

QUICK REVIEW (UNVR)
UNILEVER INDONESIA TBK.

November 17, 2020



RESEARCH TEAM

Head of Research

Danny Eugene
danny.eugene@megasekuritas.id

Technical Analyst

Fadlillah Qudsi
fadlillah.qudsi@megasekuritas.id

Analyst

Josua Lois S.
josua.lois@megasekuritas.id

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.

Recommendation

Recommendation : **BUY**

Fair Value : **IDR 10,000**

Current Price (16/11) : **IDR 7,725**

Company Description

PT Unilever Indonesia Tbk manufactures soaps, detergents, margarine, oil and dairy based foods, tea based beverages, ice cream, and cosmetics.

Products



Source: Company

Company Update

Earnings Results : 3Q 2020

<i>In Billions of IDR</i>	Q3 2020	Q3 2019	%YoY	Q3 2020	Q2 2020	%QoQ
Revenue	10,685	10,904	-2.0%	10,685	10,619	0.6%
- Cost of Revenue	4,944	5,106	-3.2%	4,944	5,272	-6.2%
Gross Profit	5,740	5,798	-1.0%	5,740	5,347	7.4%
- Operating Expenses	3,328	3,096	7.5%	3,328	2,984	11.5%
Operating Income (Loss)	2,413	2,703	-10.7%	2,413	2,363	2.1%
- Non-Operating (Income) Loss	20	91	-78.2%	20	88	-77.4%
Pretax Income (Loss), GAAP	2,336	2,410	-3.1%	2,336	2,264	3.2%
- Income Tax Expense (Benefit)	518	598	-13.5%	518	507	2.0%
Net Income Avail to Common, GAAP	1,819	1,812	0.3%	1,819	1,757	3.5%

Source: Bloomberg, MCS Research

Company Update

Earnings Estimate : 4QE 2020

<i>In Billions of IDR</i>	Q4 2020 Est	Q4 2019	%YoY	Q4 2020 Est	Q3 2020	%QoQ
Revenue	10,749	10,562	1.8%	10,749	10,685	0.6%
- Cost of Revenue	5,138	4,927	4.3%	5,138	4,944	3.9%
Gross Profit	5,611	5,634	-0.4%	5,611	5,740	-2.3%
- Operating Expenses	3,096	2,989	3.6%	3,096	3,328	-7.0%
Operating Income (Loss)	2,515	2,645	-4.9%	2,515	2,413	4.2%
- Non-Operating (Income) Loss	53	69	-23.5%	53	20	166.7%
Pretax Income (Loss), GAAP	2,404	2,535	-5.2%	2,404	2,336	2.9%
- Income Tax Expense (Benefit)	576	652	-11.5%	576	518	11.4%
Net Income Avail to Common, GAAP	1,828	1,883	-3.0%	1,828	1,819	0.5%

Source: Bloomberg, MCS Research

Company Update

Unilever Explores New Brand Acquisition

PT Unilever Indonesia Tbk (UNVR) said that it will open up opportunities to continue to acquire new brands to complement the company's business portfolio.

Director of Finance of Unilever Indonesia, Arif Hudaya explained, the company budgeted for capital expenditure or capex worth 1% of the company's sales this year, revised from the previous 2-2.5%.

On the same occasion, Director of Unilever Indonesia, Ira Noviarti said, the company also continues to innovate from Unilever's brands. As of this September, the company has developed 63 new product innovations.

(Source: CNBC Indonesia)

Company Update

Unilever Strategy (UNVR) during the Pandemic

Issuer consumer PT Unilever Indonesia Tbk. (UNVR) stated that it has developed a number of strategies following the action to adjust the prices of several products under the company's brand portfolio in 2020. Director of Unilever Indonesia Arif Hudaya said that the overall price increase throughout the year was approaching 2 percent.

The company also stated that changes in the current consumption pattern of people who consume more products at lower prices or down trading have made the company more innovative. Arif said that with the large number of product portfolios currently owned by Unilever, the company is starting to struggle to launch product packaging that is smaller and cheaper so that it is more accessible to all economic classes of its consumers.

