

PT. Unilever Indonesia Tbk.

9 February 2021
Consumer Goods

Price	IDR	7,100
Target Price	IDR	9,170
JKSE Index		6,208.866



Stock Information

Bloomberg Code	UNVR IJ
Market Cap (IDR bn)	270,870
52-week high (IDR)	8,800
52-week low (IDR)	5,275
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)	14,046

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Investment Consideration

BUY

Slightly positive sales

- UNVR booked slightly positive revenue growth of +0.1% YoY to IDR 42.97 trillion, or 99.6% from our 2020F expectation.
- In 2020FY, the Home and Personal care (HP) segment contributed the highest at 70% of revenue, while the Foods & Refreshment (FR) segment was 30%.
- For 4Q2020, FR segment grew (rebounded) +9.1% YoY or +11% QOQ after a decline in the 3Q2020 -11% YoY. While the HP segment declined -4.3% YoY or -6% QoQ. For 4Q2020 UNVR revenue slightly decreased -0.4% YoY.
- We see the FR segment rebound in 4Q2020 as a good sign, and so we expect 2021 sales will recover, but we maintain a conservative forecast for 2021F of single digit revenue growth, +3% YoY.

2020FY Results: As expected

- UNVR recorded net profit of IDR 7.16 trillion, a slight decrease by -3% YoY from IDR 7.39 trillion in 2019. The net profit achievement was almost as we expected at 96.6% of our forecast. But the profit margin was lower at 16.7% from 17.2% in 2019.
- Higher expenses in 2020 resulted in an operating profit decrease -6.6% YoY to IDR 9.45 trillion and the margin decreased to 22% from 23.6% in 2019
- Gross profit slightly increased +1.9% YoY to IDR 22.46 in 2020 due to efficiencies in raw material and logistic costs. This resulted in a better gross profit margin in 2020 of 52.3% from 51.3% last year.
- As we believe 2021 economic activity will recover, we are expecting net profit will reach IDR 7.39 trillion in 2021F or grow by a single digit +3% YoY.

Valuation: BUY TP 9,170 with 29% upside

- We are targeting UNVR to trade at 45.8x PE within a year. Target Price is IDR 9,170 which represents 29% upside. BUY

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Bn)	40.054	41.205	41.802	42.923	42.972	44.262	45.589
EBITDA (IDR Bn)	9.245	10.132	13.207	10.887	10.297	10.619	10.956
Net Profit (IDR Bn)	6.391	7.005	9.081	7.393	7.164	7.399	7.620
EPS (IDR)	838	918	1.190	969	188	194	200
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%	22,0%	22,0%
NPM (%)	16,0%	17,0%	21,7%	17,2%	16,7%	16,7%	16,7%
Ebitda Margin (%)	23,1%	24,6%	31,6%	25,4%	24,0%	24,0%	24,0%
ROE (%)	135,8%	139,9%	123,0%	140,0%	145,1%	130,3%	118,3%
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

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 the Indonesia’s largest consumers good company with home & personal care products and food & refreshments products. UNVR’s products range include world renowned brands such as Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall’s, Royco, Bango, and more.

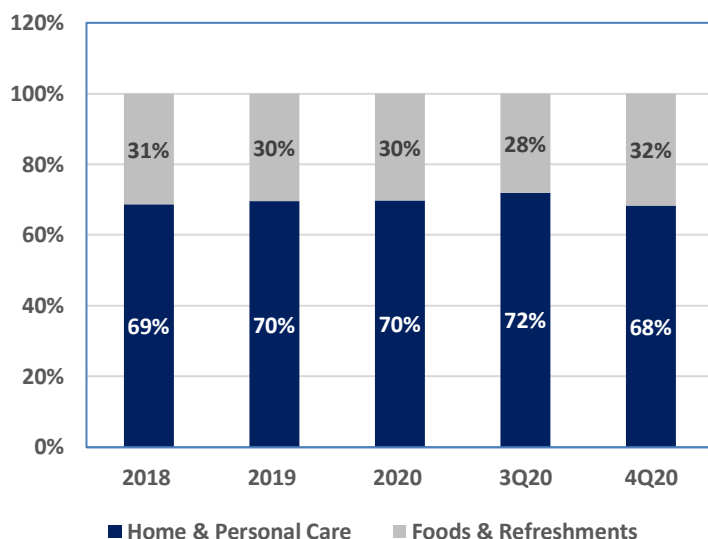
Source: Company

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	44.261.648	45.589.498
Cost of Sales	-19.594.636	-19.984.776	-20.697.246	-20.893.870	-20.515.484	-21.245.591	-21.882.959
Gross Profit	20.459.096	21.219.734	21.104.827	22.028.693	22.456.990	23.016.057	23.706.539
Operating Expenses	-11.751.435	-11.723.970	-8.780.616	-11.907.787	-13.005.978	-13.278.494	-13.676.849
Operating Profit	8.707.661	9.495.764	12.324.211	10.120.906	9.451.012	9.737.563	10.029.689
Other Income (Expenses)	-135.776	-124.103	-176.124	-219.134	-244.143	-252.291	-259.860
PBT	8.571.885	9.371.661	12.148.087	9.901.772	9.206.869	9.485.271	9.769.829
Tax	-2.181.213	-2.367.099	-3.066.900	-2.508.935	-2.043.333	-2.086.760	-2.149.362
NIAT	6.390.672	7.004.562	9.081.187	7.392.837	7.163.536	7.398.512	7.620.467
Non-controlling Interest							
Net Income	6.390.672	7.004.562	9.081.187	7.392.837	7.163.536	7.398.512	7.620.467
EPS	838	918	1.190	969	188	194	200
EBITDA	9.244.744	10.132.204	13.207.147	10.886.592	10.297.312	10.619.271	10.956.362

