

Earnings Flash

PT Unilever Indonesia Tbk.

FY19 Result

UNVR's revenue increased by +2.7% yoy to IDR 42.9 trillion in FY19. Sales of HPC and F&R were IDR 29.9 trillion and IDR 13.1 trillion respectively, contributing 69.6% and 30.4% of total sales. Net income was IDR 7.4 trillion in FY19, an -18.6% YoY decrease. The steep decline was caused by the sales of its Spread business in 3Q18, which gave once off gain of IDR 2.1 trillion. We set UNVR price target at IDR 8,200, which the price target reflects PER'20E 40.6x.

In line FY19 Revenue. UNVR's revenue increased by +2.7% yoy to IDR 42.9 trillion in FY19 (IDR 10.56 trillion in 4Q19 vs IDR 10.9 trillion in 3Q19). The number was in line with our expectation (98% of our FY19 revenue estimate). We expect better performance in FY2020, supported by continuous innovation.

Home & Personal Care Segment Contributed the Most. UNVR's home and personal care (HPC) segment was the top contributor to the revenue with around 69.6% sales, followed by food and refreshment (F&R) segment at 30.4%. Sales of HPC and F&R were IDR 29.9 trillion and IDR 13.1 trillion respectively in FY19. However sales of F&R booked negative sales growth of -0.14% YoY whilst sales of HPC grew by +3.97% YoY.

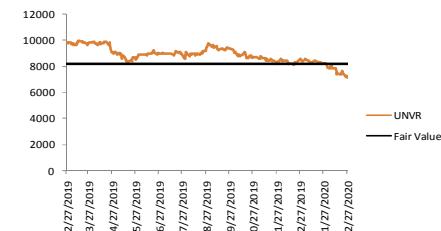
UNVR's Income Declined -18.6% YoY. UNVR booked net income of IDR 7.4 trillion in FY19, an -18.6% YoY decrease (IDR 1.9 trillion in 4Q19 vs IDR 1.8 trillion in 3Q19). FY19 net income result represents 101% of our projection. The steep decline was caused by the sales of its Spread business in 3Q18, which gave once off gain of IDR 2.1 trillion. Without taking into account this additional income, UNVR's income increased +9.3% YoY in FY19.

VALUATION & RECOMMENDATION

We set **UNVR price target at IDR 8,200**, which the price target reflects PER'20E 40.61x. Comparing the closing price of UNVR on Thursday (27/02) at the level of IDR 7,150, where there is still an upside potential of 14.7%, **we recommend Buy for UNVR.**

28 February 2020
Buy (+14.7%)

Price (25/02/20)	IDR 7,150
Fair Value	IDR 8,200
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, Rins, Molto, Sunlight, Walls, Royco, Bango and more.

Stock Data

52-week Range (IDR)	6,725 10,105
Mkt Cap (IDR tn)	277.5
JCI Weight	4.3%
Shares O/S (mn)	38,150
YTD Change	-13.4%

Share Holders:

Unilever Indonesia Holding B.V	85%
Public	15%

Exhibit 01 – Financial Summary

Key Metrics	FY2016	FY2017	FY2018	FY2019	FY2020E
Revenue (bn IDR)	40,054	41,205	41,802	42,923	44,807
COGS (bn IDR)	19,595	19,985	20,697	20,894	22,404
Gross Profit (bn IDR)	20,459	21,220	21,105	22,029	22,404
Operating Profit (bn IDR)	8,708	9,499	12,328	10,129	10,498
Net Income (bn IDR)	6,391	7,005	9,109	7,393	7,704
EPS (IDR)	168	184	239	194	202
Revenue Growth	9.78%	2.87%	1.45%	2.68%	4.39%
Net Income Growth	9.21%	9.61%	30.05%	-18.84%	4.20%
ROA	38.16%	37.05%	44.81%	35.80%	36.75%
ROE	135.85%	135.40%	123.37%	139.97%	144.79%
PE Ratio	48.93	44.66	34.34	42.31	40.61
PBV	66.50	60.47	42.37	59.23	58.80

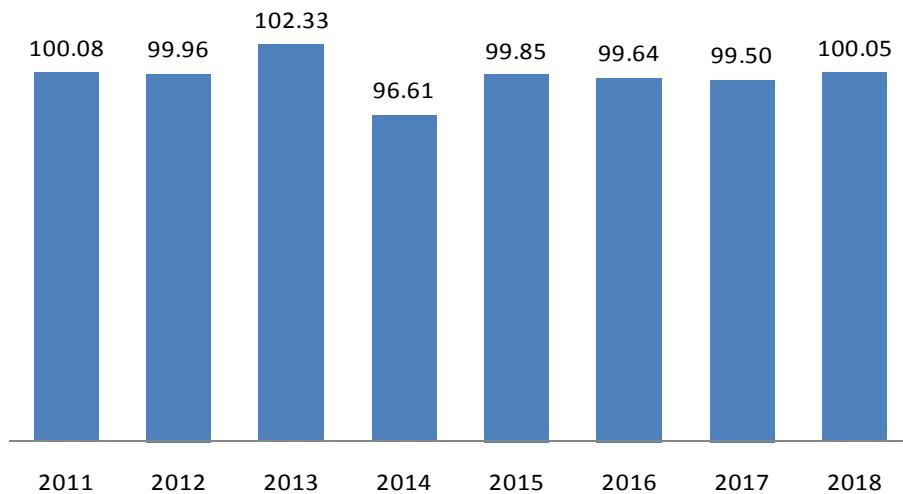
Source : Company, Bloomberg, MCS Research Estimates

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Exhibit 02– Financial Summary

In Billions of IDR except Per Share	FY18	FY19	YoY	3Q19	4Q19	QoQ
Revenue	41,802.1	42,922.6	2.7%	10,903.8	10,561.6	-3.1%
- Cost of Revenue	20,697.2	20,893.9	1.0%	5,419.5	4,970.6	-8.3%
Gross Profit	21,104.8	22,028.7	4.4%	5,484.3	5,590.9	1.9%
Operating Income	12,328.0	10,128.9	-17.8%	2,386.6	2,604.3	9.1%
Net Income	9,081.2	7,392.8	-18.6%	1,812.4	1,883.2	3.9%
EPS	238.1	193.8	-18.6%	47.5	49.4	3.9%
Gross Margin	50.5%	51.3%		50.3%	52.9%	
Operating Margin	29.5%	23.6%		21.9%	24.7%	
Net Margin	21.7%	17.2%		16.6%	17.8%	
Sales	FY18	FY19				
Home & Personal Care	28,723	29,862	4.0%			
Food & Refreshments	13,079	13,060	-0.1%			
	41,802	42,923	2.7%			

Source : Company, Bloomberg, MCS Research

Exhibit 03– Dividend Payout Ratio


Source : Company, Bloomberg, MCS Research

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