

Unilever Indonesia

HOLD (upgrade)

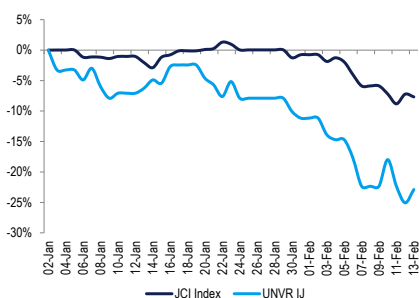
Company Update | Consumer Staples | UNVR IJ | 13 February 2025

Stock Data

Target price	Rp1,470
Prior TP	Rp1,750
Current price	Rp1,415
Upside/downside	4%
Shares outstanding (mn)	38,150
Market cap (Rp bn)	53,982
Free float	15%
Avg. 6m daily T/O (Rp bn)	23

Price Performance

	3M	6M	12M
Absolute	-21,4%	-41,8%	-49,5%
vs. JCI	-11,9%	-30,7%	-41,2%
52w low/high (Rp)	1,375 – 3,280		



Major Shareholders

Unilever Indonesia Holding	85%
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4Q24: soft results amid negative operating leverage

- FY24 net profit of Rp3.4tr (-30% yoy) was below our/consensus estimate at 89/90%, FY24 revenue of Rp35.1tr was in-line.
- 4Q24 GPM dropped significantly to 44.5% due to negative operating leverage from HPC segments.
- Share price has dropped by -50% yoy prompted us to upgrade our call to HOLD with lower TP of Rp1,470/sh.

FY24 Result: net profit came below due to negative operating leverage

UNVR posted FY24 net profit of Rp3.4tr (-29.8% yoy) and this was below our/consensus estimate at 89/90%. FY24 revenue dropped by -9% yoy to Rp35.1tr, driven by lower unit volume growth (UVG) of -5.2% and unit price growth (UPG) of -3.6%. A&P to sales increased slightly by 40bps yoy to 8.8%, in-line with company guidance at range of 8.5-9.0%. In sum, GPM/net profit margin declined to 47.6%/9.6% (-213bps/-285bps yoy) amid negative operating leverage and transformation costs (stock reduction on retailers).

Soft 4Q24 net profit amid negative operating leverage

4Q24 sales dropped by -4.7% yoy to Rp7.7tr despite a low base in 4Q23's (-16.3% yoy; affected by boycott). This was driven by stock reduction in the transformation program (UVG: -2.4% yoy) and lower UPG of -1.9% yoy. 4Q24 GPM dropped by -383bps yoy to 44.5% mainly due to negative operating leverage on its HPC segment which saw a GPM of 44.9% (-545bps yoy). In addition, 4Q24 remuneration & employee benefits to sales increased significantly to 7.6% (+384bps yoy) due to employee layoffs as it aimed to improve production costs. Concurrently, A&P to sales dropped by 437bps yoy, resulting in a flat opex to sales of 37.9% (vs. 4Q23's 38.2%). In sum, 4Q24 net profit declined by 41.3% yoy to Rp359bn (-41.3% yoy).

FY25F outlook: margin is expected to improve in 2H25F

The management expects a margin improvement from operational efficiency and volume leverage in 2H25F due to transformation program initiated in 3Q24. Moreover, UNVR has gotten approval from shareholders to sell its ice cream division with total transaction of Rp7tr, implying Rp5tr gain of sale asset. This transaction is expected to be completed in 4Q25-1Q26. To note, ice-cream division contribute c.9% UNVR's sales.

Upgrade to HOLD with lower TP of Rp1,470/sh

In sum, we cut FY25/26F core profit by -16/-24% on the back of soft 4Q24 results coupled with potential revenue loss from ice cream segment in FY26F. UNVR's share price has retraced by -50% yoy and may have priced-in the weak results. Hence, we upgrade UNVR to HOLD with lower TP of Rp1,470, based on 18x FY25F PE (-2.5s.d. from its 5yr avg).

