

Unilever Indonesia Tbk (UNVR)

Dilema Peningkatan Utang atau Penurunan Dividen

Ulasan Kinerja 2017

UNVR mencatatkan **pertumbuhan penjualan 2,9%** dari Rp40 triliun pada 2016 menjadi Rp41,2 triliun pada 2017. Pertumbuhan penjualan ini ditopang oleh pertumbuhan penjualan 5,8% dari Rp12,3 triliun pada 2016 menjadi Rp13 triliun pada 2017 yang dicapai oleh divisi Food and Refreshment, dan pertumbuhan tipis 1,6% dari Rp27,6 triliun pada 2016 menjadi Rp28,1 triliun pada 2017 yang dicapai oleh divisi Home and Personal Care.

Meskipun UNVR membukukan pertumbuhan penjualan hanya 2,9%, **laba bersihnya tumbuh 9,6%** yang ditopang oleh peningkatan laba kotor 0,4% dari 51,1% pada 2016 menjadi 51,5% pada 2017. Selain itu, rasio beban operasional terhadap penjualan mengalami penurunan 0,9% dari 29,4% pada 2016 menjadi 28,5% pada 2017.

Peningkatan CCC : Pemicu Kebutuhan Modal Kerja

Cash Conversion Cycle (CCC) mengalami **perubahan arah sejak 2013**, yang sebelumnya selalu berada di area negatif menjadi positif 2,8 hari pada 2017. Days in inventory telah mengalami penurunan secara konsisten, tetapi **days in receivables mengalami lonjakan** dari 33,8 hari menjadi 41,8 hari. Kami mengamati hal ini sebagai salah satu indikator yang mungkin akan **meningkatkan kebutuhan pendanaan pinjaman jangka pendek** untuk memenuhi kebutuhan modal kerja.

Target Harga Rp49,450

Kami menggunakan estimasi forward P/E sebesar 49,5x yang merupakan rata-rata selama 3 tahun terakhir sebagai basis metode valuasi untuk memperoleh target harga. Target harga ini mengimplikasikan P/E 2018E sebesar 51,6x. Saat ini, UNVR diperdagangkan pada P/E 2018E sebesar 56,2x.

Unilever Indonesia, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Sales	40,054	41,205	43,066	45,070
<i>Sales growth</i>	9.8%	2.9%	4.5%	4.7%
EBITDA	9,249	10,148	10,402	10,922
Net profit	6,391	7,005	7,318	7,621
EPS (IDR)	838	918	959	999
<i>EPS growth</i>	9.2%	9.6%	4.5%	4.1%
BVPS (IDR)	617	678	673	665
EBITDA margin	23.1%	24.6%	24.2%	24.2%
NPM	16.0%	17.0%	17.0%	16.9%
ROE	134.1%	141.8%	141.9%	149.2%
ROA	39.4%	39.3%	37.8%	37.4%
ROIC	95.2%	90.2%	85.6%	85.6%
P/E	46.3x	60.9x	56.2x	54.0x
P/BV	62.9x	82.4x	80.0x	81.0x
EV/EBITDA	32.2x	42.3x	39.9x	38.0x
DPS (IDR)	835	915	956	996
<i>Dividend yield</i>	2.2%	1.6%	1.8%	1.8%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Hold

Dec 2018 TP (IDR)	49,450
Consensus Price (IDR)	52,798
TP to Consensus Price	-6.3%
vs. Last Price	-8.3%

Shares data

Last Price (IDR)	53,900
Price date as of	Feb 28, 2018
52 wk range (Hi/Lo)	55,900/41,975
Free float (%)	15.0
Outstanding sh.(mn)	7,630
Market Cap (IDR bn)	413,453
Market Cap (USD mn)	30,365
Avg. Trd Vol - 3M (mn)	2.27
Avg. Trd Val - 3M (bn)	120.77
Foreign Ownership	4.2%

