978.638	8.083.078
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	1.284.453	1.303.720
Total Noncurrent Assets	11.975.404	12.068.959	12.119.037	11.706.272	11.426.324	12.194.706	13.086.793
TOTAL ASSETS	19.851.790	20.326.869	20.649.371	20.534.632	19.068.532	20.173.343	21.169.870
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	3.450.000	460.000	2.920.000	3.015.000	1.850.000	2.200.000	2.400.000
Trade Account Payable	4.527.110	4.572.600	4.516.954	4.277.617	4.571.352	4.639.922	4.709.521
Accruals	2.288.992	2.681.273	2.751.404	2.360.004	2.631.421	2.670.892	2.710.956
Others Current Liabilities	2.432.512	3.559.949	2.876.950	3.704.915	3.392.379	3.211.132	3.259.299
Total Current Liabilities	12.698.614	11.273.822	13.065.308	13.357.536	12.445.152	12.721.946	13.079.776
NONCURRENT LIABILITIES							
Others Noncurrent Liabilities	1.290.240	1.257.376	1.254.385	1.059.137	1.062.255	1.126.012	1.116.336
Long-term Liabilities	855.756	412.004	1.047.816	1.180.591	1.239.856	1.404.870	1.425.943
Total Noncurrent Liabilities	2.145.996	1.669.380	2.302.201	2.239.728	2.302.111	2.530.882	2.542.279
TOTAL LIABILITIES	14.844.610	12.943.202	15.367.509	15.597.264	14.747.263	15.252.829	15.622.055
EQUITY	5.007.180	7.383.667	5.281.862	4.937.368	4.321.269	4.920.514	5.547.815
TOTAL LIABILITIES & EQUITY	19.851.790	20.326.869	20.649.371	20.534.632	19.068.532	20.173.343	21.169.870

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%	1,5%	1,5%
OP	9,1%	29,8%	-17,9%	-6,6%	-18,7%	2,4%	4,6%
EBITDA	9,6%	30,3%	-17,6%	-5,4%	-17,3%	1,8%	5,1%
NP	9,6%	29,6%	-18,6%	-3,1%	-19,6%	4,1%	4,7%
EPS	9,6%	29,6%	-18,6%	-80,6%	-19,6%	4,1%	4,7%
Profitability (%)							
Gross Margin	51,5%	50,5%	51,3%	52,3%	49,6%	49,6%	49,7%
Operating Margin	23,0%	29,5%	23,6%	22,0%	19,4%	19,6%	20,2%
EBITDA margin	24,6%	31,6%	25,4%	24,0%	21,5%	21,6%	22,4%
NET Profit margin	17,0%	21,7%	17,2%	16,7%	14,6%	14,9%	15,4%
ROA	35,3%	44,7%	35,8%	34,9%	30,2%	29,7%	29,6%
ROE	139,9%	123,0%	140,0%	145,1%	133,3%	121,8%	113,1%
Solvability (x)							
Net debt/ equity	2,1	1,6	2,2	2,3	2,7	2,4	2,1
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	33,0	31,7
Liquidity (x)							
Current Ratio	0,6	0,7	0,7	0,7	0,6	0,6	0,6
Cash Ratio	0,0	0,0	0,0	0,1	0,0	0,0	0,0
Per Share data (IDR)							
EPS	918	1.190	969	188	151	157	164
BV	656	968	692	129	113	129	145
EBITDA/share	1.328	1.731	1.427	270	223	227	239

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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