(Source: Bisnis Indonesia)

Balanced Sheet : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Assets										
+ Cash, Cash Equivalents & STI	318	336	230	261	859	628	374	405	352	629
+ Accounts & Notes Receiv	1,568	2,076	2,426	2,625	2,896	3,245	3,708	4,716	4,983	5,335
+ Inventories	1,574	1,813	2,062	2,084	2,326	2,298	2,318	2,394	2,658	2,429
+ Other ST Assets	289	221	318	248	257	453	188	428	265	137
Total Current Assets	3,748	4,446	5,036	5,218	6,337	6,623	6,588	7,942	8,258	8,530
+ Property, Plant & Equip, Net	4,149	5,314	6,283	6,874	7,348	8,321	9,529	10,422	11,524	11,610
+ LT Investments & Receivables	0	0	0	0	0	0	0	0	0	0
+ Other LT Assets	804	722	666	611	595	786	628	543	545	509
Total Noncurrent Assets	4,953	6,036	6,949	7,485	7,944	9,107	10,158	10,965	12,069	12,119
Total Assets	8,701	10,482	11,985	12,703	14,281	15,730	16,746	18,906	20,327	20,649
Liabilities & Shareholders' Equity										
+ Payables & Accruals	3,486	5,095	5,523	6,765	7,576	8,364	8,340	8,936	10,377	9,945
+ ST Debt	190	699	1,040	977	1,250	1,700	2,393	3,450	599	3,046
+ Other ST Liabilities	727	680	973	33	38	63	145	147	298	74
Total Current Liabilities	4,403	6,475	7,536	7,775	8,864	10,128	10,878	12,532	11,274	13,065
+ LT Debt	0	0	0	0	0	0	0	0	897	919
+ Other LT Liabilities	249	327	481	674	670	775	1,163	1,201	772	1,383
Total Noncurrent Liabilities	249	327	481	674	670	775	1,163	1,201	1,669	2,302
Total Liabilities	4,652	6,801	8,017	8,449	9,534	10,903	12,041	13,733	12,943	15,368
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	92	92	172	172	172	172	172	172	172	172
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	3,873	3,504	3,796	4,082	4,574	4,655	4,532	5,001	7,211	5,110
+ Other Equity	81	81	0	0	0	0	0	0	0	0
Equity Before Minority Interest	4,045	3,677	3,968	4,255	4,747	4,827	4,704	5,173	7,384	5,282
+ Minority/Non Controlling Interest	3	4	0	0	0	0	0	0	0	0
Total Equity	4,049	3,681	3,968	4,255	4,747	4,827	4,704	5,173	7,384	5,282
Total Liabilities & Equity	8,701	10,482	11,985	12,703	14,281	15,730	16,746	18,906	20,327	20,649

Source: Bloomberg, MCS Research

Balanced Sheet : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Assets										
+ Cash, Cash Equivalents & STI	666	1,075	352	1,359	639	524	629	492	1,311	665
+ Accounts & Notes Receiv	5,799	5,191	4,983	5,762	6,054	5,843	5,335	6,210	5,423	5,751
+ Inventories	2,346	2,450	2,658	2,563	2,604	2,245	2,429	2,619	2,404	2,602
+ Other ST Assets	665	303	265	328	490	277	137	174	300	281
Total Current Assets	9,477	9,019	8,258	10,012	9,788	8,889	8,530	9,495	9,439	9,298
+ Property, Plant & Equip, Net	10,537	10,452	11,524	11,508	11,475	11,345	11,610	11,548	11,380	11,252
+ LT Investments & Receivables	0	0	0	0	0	0	0	0	0	0
+ Other LT Assets	512	527	545	520	564	580	509	501	532	529
Total Noncurrent Assets	11,049	10,980	12,069	12,028	12,040	11,925	12,119	12,049	11,913	11,781
Total Assets	20,526	19,998	20,327	22,040	21,827	20,814	20,649	21,544	21,352	21,079
Liabilities & Shareholders' Equity										
+ Payables & Accruals	9,469	9,942	10,377	10,774	10,748	9,452	9,945	9,856	9,993	10,021
+ ST Debt	4,800	0	599	136	3,948	2,387	3,046	2,171	108	2,082
+ Other ST Liabilities	143	148	298	87	87	70	74	90	99	108
Total Current Liabilities	14,412	10,090	11,274	10,997	14,782	11,910	13,065	12,117	10,199	12,211
+ LT Debt	0	0	897	911	834	834	919	929	843	843
+ Other LT Liabilities	1,102	938	772	1,070	1,136	1,182	1,383	1,278	1,502	1,540
Total Noncurrent Liabilities	1,102	938	1,669	1,981	1,970	2,016	2,302	2,207	2,345	2,383
Total Liabilities	15,514	11,028	12,943	12,978	16,752	13,926	15,368	14,324	12,544	14,593
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	172	172	172	172	172	172	172	172	172	172
- Treasury Stock	0	0	0	0	0	0	0	0	0	0
+ Retained Earnings	4,839	8,798	7,211	8,890	4,903	6,715	5,110	7,047	8,636	6,314
+ Other Equity	0	0	0	0	0	0	0	0	0	0
Equity Before Minority Interest	5,012	8,970	7,384	9,062	5,075	6,888	5,282	7,219	8,808	6,486
+ Minority/Non Controlling Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	5,012	8,970	7,384	9,062	5,075	6,888	5,282	7,219	8,808	6,486
Total Liabilities & Equity	20,526	19,998	20,327	22,040	21,827	20,814	20,649	21,544	21,352	21,079