Consumer Staples

Household & Personal Products

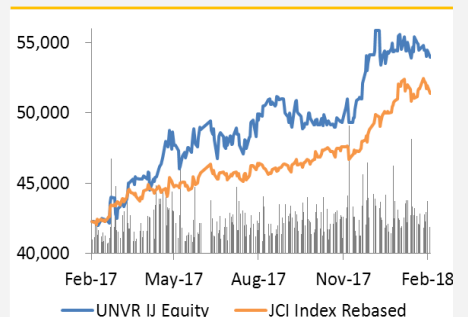
Bloomberg	UNVR.IJ
Reuters	UNVR.JK

Joni Wintarja

+62 21 797 6202, ext:138

Joni.wintarja@nhsec.co.id

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-3.5%	-1.2%	5.7%	27.8%
Rel. Ret.	-7.7%	-0.4%	-3.1%	5.2%

Peningkatan DER vs Penurunan DPR

UNVR sebagai salah satu saham favorit di Indonesia terus mampu memberikan *dividend payout ratio* (DPR) yang mendekati 100% setiap tahun. Namun sejak 2 tahun terakhir, *debt to equity ratio* (DER) terus mengalami peningkatan dari level 26% pada 2014, 35% pada 2015, 51% pada 2016, hingga mencapai 67% pada 2017. Kami memperkirakan bahwa jika UNVR tetap membayarkan DPR mendekati 100% pada dua tahun mendatang, **DER dapat meningkat hingga 91%**.

Sekilas tentang UNVR

Didirikan pada 5 Desember 1933, Unilever Indonesia telah tumbuh menjadi satu dari perusahaan FMCG yang terkemuka di Indonesia. Unilever menawarkan beragam merek yang telah dikenal hingga mancanegara seperti Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall's, Blue Band, Royco, Bango.

Saham UNVR pertama ditawarkan ke publik pada 1981 dan dicatatkan di Bursa Efek Indonesia sejak 11 Januari 1982. Pada akhir 2017, UNVR tercatat sebagai perusahaan terbesar kelima berdasarkan kapitalisasi pasar di Bursa Efek Indonesia.

UNVR memiliki 9 pabrik yang berada di kawasan industri Jababeka, Cikarang, dan Rungkut, Surabaya. Produk UNVR yang terdiri dari 39 merek utama dan hampir 1.000 *stock keeping units* (SKU) dipasarkan melalui lebih dari 800 distributor independen untuk mencapai ratusan ribu toko-toko di Indonesia.

Industri Personal Products di Asia Pasifik

UNVR memiliki margin laba bersih yang sangat tinggi dibandingkan perusahaan sejenis di Asia Pasifik. Selain memiliki ROE di atas 100%, UNVR juga memiliki kapitalisasi pasar yang besar.

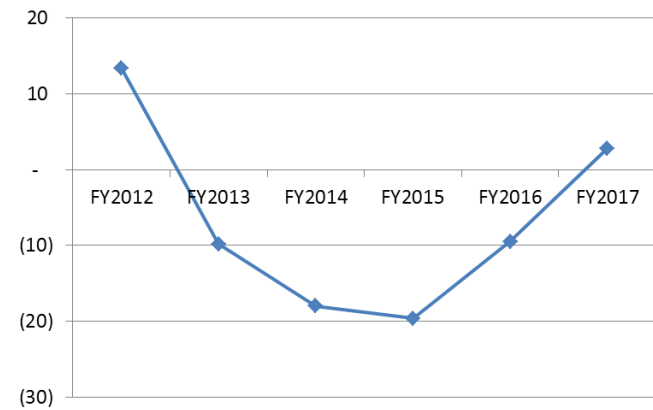
Asia Pacific Personal Products Companies

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Profit Margin	ROE	P/E	P/BV	Dividend Yield
UNVR	30,365	1,390	9.6%	17.0%	141.8%	60.9x	82.4x	1.6%
India								
Hindustan Unilever Ltd	44,322	2,421	8.1%	13.8%	67.2%	64.0x	42.6x	1.4%
Pakistan								
Colgate Palmolive Pakistan	1,301	143	7.4%	11.1%	28.4%	43.3x	11.5x	1.0%
Malaysia								
NTPM Holdings Bhd	149	167	-19.2%	7.7%	9.8%	13.3x	1.3x	3.1%
Bangladesh								
Reckitt Benckiser Bangladesh	100	18	6.7%	8.9%	134.0%	28.0x	35.1x	3.7%

