

HOLD | TP : IDR2,700
Stock Price Data

Last Price	: IDR2,620
52wk High	: IDR4,630
52wk Low	: IDR2,330
Share Out	: 38.2bn
Market Cap	: IDR100.0tn

Stock Price Performance

1-Day	: +1.2%
1-Week	: +9.6%
1-Month	: -4.4%
3-Month	: -17.4%
Year-to-Date	: -25.8%

Shareholders

Unilever Indonesia Holding B. V. (P)	: 85.0%
Public	: 15.0%

**PT Unilever Indonesia Tbk (UNVR IJ)
Drawing Breath; a Short Time**
1Q24; managed to bounce back

- UNVR posted a revenue of IDR10.1 tn in 1Q24, or went up by +24.4% QoQ compared to 4Q23, but down -5.0% YoY. Despite the lackluster figures on an annual basis, this is in line with our estimates, with a run rate of 25.8% of the FY23 target, but slightly below consensus estimates of 23.5%. The yearly decline is due to contractions in all segments, with HPC plunged -5.6% YoY, while FnR fell by -3.8% YoY.
- UNVR delivered a strong rebound in net profit of +136.7% QoQ/+3.1% YoY to IDR1.4 tn in 1Q24. This is in line with consensus estimates and above our estimates, reflecting 24.1%/29.6% of the FY23 target. 1Q24 net profit was mainly driven by higher OPM given moderation in commodity prices, and a reduction in the Central Service Agreement (CSA) per revenue to 5.1% (vs 7.3% in 1Q23). NPM stood at 14.4%, the highest level since 2Q22.

Is it doable to sustain?

- UNVR's 1Q24 performance shows some significant improvements, but still leaves some notes. We highlight that Underlying Volume Growth (UVG) for domestic markets in 1Q24 recorded at +0.2% YoY. This figure represents a recovery from 4Q23 at -13.0% YoY due to consumer sentiment and 1Q23 at -2.8% YoY, which was driven by high inflation rates.
- However, we note that the positive UVG results were followed by an increase in Advertisement, Marketing and Promotion (AMP) cost per revenue to 13.2% (vs 11.5% in 1Q23). Additionally, we note that Underlying Price Growth (UPG) in 1Q24 for domestic markets experienced a significant decline of -4.9% YoY, worse than 4Q23 at -2.4% YoY. Nevertheless, the market share for volume in 2M24 only saw limited growth to 28.6% (vs 1M24: 28.0%), still below 10M23 (before consumer sentiment hit) at 31.3% ([exhibit 03](#)).
- We have concerns that the company's guidance which strives for positive UVG will likely require more intervention efforts, especially in terms of pricing and higher AMP costs. We think it can affect the bottom line in the future.
- We maintain our moderate outlook for UNVR includes: 1) an increase in CSA per revenue (mean: ~7%); 2) potential increase in input costs affecting margins; and 3) a higher AMP cost per revenue to propel market share.

Valuation and Recommendation : HOLD with a TP of IDR2,700

We maintain a NEUTRAL call on UNVR with a TP of IDR2,700/share, reflecting PE/PBV of 21.1x/30.5x in FY24E. UNVR yielded -25% YTD, which we believe complies with muted prospects due to the stubborn consumer sentiment. Moreover, the contraction in stock prices in-line with the net foreign outflow we recorded at IDR61.7 bn until 4M24. We do not see its solid results in 1Q to be sustained through the end of year, as overshadowed with lackluster growth in the industries given consumer spending priorities. Upside risks include: 1) better-than-expected UVG amidst less decline in UPG; 2) better-than-anticipated earnings.

Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25F
Revenue (IDR bn)	39,546.0	41,218.9	38,611.4	39,132.1	40,447.5
EBITDA (IDR bn)	8,514.2	7,880.3	7,014.8	7,181.9	7,547.9
Net Income (IDR bn)	5,758.1	5,364.8	4,800.9	4,892.1	5,157.5
ROA (%)	30.2	29.3	28.8	29.1	30.1
ROE (%)	133.3	134.2	142.0	144.9	143.5
PE (x)	18.3	19.6	21.9	21.5	20.4
PBV (x)	24.4	26.3	31.1	31.2	29.3
DER (x)	0.6	0.3	0.2	0.2	0.2
Dividend Yield (%)	6.0	5.5	4.9	4.7	4.7

Sources : Company, MNCS


Research Analyst

Raka Junico W.