Source: Bloomberg, MCS Research

Profit & Loss : Annual

<i>In Billions of IDR</i>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est
Revenue	27,303	30,757	34,512	36,484	40,054	41,205	41,802	42,923	43,206	45,390
- Cost of Revenue	13,414	14,979	17,305	17,835	19,595	19,985	20,638	20,537	20,658	21,953
Gross Profit	13,889	15,778	17,207	18,649	20,459	21,220	21,164	22,386	22,548	23,437
+ Other Operating Income	0	0	0	0	0	0	0	0	0	0
- Operating Expenses	7,391	8,657	9,177	10,711	11,752	11,721	8,777	11,900	12,862	12,408
Operating Income (Loss)	6,498	7,122	8,030	7,938	8,708	9,499	12,387	10,486	9,686	11,029
- Non-Operating (Income) Loss	31	13	85	107	131	112	178	225	214	216
Pretax Income (Loss), Adjusted	6,467	7,108	7,944	7,831	8,577	9,387	12,209	10,261	9,472	10,814
- Abnormal Losses (Gains)	0	51	17	2	5	16	61	360	129	156
Pretax Income (Loss), GAAP	6,467	7,159	7,928	7,829	8,572	9,372	12,148	9,902	9,344	10,658
- Income Tax Expense (Benefit)	1,628	1,806	2,001	1,978	2,181	2,367	3,067	2,509	2,078	2,649
Income (Loss) from Cont Ops	4,839	5,353	5,927	5,852	6,391	7,005	9,081	7,393	7,266	8,008
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	4,839	5,353	5,927	5,852	6,391	7,005	9,081	7,393	7,266	8,008
- Minority Interest	0	0	0	0	0	0	0	0	0	0
Net Income, GAAP	4,839	5,353	5,927	5,852	6,391	7,005	9,081	7,393	7,266	8,008
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	4,839	5,353	5,927	5,852	6,391	7,005	9,081	7,393	7,266	8,008