Source: Bloomberg, NHKS research

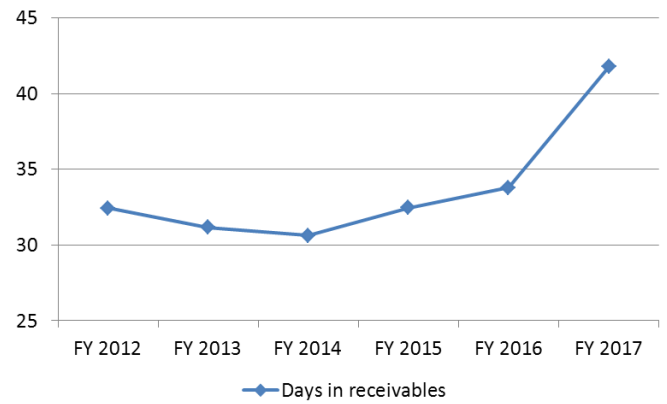
Performance Highlights

Cash Conversion Cycle | 2012 - 2017



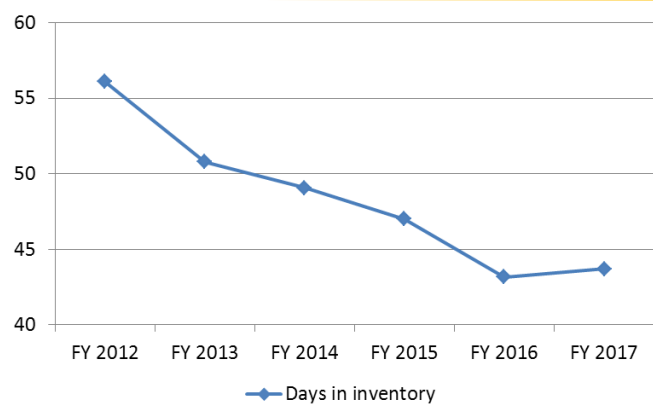
Source: Company, NHKS Research

Days in Receivables | 2012 - 2017



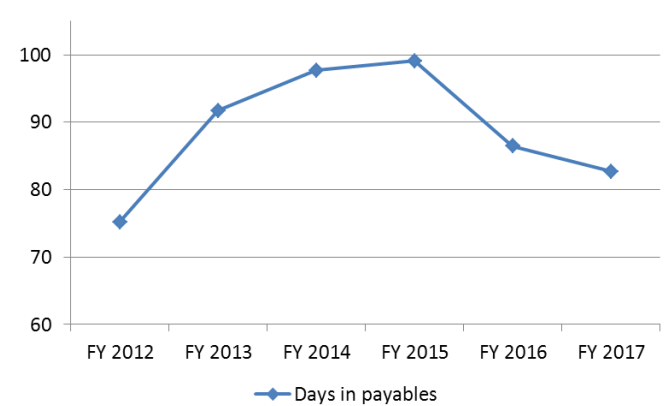
Source: Company, NHKS Research

Days in Inventory | 2012 - 2017



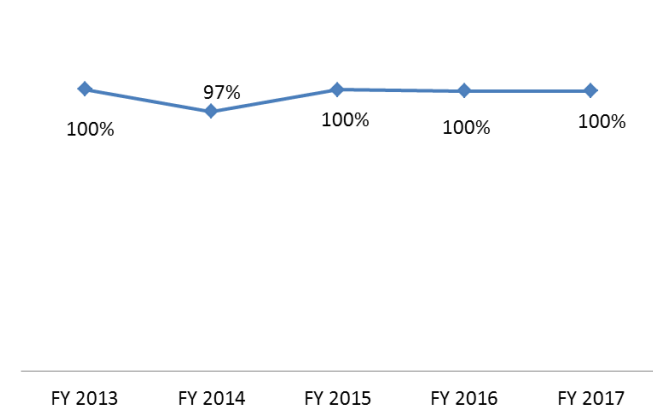
Source: Company, NHKS Research

Days in Payables | 2012 - 2017



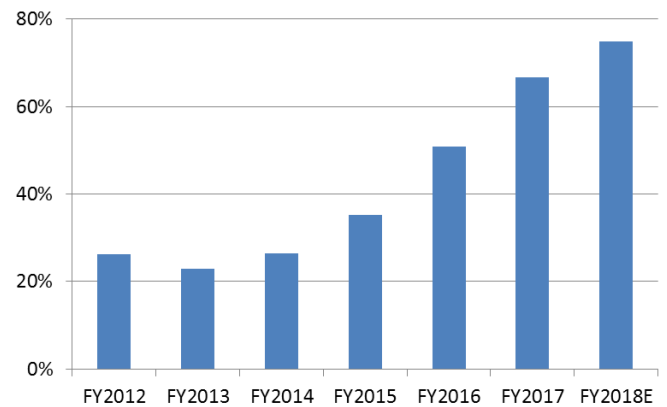
Source: Company, NHKS Research

Dividend Payout Ratio | 2013 - 2017



Source: Company, NHKS Research

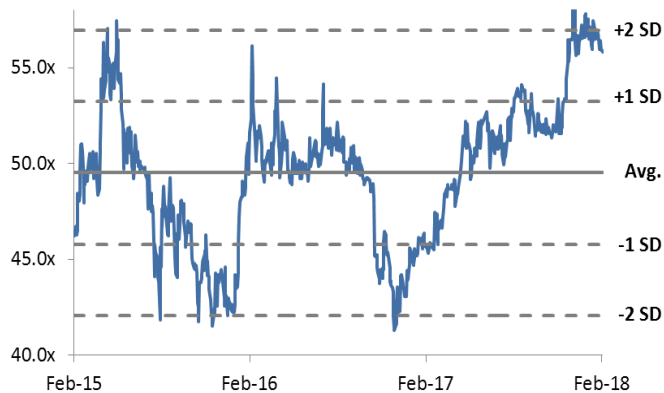
