CURRENT PRICE (BDT): 2273.90

TICKER: UNILEVERCL
SECTOR: FOOD & ALLIED

Figures in BDT Million

COMPANY FUNDAMENTALS

Market Capital (BDT Million-2023)	45,760
EnterpriseValue (BDT Million-2023)	42,550
Paid-Up Capital (BDT Million)	192.76
Authorized Capital (BDT Million)	500
No. of Share Outstanding (Million)	19.27
Category (Credit Rating)	AA-ST-2
Free-Float	12.40%

Figures in BDT Million

Particulars	2019	2020	2021	2022	2023
Financial Information:					
Net Sales	3,199.98	3,199.98	3,199.98	3,199.98	3,000.46
Gross Profit	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
EBITDA	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Operating Profit	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Profit After Tax	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Total Assets	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Total Debt	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Total Equity	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Retained Earnings	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Cash & Equivalents	1,654.98	1,654.98	1,654.98	1,654.98	1,717.58
Margin:					
EBITDA Margin (%)	51.65%	51.65%	51.65%	51.65%	57.23%
Operating Profit Margin (%)	51.65%	51.65%	51.65%	51.65%	57.23%
Net Profit Margin (%)	51.65%	51.65%	51.65%	51.65%	57.23%
Growth (YoY):					
Sales Growth (YoY)	0.00%	0.00%	0.00%	-6.25%	-6.25%
Gross Profit Growth (YoY)	0.00%	0.00%	0.00%	3.79%	3.79%
Operating Profit Growth (YoY)	0.00%	0.00%	0.00%	3.79%	3.79%
Net Profit Growth (YoY)	0.00%	0.00%	0.00%	3.79%	3.79%
Profitability:					
Return on Assets (ROA)	100.00%	100.00%	100.00%	100.00%	100.00%
Return on Equity (ROE)	100.00%	100.00%	100.00%	100.00%	100.00%
Leverage:					
Debt Ratio (%)	100.00%	100.00%	100.00%	100.00%	100.00%
Debt-Equity Ratio	1.00	1.00	1.00	1.00	1.00
Interest Coverage	1,435.90	1,435.90	1,435.90	1,435.90	1,435.90
Valuation:					
Earnings Per Share (BDT)	125.5	135.2	145.8	155.3	160.5
NAV per Share (BDT)	131.00	122.88	139.60	146.00	156.31
P/NAV (x)	13.75	15.00	12.00	11.00	10.00
EV/EBITDA	27.68	27.68	27.68	27.68	27.68
EV/Sales	13.75	13.75	13.75	13.75	13.75
P/E Ratio	68.58	68.58	68.58	68.58	68.58

* Financials of FY2021 has been annualized based on latest 3-month financial data
**Figure for FY18, FY19, FY20 has been restated to reflect revenue from continued business operation

COMPANY OVERVIEW

Company Profile:

Unilever Consumer Care Limited (UNILEVERCL) is a part of Unilever group of companies in Bangladesh. UNILEVERCL is a consumer goods company, formerly it was GlaxoSmithKline Bangladesh Limited, which was operating in Bangladesh since 1974.On 30 June 2020, 81.98% of shares of the Company were acquired by Unilever Overseas Holdings B.V., UK. Consequently, the company became a subsidiary of Unilever Overseas Holdings B.V., UK and the name of the company was changed to Unilever Consumer Care Limited. Unilever is one of the world's leading Consumer goods companies, making and selling around 400 brands in more than 190 countries.

Product Portfolio: The principal activities of UNILEVERCL include manufacturing and marketing of consumer healthcare products under the brands' names Horlicks, Boost, Maltova, and Glaxose D. Majority of the products are manufactured in Bangladesh through third-party manufacturing arrangements. The oral care brand Sensodyne is no longer a part of the portfolio.

Market Share of Major Products:

Category	2020	2019
Health Food Drink	93.20%	93.20%
Glucose Powder	52.90%	56.90%

Listing and Incorporation: Unilever Consumer Care Limited (previously known as GlaxoSmithKline Bangladesh Limited) was incorporated on 25 February 1974 as a public limited Company and is listed with Dhaka Stock Exchange Limited since 1976.

Factories & Depot: Sales and Distribution network is managed through six depots in Gazipur (Konabari), Dhaka (Topkhana), Chittagong (Halishahar), Bogra (Badurtala), Khulna (Sheikhpara) and in Sylhet (Shah Paran Mazar).

Corporate Office: House 2A, Road 138, Gulshan 1, Dhaka 1212.

Key Personnel: Mohammad Zaved Akhtar
(Chairman & Managing Director).