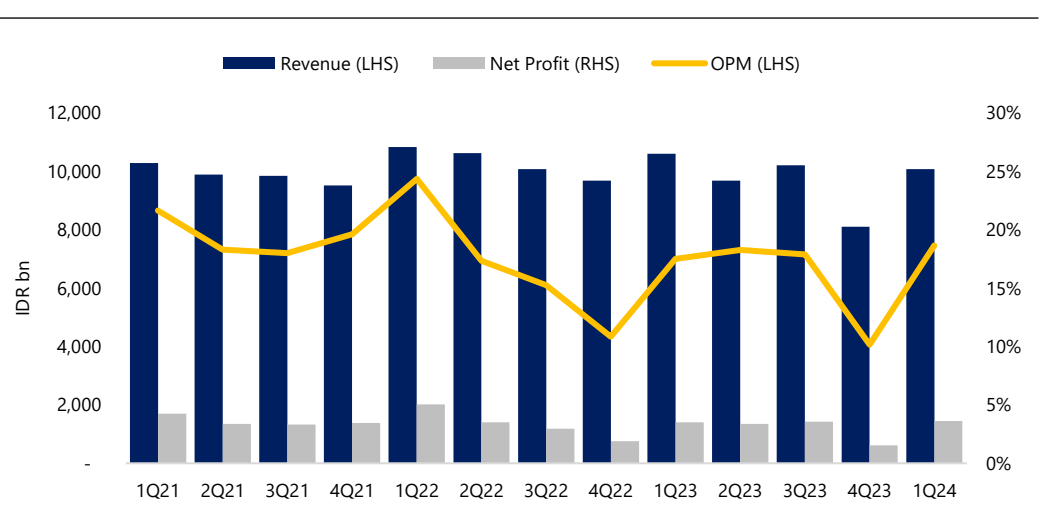
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Exhibit 01. 1Q24; Solid QoQ but lackluster YoY figures

IDR Bn	4Q23	1Q24	QoQ	1Q23	1Q24	YoY	FY24E Cons	FY24E MNCS	%Cons	%MNCS
Revenues	8,105.6	10,079.5	24.4%	10,604.9	10,079.5	-5.0%	42,959.2	39,132.1	23.5%	25.8%
COGS	4,185.0	5,046.8	20.6%	5,374.9	5,046.8	-6.1%	21,625.9	19,648.0		
Operating Profit	823.9	1,881.8	128.4%	1,857.5	1,881.8	1.3%	7,789.5	6,357.8	24.2%	29.6%
Operating Profit Margin	10.2%	18.7%		17.5%	18.7%		18.1%	16.2%		
PBT	810.8	1,859.4	129.3%	1,817.4	1,859.4	2.3%	7,630.5	6,319.6	24.4%	29.4%
Net Profit	612.1	1,448.7	136.7%	1,405.3	1,448.7	3.1%	6,010.5	4,892.1	24.1%	29.6%
Net Margin	7.6%	14.4%		13.3%	14.4%		14.0%	12.5%		

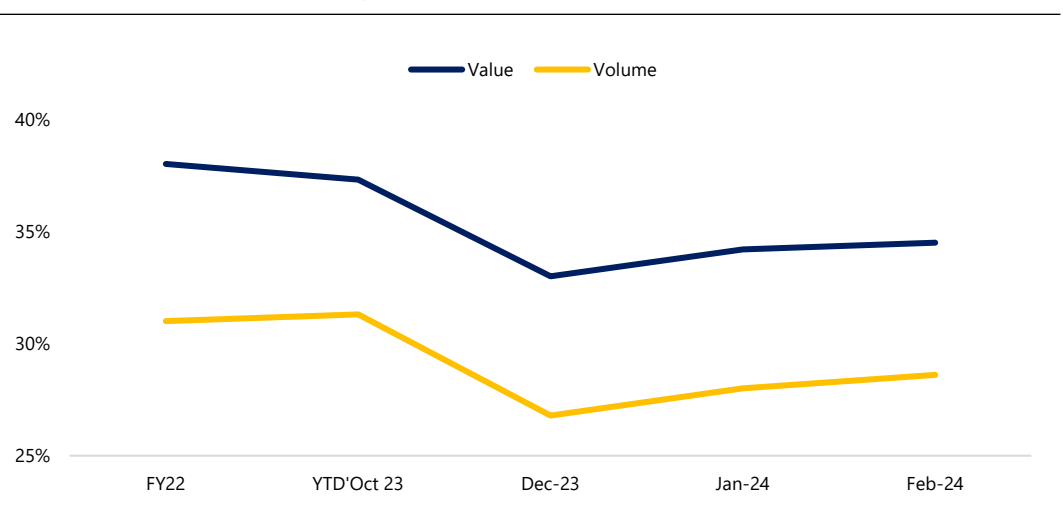
Sources : Bloomberg, Company, MNCS

Exhibit 02. Higher 1Q24 NPM driven by moderate input costs and OPEX lucrativeness