Source: Bloomberg, MCS Research

Profit & Loss : Quarter

<i>In Billions of IDR</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020 Est	Q1 2021 Est
Revenue	10,271	10,665	10,793	10,904	10,562	11,153	10,619	10,685	10,749	11,278
- Cost of Revenue	4,976	5,313	5,145	5,106	4,927	5,304	5,272	4,944	5,138	5,313
Gross Profit	5,295	5,351	5,647	5,798	5,634	5,848	5,347	5,740	5,611	5,964
+ Other Operating Income	0	0	0	0	0	0	0	0	0	0
- Operating Expenses	2,854	2,942	2,918	3,096	2,989	3,454	2,984	3,328	3,096	3,410
Operating Income (Loss)	2,441	2,409	2,729	2,703	2,645	2,395	2,363	2,413	2,515	2,555
- Non-Operating (Income) Loss	24	32	33	91	69	54	88	20	53	69
Pretax Income (Loss), Adjusted	2,417	2,376	2,697	2,612	2,576	2,341	2,276	2,393	2,462	2,485
- Abnormal Losses (Gains)	12	46	71	201	41	2	12	57	58	93
Pretax Income (Loss), GAAP	2,404	2,330	2,626	2,410	2,535	2,339	2,264	2,336	2,404	2,392
- Income Tax Expense (Benefit)	608	582	677	598	652	476	507	518	576	570
Income (Loss) from Cont Ops	1,796	1,749	1,949	1,812	1,883	1,863	1,757	1,819	1,828	1,822
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	1,796	1,749	1,949	1,812	1,883	1,863	1,757	1,819	1,828	1,822
- Minority Interest	0	0	0	0	0	0	0	0	0	0
Net Income, GAAP	1,796	1,749	1,949	1,812	1,883	1,863	1,757	1,819	1,828	1,822
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	1,796	1,749	1,949	1,812	1,883	1,863	1,757	1,819	1,828	1,822

Source: Bloomberg, MCS Research

Cash Flow : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash from Operating Activities										
+ Net Income	3,387	4,163	4,839	5,353	5,927	5,852	6,391	7,005	9,081	7,393
+ Depreciation & Amortization	295	131	150	516	375	505	162	654	1,049	1,129
+ Non-Cash Items	0	0	0	368	0	0	0	0	0	0
+ Chg in Non-Cash Work Cap	0	0	0	0	0	0	0	0	0	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Operating Activities	3,619	5,462	5,192	6,236	6,463	6,299	6,684	7,060	8,161	8,669
Cash from Investing Activities										
+ Change in Fixed & Intang	1,236	1,517	1,096	1,124	1,007	1,437	1,779	1,602	1,747	1,446
+ Net Change in LT Investment	0	0	0	0	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	0	31	0	0	0	0	0	0	0
+ Other Investing Activities	74	84	37	0	0	8	0	0	195	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	1,310	1,433	1,102	1,124	1,007	1,429	1,779	1,602	1,942	1,446
Cash from Financing Activities										
+ Dividends Paid	3,037	4,520	4,538	5,059	5,127	5,592	5,843	6,494	6,926	9,176
+ Cash From (Repayment) Debt	190	509	341	63	273	450	693	1,057	3,237	2,239
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	2,847	4,011	4,197	5,122	4,854	5,142	5,150	5,437	10,163	6,937
Net Changes in Cash	541	18	106	32	598	231	254	31	53	277

Source: Bloomberg, MCS Research

Cash Flow : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash from Operating Activities										
+ Net Income	1,686	3,771	1,796	1,749	1,949	1,812	1,883	1,863	1,757	1,819
+ Depreciation & Amortization	136	420	256	253	279	258	350	299	250	227
Cash from Operating Activities	1,271	2,452	2,306	1,785	1,904	1,780	3,200	956	3,124	1,633
Cash from Investing Activities										
+ Change in Fixed & Intang	405	2,616	0	289	348	321	0	214	134	163
+ Net Change in LT Investment	0	195	195	0	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	0	0	0	0	0	0	0	0	0
+ Other Investing Activities	0	0	195	0	0	0	0	0	0	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	405	2,811	295	289	348	321	489	214	134	163
Cash from Financing Activities										
+ Dividends Paid	3,801	1	3,125	0	5,901	1	3,275	1	0	4,073
+ Cash From (Repayment) Debt	2,688	4,862	398	487	3,627	1,570	668	901	2,147	1,956
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	45	0	0	0	0	0	0	0	0	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	1,157	4,862	2,727	487	2,274	1,570	2,606	902	2,147	2,117
Net Changes in Cash	293	408	723	1,007	719	115	105	137	820	647

Source: Bloomberg, MCS Research

Valuation



Source: Bloomberg

Valuation

PER

47.6x

EPS

IDR 210

Value

IDR 10,000



PT. Mega Capital Sekuritas

Menara Bank Mega 2nd Floor

Jl. Kapten P. Tendean Kav. 12-14A

Jakarta Selatan 12790

Telp : 021-79175599

Faks : 021-79193900

Email : research@megasekuritas.id