Debt to Equity Ratio | 2012 - 2017



Source: Company, NHKS Research

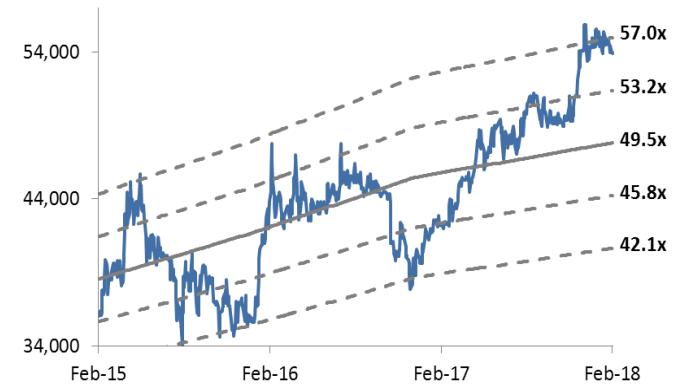
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

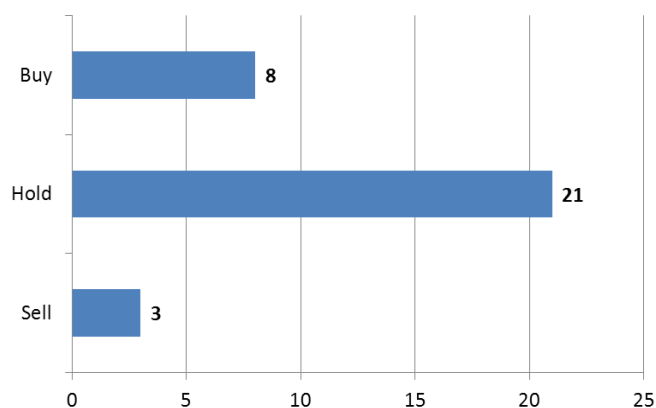
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
01/06/2017	Buy	47,900 (Dec 2017)	40,550	43,835	+18.1%	+9.3%
03/30/2017	Buy	51,875 (Dec 2017)	43,650	44,455	+18.8%	+16.7%
05/29/2017	Buy	57,600 (Dec 2017)	47,725	45,545	+20.7%	+26.5%
09/05/2017	Buy	58,750 (Dec 2018)	50,975	49,423	+15.3%	+18.9%
11/17/2017	Buy	57,275 (Dec 2018)	48,975	49,615	+16.9%	+15.4%
03/02/2018	Hold	49,450 (Dec 2018)	53,900	52,798	-8.3%	-6.3%