Sources : Company, MNCS

Exhibit 03. Limited market share uptick



Sources : Company, MNCS

Exhibit 04. Financial Projections

Income Statement						Balance Sheet					
In Billion IDR	FY21	FY22	FY23	FY24E	FY25F	In Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Revenue	39,546.0	41,218.9	38,611.4	39,132.1	40,447.5	Cash & Equivalents	325.2	502.9	1,020.6	892.5	980.7
COGS	(19,919.6)	(22,153.9)	(19,416.9)	(19,648.0)	(20,196.5)	Trade Receivables	4,638.1	4,210.8	2,597.7	2,578.3	2,608.8
Gross Profit	19,626.4	19,064.9	19,194.5	19,484.1	20,251.0	Inventory	2,453.9	2,625.1	2,422.0	2,565.2	2,580.7
Selling Expense	(7,864.5)	(8,451.1)	(8,995.7)	(9,165.3)	(8,824.1)	Others Current Assets	225.0	229.0	151.5	153.6	158.8
G&A Expense	(4,084.0)	(3,544.1)	(3,919.7)	(3,960.6)	(4,724.3)	Total Current Assets	7,642.2	7,567.8	6,191.8	6,189.6	6,329.0
Other Income (Expense)	1.5	(1.0)	0.1	(0.5)	(2.4)	Fixed Assets-net	10,102.1	9,536.0	9,310.7	9,438.5	9,569.6
Operating Profit	7,679.5	7,068.8	6,279.3	6,357.8	6,700.2	Other Non-Current Assets	1,324.2	1,214.3	1,161.5	1,176.3	1,213.8
Finance Income	2.0	10.2	28.6	23.0	20.1	Total Non-Current Assets	11,426.3	10,750.3	10,472.2	10,614.8	10,783.4
Finance Expense	(184.9)	(85.2)	(106.0)	(61.1)	(57.9)	TOTAL ASSETS	19,068.5	18,318.1	16,664.1	16,804.4	17,112.4
Pre-tax Profit	7,496.6	6,993.8	6,201.9	6,319.6	6,662.4	Trade Payables	7,027.9	7,004.9	6,440.9	6,713.1	7,012.7
Tax Expense	(1,738.4)	(1,629.0)	(1,400.9)	(1,427.5)	(1,505.0)	Short-term Debt	1,933.2	635.6	209.5	470.9	409.9
Net Profit	5,758.1	5,364.8	4,800.9	4,892.1	5,157.5	Other Current Liabilities	3,484.0	4,801.7	4,573.5	4,510.2	4,336.9
EPS (IDR)	150.9	140.6	125.8	128.2	135.2	Total Current Liabilities	12,445.2	12,442.2	11,224.0	11,694.2	11,759.4
						Long-term Debt	803.6	648.4	541.3	195.8	170.4
						Other Long-term Liabilities	1,498.5	1,230.2	1,517.6	1,538.1	1,589.8
						Total LT-Liabilities	2,302.1	1,878.6	2,058.9	1,733.9	1,760.2
						Total Equity	4,321.3	3,997.3	3,381.2	3,376.4	3,592.8
						TOTAL LIABILITY AND EQUITY	19,068.5	18,318.1	16,664.1	16,804.4	17,112.4
Cash Flow						Ratios					
In Billion IDR	FY21	FY22	FY23	FY24E	FY25F		FY21	FY22	FY23	FY24E	FY25F
Net Income	5,758.1	5,364.8	4,800.9	4,892.1	5,157.5	Revenue Growth (%)	(8.0)	4.2	(6.3)	1.3	3.4
D&A	834.7	811.5	403.6	824.1	847.7	Operating Profit Growth (%)	(18.7)	(8.0)	(11.2)	1.3	5.4
Changes in WC	992.7	233.0	1,252.3	148.3	253.6	Net Profit Growth (%)	(19.6)	(6.8)	(10.5)	1.9	5.4
Change in others	(160.8)	1,002.3	(455.7)	(65.4)	(178.5)	Current Ratio (%)	61.4	60.8	55.2	52.9	53.8
Operating CF	7,424.8	7,411.5	6,001.1	5,799.2	6,080.3	Quick Ratio (%)	41.7	39.7	33.6	31.0	31.9
Capex	(658.9)	(660.7)	(178.3)	(951.8)	(978.8)	Receivable Days (x)	42.2	36.8	24.2	23.7	23.2
Others	180.7	985.0	52.8	(14.8)	(37.5)	Inventory Days (x)	44.3	42.7	44.9	47.0	46.0
Investing CF	(478.2)	324.2	(125.5)	(966.7)	(1,016.3)	Payable Days (x)	127.0	113.8	119.4	123.0	125.0
Dividend Paid	(6,332.9)	(5,837.0)	(5,112.1)	(4,897.0)	(4,941.0)	DER (x)	0.6	0.3	0.2	0.2	0.2
Net Change in Debt	(1,238.1)	(1,452.8)	(533.2)	(84.1)	(86.4)	DAR (x)	0.1	0.1	0.0	0.0	0.0
Equity Fund Raised	-	-	-	-	-	Interest Coverage (x)	41.5	83.0	59.3	104.0	115.8
Others	105.6	(268.3)	287.4	20.5	51.7	Gross Profit Margin (%)	49.6	46.3	49.7	49.8	50.1
Financing CF	(7,465.5)	(7,558.1)	(5,358.0)	(4,960.6)	(4,975.7)	Operating Profit Margin (%)	19.4	17.1	16.3	16.2	16.6
Cash at Beginning	844.1	325.2	502.9	1,020.6	892.5	EBITDA Margin (%)	21.5	19.1	18.2	18.4	18.7
Cash at Ending	325.2	502.9	1,020.6	892.5	980.7	Net Income Margin (%)	14.6	13.0	12.4	12.5	12.8
						BVPS (IDR)	113.3	104.8	88.6	88.5	94.2

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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