PT Unilever Indonesia Tbk.



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.

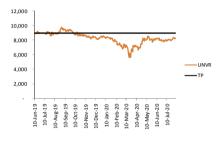
07 August 2020

Buy (+10.1%)

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

Helen

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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

5,275 9,795
313.8
5.4%
38,150
-2.1%

Share Holders:

Unilever Indonesia Holding B.V	85%
Public	15%

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 Estimat

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Exhibit 02– Financial Summary

In Billions of IDR except Per Share	1H19	1H20	ΥοΥ	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

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