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	612.518	918.872
Trade Accounts Receivable	3.708.257	4.854.825	5.103.406	5.447.751	5.295.288	5.311.398	5.470.740
Inventories	2.318.130	2.393.540	2.658.073	2.429.234	2.463.104	2.567.176	2.963.317
Others Current Assets	187.887	223.237	144.764	24.700	225.892	265.570	455.895
Total Current Assets	6.588.109	7.876.386	8.257.910	8.530.334	8.828.360	8.756.661	9.808.824
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	1.770.466	1.367.685
Total Noncurrent Assets	10.157.586	11.975.404	12.068.959	12.119.037	11.706.272	13.076.060	13.577.726
TOTAL ASSETS	16.745.695	19.851.790	20.326.869	20.649.371	20.534.632	21.832.721	23.386.551
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	2.392.970	3.450.000	460.000	2.920.000	3.015.000	3.009.792	3.419.212
Trade Account Payable	4.641.910	4.527.110	4.572.600	4.516.954	4.277.617	4.337.642	4.467.771
Accruals	1.659.753	2.288.992	2.681.273	2.751.404	2.360.004	2.390.129	2.735.370
Others Current Liabilities	2.183.441	2.432.512	3.559.949	2.876.950	3.704.915	3.540.932	3.647.160
Total Current Liabilities	10.878.074	12.698.614	11.273.822	13.065.308	13.357.536	13.278.494	14.269.513
NONCURRENT LIABILITIES							
Others Noncurrent Liabilities	918.211	1.290.240	1.257.376	1.254.385	1.059.137	1.549.158	1.367.685
Long-term Liabilities	245.152	855.756	412.004	1.047.816	1.180.591	1.327.849	1.310.087
Total Noncurrent Liabilities	1.163.363	2.145.996	1.669.380	2.302.201	2.239.728	2.877.007	2.677.772
TOTAL LIABILITIES	12.041.437	14.844.610	12.943.202	15.367.509	15.597.264	16.155.502	16.947.285
EQUITY	4.704.258	5.007.180	7.383.667	5.281.862	4.937.368	5.677.219	6.439.266
TOTAL LIABILITIES & EQUITY	16.745.695	19.851.790	20.326.869	20.649.371	20.534.632	21.832.721	23.386.551

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	7.398.512	7.620.467
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	-238.901	245.210
Cash From Operating Activities	7.451.500	8.200.635	8.088.914	9.943.471	8.214.818	8.045.302	8.770.124
Capex	-1.580.370	-2.450.679	-960.715	-804.668	-428.888	-2.255.479	-1.406.114
Cash From Investing Activities	-1.580.370	-2.450.679	-960.715	-804.668	-428.888	-2.255.479	-1.406.114
Others Noncurrent Liabilities	515.209	372.029	-32.864	-2.991	-195.248	490.021	-181.473
Long-term Liabilities	-126.889	610.604	-443.752	635.812	132.775	147.258	-17.762
Equity	-6.513.774	-6.701.640	-6.704.700	-9.494.642	-7.508.030	-6.658.660	-6.858.420
Cash From Financing Activities	-6.125.454	-5.719.007	-7.181.316	-8.861.821	-7.570.503	-6.021.381	-7.057.655
Net Changes in Cash	-254.324	30.949	-53.117	276.982	215.427	-231.558	306.354
Beginning Balance	628.159	373.835	404.784	351.667	628.649	844.076	612.518
Ending Balance	373.835	404.784	351.667	628.649	844.076	612.518	918.872

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%	3,0%	3,0%
OP	9,7%	9,1%	29,8%	-17,9%	-6,6%	3,0%	3,0%
EBITDA	9,6%	9,6%	30,3%	-17,6%	-5,4%	3,1%	3,2%
NP	9,2%	9,6%	29,6%	-18,6%	-3,1%	3,3%	3,0%
EPS	9,2%	9,6%	29,6%	-18,6%	-80,6%	3,3%	3,0%
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%	22,0%	22,0%
EBITDA margin	23,1%	24,6%	31,6%	25,4%	24,0%	24,0%	24,0%
NET Profit margin	16,0%	17,0%	21,7%	17,2%	16,7%	16,7%	16,7%
ROA	38,2%	35,3%	44,7%	35,8%	34,9%	33,9%	32,6%
ROE	135,8%	139,9%	123,0%	140,0%	145,1%	130,3%	118,3%
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	29,8	27,0
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	194	200
BV	617	656	968	692	129	149	169
EBITDA/share	1.212	1.328	1.731	1.427	270	278	287

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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