

Hindustan Unilever Limited

FINANCIAL MODELLING REPORT

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Hindustan Unilever Limited

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HINDUSTAN UNILEVER LIMITED



HISTORICAL FINANCIAL STATEMENT

years	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
sales	32186.00	33162.00	35545.00	39310.00	39783.00	47028.00	52446.00	60580.00	61896.00	63121
sales growth	-	3.03%	7.19%	10.35%	1.22%	18.21%	11.52%	15.51%	2.12%	1.98%
cogs	8045	18675.00	19314.00	21081.00	20614.00	25301.00	29066.00	35381.00	32769.00	33655
COGS % sales	-	56.34%	54.34%	53.63%	51.82%	53.80%	55.42%	58.40%	52.36%	53.32%
GROSS profit	13,964.00	14487.00	16231.00	18229.00	19169.00	21727.00	23380.00	25159.00	14659.00	29466
GROSS MARGIN	-	43.65%	45.66%	46.36%	48.16%	46.10%	44.60%	41.50%	23.68%	46.60%
selling and general expenses	8045	8159	8732	9349	9316	10101	10523	11051	14468	6199
SG&A expenses % sales	-	24.60%	24.60%	23.77%	23.37%	21.50%	20.10%	18.20%	32.30%	9.10%
EBITDA	5,919.00	6328	7499	8880	9853	11246	12857	14148	14659	14841
EBITDA margins	-	19.08%	21.09%	22.57%	24.77%	24.72%	24.72%	23.37%	23.67%	23.52%
interest	17	35	26	33	118	117	106	114	334	395
interest % sales	-	0.11%	0.07%	0.08%	0.30%	0.25%	0.20%	0.54%	0.54%	0.63%
depreciation	353	432	520	565	1002	1074	1091	1137	1216	1355
Depreciation % sales	-	1.30%	1.46%	1.44%	2.52%	2.28%	2.08%	1.88%	1.96%	2.15%
EBT	5540	5861	6953	8282	8733	10435	11660	12897	13109	13093
EBT % sales	-	17.67%	19.56%	21.07%	21.95%	22.19%	22.23%	21.79%	21.18%	20.74%
TAX	1875	1977	2079	2544	2409	2606	2987	3201	3644	3744
Effective tax rate	-	33.73%	29.90%	30.72%	27.59%	24.97%	25.62%	24.82%	27.80%	28.60%
NET PROFIT	3665	3884	4874	5738	6324	7829	8673	9696	9465	9349
NET margin	-	11.71%	13.71%	14.60%	15.90%	16.65%	16.54%	16.01%	15.29%	14.81
no. of equity shares	216.39	216.43	216.45	216.47	216.48	234.96	234.96	234.96	234.96	234.96
EPS	16.94	17.95	22.52	26.51	29.21	33.32	36.91	41.27	40.28	39.8
EPS growth	-	5.96%	25.48%	17.72%	10.21%	14.06%	10.78%	11.80%	-2.38%	-1.23%
Dividend per share	15.97	16.97	19.96	21.95	24.94	40.51	34.01	39.01	42.01	53.02
Dividend payout ratio	-	94.54%	88.63%	82.82%	85.39%	121.57%	92.12%	94.52%	104.28%	133.02%
Retained Earnings	209	212	2925	986	932	-1688	683	530	-405	-3106
Retained Earnings %	-	5.46%	60.03%	17.18%	14.61%	-21.57%	7.88%	5.48%	-4.28%	-33.20%