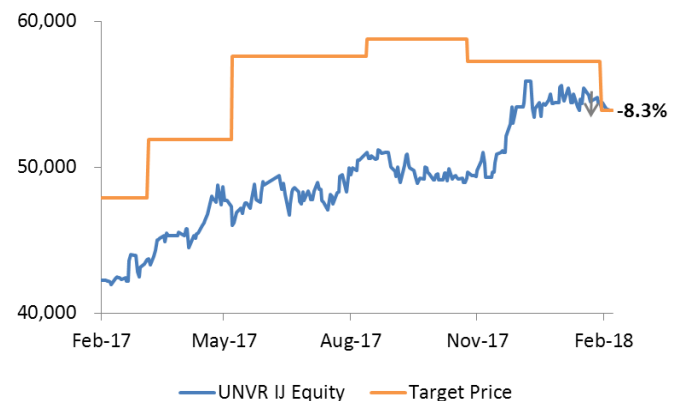
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

Period: End of year target price

Rating system based on a stock's absolute return from the date of publication

- Buy : Greater than +15%
- Hold : -15% to +15%
- Sell : Less than -15%

Financial Summary

UNVR Summary			
Last Price (IDR)	February 28, 2018		53,900
Target Price (IDR)	Dec 2018		49,450
Analyst: Joni Wintarja	Rating:		Hold

INCOME STATEMENT

in IDR Bn	2016/12A	2017/12A	2018/12E	2019/12E
Sales	40,054	41,205	43,066	45,070
Growth (% y/y)	9.8%	2.9%	4.5%	4.7%
Cost of Revenue	(19,595)	(19,985)	(20,887)	(21,902)
Gross Profit	20,459	21,220	22,179	23,168
Gross Margin	51.1%	51.5%	51.5%	51.4%
Operating Expenses	(11,761)	(11,731)	(12,288)	(12,859)
EBIT	8,698	9,489	9,892	10,309
EBIT Margin	21.7%	23.0%	23.0%	22.9%
Depreciation	551	659	511	614
EBITDA	9,249	10,148	10,402	10,922
EBITDA Margin	23.1%	24.6%	24.2%	24.2%
Interest Expenses	(143)	(128)	(117)	(131)
EBT	8,571	9,377	9,810	10,215
Income Tax	(2,180)	(2,373)	(2,492)	(2,594)
Minority Interest	-	-	-	-
Net Profit	6,391	7,005	7,318	7,621
Growth (% y/y)	9.2%	9.6%	4.5%	4.1%
Net Profit Margin	16.0%	17.0%	17.0%	16.9%

BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	374	405	410	415
Receivables	3,708	4,716	4,929	5,158
Inventories	2,318	2,394	2,502	2,623
Total Current Assets	6,588	7,942	8,221	8,600
Net Fixed Assets	9,529	10,422	11,019	11,745
Other Non Current Assets	628	543	556	622
Total Assets	16,746	18,906	19,796	20,967
Payables	4,642	4,527	4,732	4,961
ST Bank Loan	2,393	3,450	3,844	4,617
Other Current Liab.	3,843	4,555	4,949	5,180
LT Debt	-	-	-	-
Other Non Current Liab.	1,163	1,201	1,133	1,133
Total Liabilities	12,041	13,733	14,658	15,892
Shareholders' Equity	4,704	5,173	5,138	5,075

CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	6,391	7,005	7,318	7,621
Deprec & Amortization	551	654	511	614
Chg. In Working Capital	(257)	(599)	324	86
CFI	6,684	7,060	8,153	8,320
Capex	(1,788)	(1,684)	(1,108)	(1,339)
CFI	(1,779)	(1,602)	(1,188)	(1,405)
Dividends Paid	(5,843)	(6,494)	(7,354)	(7,683)
Net Borrowing (PMT)	693	1,057	394	773
CCF	(5,159)	(5,427)	(6,960)	(6,910)
Net Changes in Cash	(254)	31	5	5

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	95.8	Unilever Ind. Holding
United States	2.0	Blackrock
Luxembourg	0.5	Vanguard Group
United Kingdom	0.4	Standard Life Plc

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	134.1%	141.8%	141.9%	149.2%
ROA	39.4%	39.3%	37.8%	37.4%
ROIC	95.2%	90.2%	85.6%	85.6%
EBITDA/Equity	194.1%	205.5%	201.8%	213.9%
EBITDA/Assets	39.4%	39.3%	37.8%	37.4%
Cash Dividend IDR bn)	6,371	6,984	7,296	7,598
Dividend Yield (%)	2.2%	1.6%	1.8%	1.8%
Payout Ratio (%)	99.7%	99.7%	99.7%	99.7%
DER	50.9%	66.7%	74.8%	91.0%
Net Gearing	51.9%	67.9%	76.3%	92.7%
LT Debt to Equity	0.0%	0.0%	0.0%	0.0%
Capitalization Ratio	33.7%	40.0%	42.8%	47.6%
Equity Ratio	28.1%	27.4%	26.0%	24.2%
Debt Ratio	14.3%	18.2%	19.4%	22.0%
Financial Leverage	330.1%	339.1%	366.7%	387.7%
Current Ratio	60.6%	63.4%	60.8%	58.3%
Quick Ratio	37.5%	40.9%	39.5%	37.8%
Cash Ratio	3.4%	3.2%	3.0%	2.8%
Cash Conversion Cycle	(9.5)	2.8	2.8	2.8
Par Value (IDR)	10	10	10	10
Total Shares (mn)	7,630	7,630	7,630	7,630
Share Price (IDR)	38,800	55,900	53,900	53,900
Market Cap (IDR tn)	296.0	426.5	411.3	411.3

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	46.3x	60.9x	56.2x	54.0x
Price /Book Value	62.9x	82.4x	80.0x	81.0x
Price/Sales	7.4x	10.4x	9.5x	9.1x
PE/EPS Growth	5.0x	6.3x	12.6x	13.1x
EV/EBITDA	32.2x	42.3x	39.9x	38.0x
EV/EBIT	34.3x	45.3x	41.9x	40.3x
EV (IDR bn)	298,063	429,562	414,691	415,459
Sales CAGR (3-Yr)	9.2%	6.1%	5.7%	4.0%
EPS CAGR (3-Yr)	6.1%	5.7%	7.7%	6.0%
Basic EPS (IDR)	838	918	959	999
Diluted EPS (IDR)	838	918	959	999
BVPS (IDR)	617	678	673	665
Sales PS (IDR)	5,250	5,400	5,644	5,907
DPS (IDR)	835	915	956	996

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	6,485	7,088	7,379	7,690
+Depr./Amor.	551	654	511	614
-CAPEX	(1,788)	(1,684)	(1,108)	(1,339)
-Incr. (Decr.) in Working Cap.	(257)	(599)	324	86
(Unlevered) FCFF	4,991	5,459	7,106	7,051
WACC				
Cost of Debt (Tax Adj.)	8.1%	7.1%	7.1%	7.1%
Cost of Equity (COE)	9.8%	12.7%	12.7%	12.7%
WACC (%)	9.8%	12.7%	12.7%	12.7%
RIM				
Spread (FROE-COE) (%)	122.6%	136.2%	128.7%	135.6%
Residual Income (IDR bn)	5,919	6,407	6,661	6,967
Equity Charge (IDR bn)	471	598	658	653
EVA				
Invested Capital (IDR bn)	6,527	7,097	8,623	8,982
ROIC-WACC (%)	89.6%	87.2%	72.9%	73.0%
EVA (IDR bn)	5,849	6,189	6,287	6,554

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