

# Unilever Indonesia (UNVR): IDR 2,320 — SELL, SSI TP: IDR 1,800 (From IDR 2,700); Cons. TP: IDR 2,520



3Q24 Results: (IDR Bn)	3Q24	3Q23	QoQ (%)	YoY (%)	9M24	9M23	YoY (%)	SSI (%)	Cons (%)
Revenue	8,373	10,214	-6.6	-18.0	27,417	30,506	-10.1	70.0	81.2
Gross Profit	3,813	5,157	-14.0	-26.1	13,281	15,274	-13.0	-	-
Operating Profit	729	1,828	-44.3	-60.1	3,920	5,456	-28.1	-	-
Net Profit	543	1,430	-46.7	-62.0	3,010	4,189	-28.1	59.8	65.1
<b>Key Ratios</b>									
GPM (%)	45.5	50.5	-	-	48.4	50.1	-	-	-
OPM (%)	8.7	17.9	-	-	14.3	17.9	-	-	-
NPM (%)	6.5	14.0	-	-	11.0	13.7	-	-	-

## SWOT Analysis of the Results (Below Ours and Cons.)

### Strength

UNVR's FMCG market share improved to ~34.9% in Jun-Aug 2024 (Dec-23: 33.9%), while its gross margin (normalized) remained > 45% (3Q24: 47.4%; 2Q24: 49.5%; 3Q23: 50.5%), partly helped by the company's global procurement program, despite persistent decline in UPG (3Q24: -2% YoY)

### Weakness

In 3Q24, revenue dropped to IDR 8.3tn (-6.6% QoQ; -18.0% YoY), with both HPC and FnR segments showing negative growth of -9% and -2% QoQ, mainly due to down-trading, boycott and unharmonized pricing from distributors; pressure on margins may persist in the short-term from down-trading & transformation costs

### Opportunity

UNVR has introduced strategic innovations to offset current consumer down-trading trend to cheaper items, such as launching smaller sachet-sized versions of existing products; severe market underperformance may present stock-trading opportunities

### Threat

Intense price war with other major players like Wings, the rise of white-label products, and prolonged boycott could further pressure the company's profitability; poor 3Q24 results will result in analyst earnings downgrades, resulting in further share price underperformance

## Peer Comparables

Company	Rating	Market Cap	Last Price	TP	2024F EPS Gwt	P/E	P/B	Div. Yield	ROE
Ticker		(IDR Tn)	(IDR)	(IDR)	(%)	(x)	(x)	(%)	(%)
ICBP IJ	BUY	146.1	12,525	14,000	13.3	20.6	2.4	2.5	14.4
<b>UNVR IJ</b>	<b>SELL</b>	<b>88.5</b>	<b>2,320</b>	<b>1,800</b>	<b>(24.0)</b>	<b>18.9</b>	<b>20.3</b>	<b>5.3</b>	<b>148.8</b>
KLBF IJ	BUY	78.8	1,680	1,800	14.1	21.5	2.9	2.0	14.3
INDF IJ	BUY	65.2	7,425	8,000	24.5	5.3	0.8	5.5	16.1
SIDO IJ	BUY	19.7	655	850	24.0	21.1	3.4	7.5	32.5
<b>Sector</b>		<b>398.2</b>			<b>7.5</b>	<b>18.4</b>	<b>6.8</b>	<b>3.8</b>	<b>45.4</b>

## Relative YTD Performance vs JCI