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Forecasted Sales					Forecasted EBIDTA			
Year Weightage	Year	Sales	Growth		Year Weightage	Year	EBIDTA	Growth
1	2016A	32,186.00	0.67%		1	2016A	5,919.00	-
2	2017A	33,162.00	3.03%		2	2017A	6,328.00	6.91%
3	2018A	35,545.00	7.19%		3	2018A	7,499.00	18.51%
4	2019A	39,310.00	10.35%		4	2019A	8,880.00	18.42%
5	2020A	39,783.00	1.22%		5	2020A	9,853.00	10.96%
6	2021A	47,028.00	18.21%		6	2021A	11,246.00	14.14%
7	2022A	52,446.00	11.52%		7	2022A	12,857.00	14.33%
8	2023A	60,580.00	15.51%		8	2023A	14,148.00	10.04%
9	2024A	61,896.00	2.12%		9	2024A	14,659.00	3.61%
10	2025A	63,121.00	1.98%		10	2025A	14,841.00	1.24%
11	2026F	66,782.02	5.80%		11	2026F	16,147.01	8.80%
12	2027F	70,455.03	5.50%		12	2027F	17,446.84	8.05%
13	2028F	74,189.15	5.30%		13	2028F	18,720.46	7.30%
14	2029F	77,972.79	5.10%		14	2029F	19,946.65	6.55%
15	2030F	81,832.45	4.95%		15	2030F	21,103.56	5.80%

Forecasted Net Profit					Forecasted EPS			
Year Weightage	Year	Net Profit	Growth		Year Weightage	Year	EPS	Growth
1	2016A	3,665.00	-		1	2016A	16.94	-
2	2017A	3,884.00	5.98%		2	2017A	17.95	5.96%
3	2018A	4,874.00	25.49%		3	2018A	22.52	25.46%
4	2019A	5,738.00	17.73%		4	2019A	26.51	17.72%
5	2020A	6,324.00	10.21%		5	2020A	29.21	10.18%
6	2021A	7,829.00	23.80%		6	2021A	33.32	14.07%
7	2022A	8,673.00	10.78%		7	2022A	36.91	10.77%
8	2023A	9,696.00	11.80%		8	2023A	41.27	11.81%
9	2024A	9,465.00	-2.38%		9	2024A	40.28	-2.40%
10	2025A	9,349.00	-1.23%		10	2025A	39.80	-1.19%
11	2026F	9,947.34	6.40%		11	2026F	42.57	6.95%
12	2027F	10,554.12	6.10%		12	2027F	45.31	6.45%
13	2028F	11,171.54	5.85%		13	2028F	48.05	6.05%
14	2029F	11,769.22	5.35%		14	2029F	50.79	5.70%
15	2030F	12,345.91	4.90%		15	2030F	53.53	5.40%

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RETURN ON EQUITY

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar23	Mar-24	Mar-25
Net Profit	4,874	5,738	6,324	7,829	8,673	9,696	9,465	9,349
Average Shareholder Equity	7,065	7,651	8,013	47,439	48,826	50,069	50,983	49,167
ROE	68.99%	75.00%	78.92%	16.50%	17.76%	19.37%	18.57%	19.01%

ROE - DuPont Equation

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar23	Mar-24	Mar-25
Net Profit	4,874	5,738	6,324	7,829	8,673	9,696	9,465	9,349
Sales	35,545	39,310	39,783	47,028	52,446	60,580	61,896	63,121
Net Profit Margin (A)	13.71%	14.60%	15.90%	16.65%	16.54%	16.01%	15.29%	14.81%
Sales	35,545	39,310	39,783	47,028	52,446	60,580	61,896	63,121
Average Total Assets	16,784	18,245	19,391	44,446	69,523	71,791	77,076	78,313
Assets Turnover Ratio (B)	2.12x	2.15x	2.05x	1.06x	0.75x	0.84x	0.80x	0.81x
Average Total Assets	16,784	18,245	19,391	44,446	69,523	71,791	77,076	78,313
Average Shareholder Equity	7,065	7,651	8,013	47,439	48,826	50,069	50,983	49,167
Equity Multiplier (C)	2.38x	2.38x	2.42x	0.94x	1.42x	1.43x	1.51x	1.59x
ROE (A*B*C)	69.19%	74.69%	78.86%	16.59%	17.61%	19.23%	18.47%	19.08%

