

PT Unilever Indonesia Tbk.

1H20 Result

UNVR's revenue increased by +1.5 yoy to IDR21.77 trillion in 1H20. Sales of HPC and F&R were IDR 15.1 trillion (+2.0 YoY) and IDR 6.67 trillion (+0.3% YoY) respectively. Net income was IDR 3.62 trillion in 1H20, -2.1% YoY. We set UNVR fair price at IDR 9,000, which the price target reflects PER'21E 45.2x.

In line 1H20 Performance. Despite challenging 2Q20 due to Covid-19 pandemic, UNVR's revenue increased by +1.5 YoY to IDR 21.77 trillion in 1H20 (IDR 10.6 trillion in 2Q20, -4.8% QoQ). The number was in line with our expectation (49% of our FY20E revenue estimate). Whilst in the bottom line, UNVR booked net income of IDR 3.62 trillion in 1H20, -2.1% YoY (IDR 1.76 trillion in 2Q20; -5.7% QoQ)

Home & Personal Care Segment Grew +2.0% YoY. UNVR's home and personal care (HPC) segment was the top contributor to the revenue with around 69.4% sales, followed by food and refreshment (F&R) segment at 30.6%. Sales of HPC and F&R were IDR 15.1 trillion and IDR 6.67 trillion respectively in 1H20, growing +2.0% YoY and +0.3% YoY.

Outlook. Amidst Covid-19 pandemic outbreak in Indonesia, we still hold positive view on consumer companies due to its defensive nature since consumer still buys essential needs. We also expect better performance in 2H20, following the relaxation of large scale social restriction.

VALUATION & RECOMMENDATION

We set **UNVR fair value at IDR 9,000**, which reflects PER'21E 45.2x. Comparing the closing price of UNVR on Thursday (07/08) at the level of IDR 8,175, where there is still an upside potential of 10.1%, **we recommend Buy for UNVR.**

Exhibit 01– Financial Summary

Key Metrics	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019E	FY2020E
Revenue (IDR bn)	34,512	36,484	40,054	41,205	41,802	42,923	44,807
Gross Profit (IDR bn)	17,207	18,649	20,459	21,220	21,092	22,195	23,040
Operating Profit (IDR bn)	8,013	7,939	8,708	9,496	12,279	9,564	9,797
Net Income (IDR bn)	5,927	5,852	6,391	7,005	9,109	7,088	7,269
EPS (IDR)	155	153	168	184	239	186	191
Revenue Growth	12.21%	5.72%	9.78%	2.87%	1.45%	2.68%	4.39%
Net Income Growth	10.73%	-1.26%	9.21%	9.61%	30.05%	-22.19%	2.56%
ROA	41.50%	37.20%	38.16%	37.05%	46.66%	36.08%	36.48%
ROE	124.86%	121.22%	135.85%	135.40%	120.21%	89.36%	87.62%
PE	57.93	58.67	53.73	49.02	37.69	48.44	47.23
PBV	72.34	71.13	72.99	66.37	45.31	43.28	41.39

Source : Company, Bloomberg, MCS Research Estimates

07 August 2020

Buy (+10.1%)

Price (06/08/20) IDR 8,175
 Fair Value **IDR 9,000**
 Ticker UNVR
 Industry Consumer Goods

Helen

helen.vincentia@megasekuritas.id



Company Description

PT Unilever Indonesia Tbk (UNVR) is one of Indonesia's leading Fast Moving Consumer Goods companies.

UNVR's portfolio includes a mix of leading global and Indonesian brands such as Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Walls, Royco, Bango and more.

Stock Data

52-week Range (IDR) 5,275 | 9,795
 Mkt Cap (IDR tn) 313.8
 JCI Weight 5.4%
 Shares O/S (mn) 38,150
 YTD Change -2.1%

Share Holders:

Unilever Indonesia Holding B.V 85%
 Public 15%

Exhibit 02– Financial Summary

In Billions of IDR except Per Share	1H19	1H20	YoY	1Q20	2Q20	QoQ	FY20E	
Revenue	21,457.2	21,772.0	1.5%	11,152.9	10,619.1	-4.8%	44,807.5	49%
- Cost of Revenue	10,458.9	10,576.3	1.1%	5,304.4	5,271.8	-0.6%	22,403.7	47%
Gross Profit	10,998.3	11,195.7	1.8%	5,848.5	5,347.3	-8.6%	22,403.7	50%
Operating Income	5,138.1	4,758.1	-7.4%	2,394.6	2,363.5	-1.3%	10,497.7	45%
Net Income	3,697.2	3,619.6	-2.1%	1,862.7	1,757.0	-5.7%	7,703.5	47%
EPS	96.9	95.2	-1.8%	49.0	46.2	-5.8%	201.9	47%
Gross Margin	51.3%	51.4%		52.4%	50.4%		50.0%	
Operating Margin	23.9%	21.9%		21.5%	22.3%		23.4%	
Net Margin	17.2%	16.6%		16.7%	16.5%		17.2%	
Sales	1H19	1H20						
Home & Personal Care	14,814	15,106	2.0%					
Food & Refreshments	6,643	6,666	0.3%					
	21,457	21,772	1.5%					

Source : Company, Bloomberg, MCS Research

Research Division

Danny Eugene	Mining, Finance, Infrastructure	danny.eugene@megasekuritas.id	+62 21 7917 5599	62431
Helen	Consumer Discretionary, Consumer Staples, Health Care	helen.vincentia@megasekuritas.id	+62 21 7917 5599	62425
Fadlillah Qudsi	Technical Analyst	fadlillah.qudsi@megasekuritas.id	+62 21 7917 5599	62035

Retail Equity Sales Division

Carsum Kusmady	Head of Sales, Trading & Dealing	carsum.kusmady@megasekuritas.id	+62 21 7917 5599	62038
Andri Sumarno	Retail Equity Sales	andri@megasekuritas.id	+62 21 7917 5599	62045
Andrie Zainal Zen	Retail Equity Sales	andrie.zainal@megasekuritas.id	+62 21 7917 5599	62048
Brema Setyawan	Retail Equity Sales	brema.setyawan@megasekuritas.id	+62 21 7917 5599	62126
Dewi Suryani	Retail Equity Sales	dewi.suryani@megasekuritas.id	+62 21 7917 5599	62441
Ety Sulistyowati	Retail Equity Sales	ety.sulistyowati@megasekuritas.id	+62 21 7917 5599	62408
Fadel Muhammad Iqbal	Retail Equity Sales	fadel@megasekuritas.id	+62 21 7917 5599	62164
Syaifathir Muhamad	Retail Equity Sales	fathir@megasekuritas.id	+62 21 7917 5599	62179

Corporate Equity Division

Ratna Wijayanti	Corporate Equity Sales	ratna.wijayanti@megasekuritas.id	+62 21 7917 5599	62055
Widianita	Marketing Equity Corporate	widianita@megasekuritas.id	+62 21 7917 5599	62439

Fixed Income Sales & Trading

Tel. +62 7917 5559-62 Fax. +62 21 7917 5965

Investment Banking

Tel. +62 21 7917 5599 Fax. +62 21 7919 3900

PT. Mega Capital Sekuritas
 Menara Bank Mega Lt. 2
 Jl. Kapt P. Tendean, Kav 12-14 A
 Jakarta Selatan 12790

DISCLAIMER

This Document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors and strictly a personal view and should not be used as a sole judgment for investment. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Mega Capital Sekuritas.