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	38,611	35,139	34,242	32,814	34,353
EBITDA	6,279	4,435	4,787	4,809	5,133
Core profit	4,801	3,384	3,103	3,118	3,359
EPS (Rp)	126	89	81	82	88
EPS growth	-10.5%	-29.5%	-8.3%	0.5%	7.7%
ROE	130.1%	121.8%	153.7%	183.0%	84.9%
PER (x)	11.2	16.0	17.4	17.3	16.1
Dividend yield	9.5%	8.3%	6.2%	5.7%	12.9%
Forecast change			-16%	-24%	N/A
IPS vs. consensus			81%	177%	N/A

Source: Company, Indo Premier

Share price closing as of: 13 February 2025

Fig. 1: UNVR' 4Q24 result summary

(Rp bn)	4Q24	4Q23	% YoY	3Q24	% QoQ	FY24	FY23	% YoY	IPS FY24F	% of IPS	Cons. FY24F	% of cons
Net sales	7,721	8,106	-4.7%	8,373	-7.8%	35,139	38,611	-9.0%	34,130	103%	35,717	98%
COGS	(4,282)	(4,185)	2.3%	(4,561)	-6.1%	(18,419)	(19,417)					
Gross profit	3,439	3,921	-12.3%	3,813	-9.8%	16,720	19,195	-12.9%				
Operating cost	(2,924)	(3,097)	-5.6%	(3,084)	-5.2%	(12,285)	(12,915)					
EBIT	515	824	-37.5%	729	-29.4%	4,435	6,279	-29.4%	4,873	91%	4,869	91%
Others	(29)	(13)	124.5%	(33)	-14.1%	(85)	(77)					
PBT	486	811	-40.0%	696	-30.1%	4,350	6,202	-29.9%				
Tax	(127)	(199)	-36.0%	(153)	-16.6%	(982)	(1,401)					
Net profit	359	612	-41.3%	543	-33.9%	3,369	4,801	-29.8%	3,776	89%	3,725	90%
Margin (%)												
Gross margin	44.5%	48.4%	-3.83%	45.5%	-1.00%	47.6%	49.7%	-2.13%				
EBIT margin	6.7%	10.2%	-3.49%	8.7%	-2.04%	12.6%	16.3%	-3.64%				
Net margin	4.6%	7.6%	-2.90%	6.5%	-1.84%	9.6%	12.4%	-2.85%				
Opex/sales	-37.9%	-38.2%	0.34%	-36.8%	-1.04%	-35.0%	-33.4%	-1.51%				
Segment information												
Domestic	7,517	7,854	-4.3%	8,125	-7.5%	34,149	37,408	-8.7%				
Export	204	251	-18.8%	248	-17.8%	990	1,203	-17.7%				
Revenue breakdown												
Home and Personal Care	4,833	5,228	-7.6%	5,312	-9.0%	22,426	25,150	-10.8%				
Food and Refreshment	2,888	2,877	0.4%	3,062	-5.7%	12,712	13,461	-5.6%				
Gross profit												
Home and Personal Care	2,168	2,630	-17.6%	2,489	-12.9%	11,139	13,205	-15.6%				
Food and Refreshment	1,271	1,291	-1.5%	1,324	-4.0%	5,581	5,990	-6.8%				
GPM												
Home and Personal Care	44.9%	50.3%		46.9%		49.7%	52.5%					
Food and Refreshment	44.0%	44.9%		43.2%		43.9%	44.5%					