Return on Asset

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar23	Mar-24	Mar-25
Net Profit	4,874	5,738	6,324	7,829	8,673	9,696	9,465	9,349
Average Total Assets	16,784	18,245	19,391	44,446	69,523	71,791	77,076	78,313
ROA	29.04%	31.45%	32.61%	17.61%	12.48%	13.51%	12.28%	11.94%

ROE DuPont Equation

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar23	Mar-24	Mar-25
Net Profit	4,874	5,738	6,324	7,829	8,673	9,696	9,465	9,349
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Assets Turnover Ratio (B)	2.12x	2.15x	2.05x	1.06x	0.75x	0.84x	0.80x	0.81x
ROA(A*B)	29.07%	31.38%	32.59%	17.65%	12.40%	13.44%	12.23%	12.00%

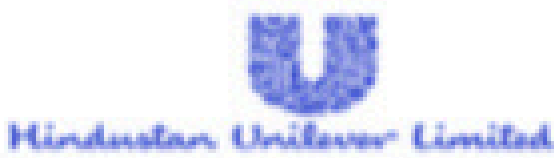
DuPont Analysis Summary :

--Over the last eight years, ROE has drastically decreased, going from **68.99%** in **FY18** to **19.01%** in **FY25**. Even so, the company's net profit margin increased, rising from **13.71%** in **FY18** to **14.81%** in **FY25**.

--The company's asset efficiency, or asset turnover ratio, decreased over time, from **2.12x** in **FY18** to **0.81x** in **FY25**. In addition, the equity multiplier, or financial leverage, was lowered from **2.38x** in **FY18** to **1.59x** in **FY23**. This explains the decline in the company's return on equity.

--In the last eight years, ROA has also declined, going from **29.04%** in **FY18** to **11.94%** in **FY25**. Over time, ROA has declined due to the asset turnover ratio's decline from **2.12x** in **FY18** to **0.81x** in **FY25**.

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Market Returns

NIFTY 50 - last 20 years

YEARS	RETURN
2005	36.34%
2006	39.83%
2007	54.77%
2008	-51.79%
2009	75.76%
2010	17.95%
2011	-24.62%
2012	27.20%
2013	6.76%
2014	31.39%
2015	-4.06%
2016	3.01%
2017	28.65%
2018	3.15%
2019	12.02%
2020	14.90%
2021	24.12%
2022	4.32%
2023	19.42%
2024	8.75%

Average Returns	16.39%
Dividend Yields	1.26%
Total Market Returns	17.65%

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DCF MODEL



Discounted Cash Flow Full

Assumptions pt1		Assumptions pt2	
Growth rate	5.0%	Beta	0.6
EV/EBITDA Multiple	33.00x	Market Return	13%
Cost of Debt	7%	Equity value	533,442
Tax Rate	26%	Debt value	500
10y Treasury	7.1%		

Period	0	1	2	3	4	5
Free Cash Flows						
EBIT	14,841	14,000	14,800	15,400	15,800	16,000
Tax	(3,744)	3,640	3,848	4,004	4,108	4,160
D&A	1,355	1,380	1,400	1,420	1,435	1,450
CapEx	(1,200)	(1,220)	(1,240)	(1,260)	(1,280)	(1,300)
Non-cash Work. Capital (inc) / dec	(400)	(450)	(500)	(550)	(600)	(650)
FCF	10,852	17,350	18,308	19,014	19,463	19,660

WACC	
Cost of Equity	10.64%
D/D+E	0.09%
E/D+E	99.91%
WACC	10.63%

Terminal Value						
EBITDA						17,450
Exit Multiple (EV/EBITDA)						575,850
Perpetuity Growth						366,343
Average						471,096

Discounting						
Discount Factor		0.90	0.82	0.74	0.67	0.60
PV of FCF		15,682	14,957	14,041	12,991	11,861
PV of TV						284,216
Enterprise Value	353,749					

Enterprise Value to Equity Value	
Cash	7,293
Marketable Securities	3,614
Short term Debt	300
Long term Debt	200
Equity Value	364,156
Shares Outstanding	1,000
Implied Share Price	364.16