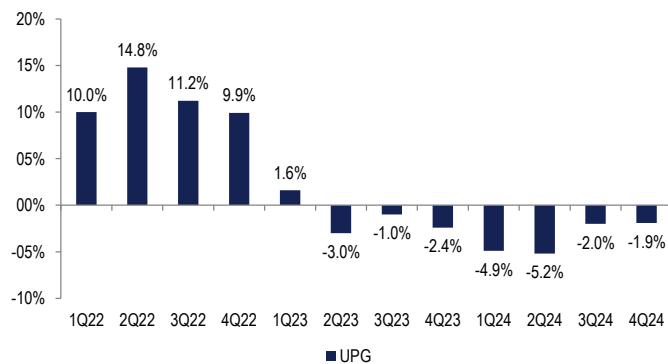
Source: Company, Indo Premier

Fig. 2: UNVR's earnings changes

	Previous		Current		Changes	
	2025F	2026F	2025F	2026F	2025F	2026F
Sales (Rp bn)	35,592	37,475	34,242	32,814	-3.8%	-12.4%
Gross profit (Rp bn)	16,801	17,877	15,749	15,224	-6.3%	-14.8%
EBIT (Rp bn)	4,774	5,324	3,998	4,017	-16.3%	-24.6%
Net profit (Rp bn)	3,703	4,129	3,088	6,974	-16.6%	68.9%
Core profit (Rp bn)	3,703	4,129	3,103	3,118	-16.2%	-24.5%
Margins, %						
Gross margin	47.2%	47.7%	46.0%	46.4%	-1.2%	-1.3%
EBIT margin	13.4%	14.2%	11.7%	12.2%	-1.7%	-2.0%
Core profit margin	10.4%	11.0%	9.1%	9.5%	-1.3%	-1.5%
Growth, % yoy						
Sales grow th	4.3%	5.3%	-2.6%	-4.2%	-6.8%	-9.5%
EBIT grow th	-2.0%	11.5%	-9.8%	0.5%	-7.8%	-11.1%
Net profit grow th	-1.9%	11.5%	-8.3%	0.5%	-6.4%	-11.0%

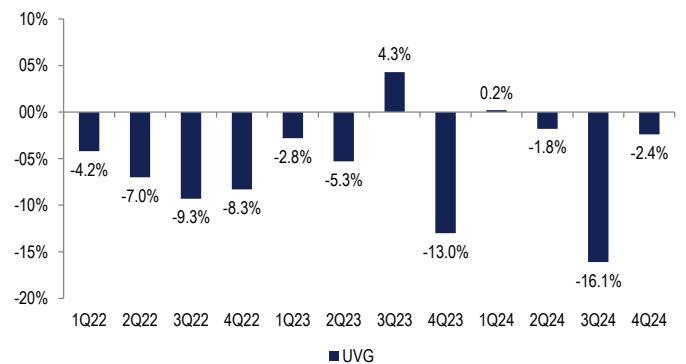
Source: Indo Premier

Fig. 3: UNVR's domestic price growth trend



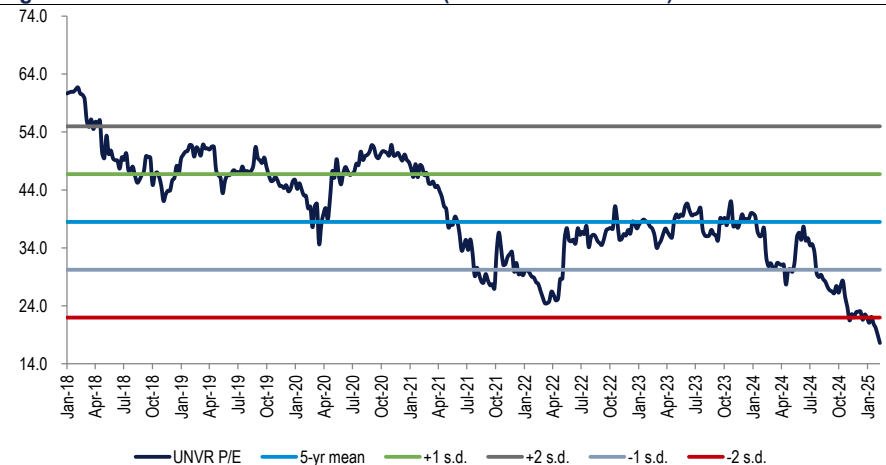
Source: Company, Indo Premier

Fig. 4: UNVR's unit volume growth trend



Source: Company, Indo Premier

Fig. 5: UNVR is traded at 17.6x fwd. 12m PE (-2.5 s.d of its 5Y mean)



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	38,611	35,139	34,242	32,814	34,353
Cost of sales	(19,417)	(18,419)	(18,493)	(17,590)	(18,195)
Gross profit	19,195	16,720	15,749	15,224	16,158
SG&A Expenses	(12,915)	(12,285)	(11,750)	(11,207)	(11,820)
Operating profit	6,279	4,435	3,998	4,017	4,338
Net interest	(77)	(64)	9	9	0
Forex gain (loss)	0	0	0	0	0
Others	0	(20)	(20)	4,980	(20)
Pre-tax income	6,202	4,350	3,987	9,006	4,318
Income tax	(1,401)	(982)	(900)	(2,032)	(974)
Minority interest	0	0	0	0	0
Net income	4,801	3,369	3,088	6,974	3,343
Core income	4,801	3,384	3,103	3,118	3,359

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	1,021	671	158	4,452	1,748
Receivable	2,343	1,881	1,833	1,757	1,839
Inventory	2,422	2,506	2,516	2,393	2,475
Other current assets	406	223	201	200	201
Total current assets	6,192	5,281	4,707	8,801	6,263
Fixed assets	9,311	9,322	8,736	8,143	7,542
Goodwill	62	62	62	62	62
Total non-current assets	10,472	10,766	10,033	9,297	8,559
Total assets	16,664	16,046	14,740	18,099	14,822
ST loans	0	1,450	0	0	0
Payable	4,064	3,983	3,999	3,804	3,935
Other payables	7,160	6,397	6,806	6,473	6,696
Current portion of LT loans	0	0	0	0	0
Total current liab.	11,224	11,830	10,805	10,277	10,631
Long term loans	0	0	0	0	0
Other LT liab.	2,059	2,067	2,067	2,067	2,067
Total liabilities	13,283	13,897	12,872	12,344	12,697
Equity	172	172	172	172	172
Retained earnings	3,209	1,977	1,696	5,582	1,952
Minority interest	0	0	0	0	0
Total SHE + minority int.	3,381	2,149	1,868	5,755	2,124
Total liabilities & equity	16,664	16,046	14,740	18,099	14,822

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	6,279	4,435	3,998	4,017	4,338
Depr. & amortization	0	0	789	792	795
Changes in working capital	1,275	(282)	485	(328)	188
Others	(437)	(193)	(911)	2,957	(994)
Cash flow from operating	7,118	3,960	4,362	7,438	4,326
Capital expenditure	(585)	(819)	(166)	(166)	(166)
Others	(244)	413	109	109	109
Cash flow from investing	(829)	(406)	(56)	(56)	(56)
Loans	(1,165)	0	(1,450)	0	0
Equity	0	0	0	0	0
Dividends	(5,112)	(4,502)	(3,369)	(3,088)	(6,974)
Others	506	4,481	0	0	0
Cash flow from financing	(5,771)	(21)	(4,819)	(3,088)	(6,974)
Changes in cash	517	3,533	(514)	4,294	(2,704)

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	49.7%	47.6%	46.0%	46.4%	47.0%
Operating margin	16.3%	12.6%	11.7%	12.2%	12.6%
Pre-tax margin	16.1%	12.4%	11.6%	27.4%	12.6%
Net margin	12.4%	9.6%	9.0%	21.3%	9.7%
ROA	27.4%	20.6%	20.1%	42.5%	20.3%
ROE	130.1%	121.8%	153.7%	183.0%	84.9%
Acct. receivables TO (days)	22.1	19.5	19.5	19.5	19.5
Inventory TO (days)	45.5	49.7	49.7	49.7	49.7
Payable TO (days)	76.4	78.9	78.9	78.9	78.9
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	59.3	53.5	N/A	N/A	N/A
Net gearing	0.0%	0.0%	-8.4%	-77.4%	-82.3%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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