Shareholding Structure:

Types	Percentage	Number of shares
Unilever Overseas Holdings B.V., Netherlands	81.974%	15,799,891
Investment Corporation of Bangladesh (ICB) & ICB Mutual Funds	10.430%	2,010,313
Shadharan Bima Corporation	0.631%	121,667
Local Financial Institutions & Other Companies	1.683%	324,298
General Public	4.990%	961,881
Foreign Shareholders	0.296%	57,056

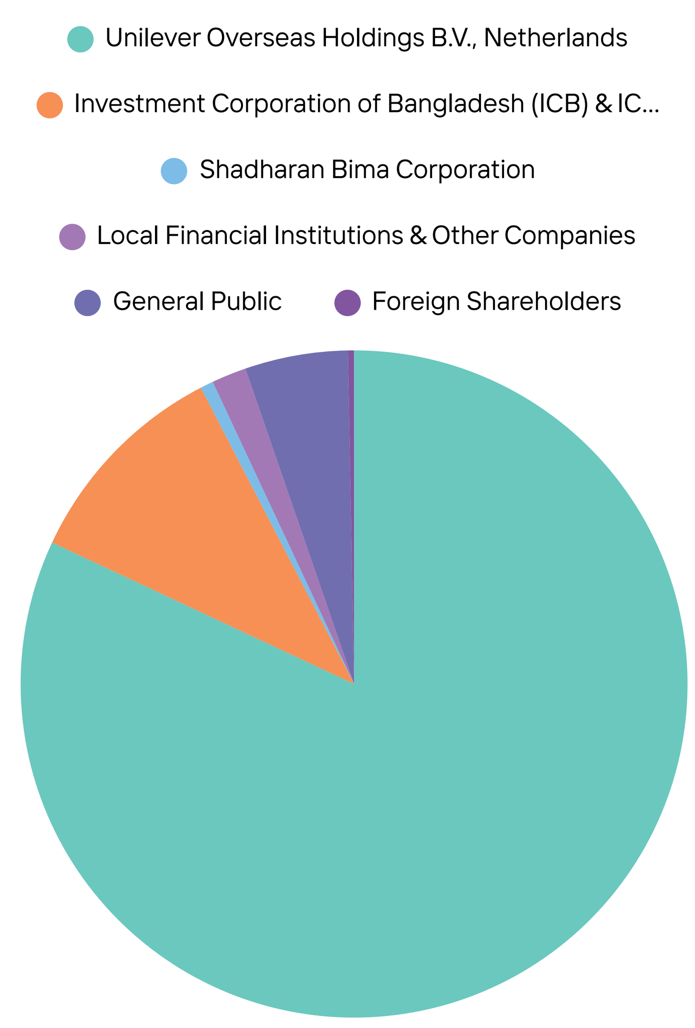

FIG 01: SHAREHOLDING STRUCTURE

CURRENT PRICE (BDT): 2273.90

TICKER: UNILEVERCL
SECTOR: FOOD & ALLIED

Industry Overview

In Bangladesh, the FMCG industry is classified into three key categories: (a) Food and Beverage industry, (b) the Personal Care industry, and (c) Household Care industry. The market segment of health food drinks can be categorized under the Food and Beverage industry. Horlicks largely dominates the market of the health food drinks industry from UNILEVERCL. Horlicks, under its various sub-brands, firmly holds around 86% of the malted beverage market of health food drinks. Besides, Complan from Transcom Beverage, Maltova & Glaxose D. also from UNILEVERCL, Milo from Nestlé, Rooh Afza from Hamdard, Tang from Sajeeb Group are also commonly known health food drink brands in Bangladesh. The rise of the health food drinks industry in the country has largely been contributed by the rising per capita income, growth of the middle-class population, increase of community-wide health awareness. The industry has been able to rapidly expand The through distribution networks across the country as the government has increased investment in road and highway infrastructure, serving small businesses and mom-and-pop shops.

However, The COVID-19 pandemic had a lasting mark on the livelihood of people. As a result of the pandemic, the economy of our country has experienced a major slowdown, which had an adverse impact on the disposable income of the customer groups, resulting in lower consumer demand. Given the economic recession and lower demand, the growth of FMCG industry has been decelerated. Moreover, supply chain disruptions, challenges in raw material sourcing (Dry Mix Ingredients, “DMI”), nationwide restrictions have added further woes to the industry. Besides, increase in DMI import duty from 15% to 25% and price inflation of key imported raw materials due to DMI shortage during 2020 also impose challenge to the producers of health food drinks.

Nevertheless, during the economic meltdown the FMCG industry has remained relatively stable in comparison to luxury goods. The Unilever consumer care limited has shared in their annual report that the food category of the FMCG market has grown by only 2% in 2020. The fast-moving consumer goods (FMCG) industry, worth USD 3.4 billion, is one of the country's biggest industries. Due to the resumption of mass vaccine roll-out, the health food and beverage industry is expected to rebound strongly in the current fiscal year.

Investment Insight:

Investment Positive

- Currently, the company is actively promoting new economically sized SKUs, particularly in the digital platforms. Due to that, in FY2020, Operating expenses has been reduced by 9% against the corresponding year contributed by the cost savings initiatives in marketing and administrative expenses due to pandemic.
- The introduction of Horlicks value packs at an affordable price observed increasing sales. Despite the pandemic, UNILEVERCL has been able to increase household penetration by introduction of economical units such as,sachet pack, 500 & 750-gram bottled Horlicks.
- UNILEVERCL divested its loss making business concern, pharmaceuticals unit and fully concentrated on consumer health food and drinks business. A year after the divestment the GP margin rose to 55% in 2019 from 47%.
- The rising middle class (targeted Per Capita GNI $2,462 for FY22) is the driving factor for UNILEVERCL. Despite the economic slowdown caused by the pandemic, the company has been able to increase its household penetration to 13.9% in 2020 as against 12.4% in 2019 by the introduction of new SKUs (stock keeping units). Consumption of small packs observed double-digit growth in FY2020.
- UNILEVERCL holds the leadership position with 93.20% market share in the health food drink industry in Bangladesh and the company is currently the largest distributor and marketer of malted beverage in Bangladesh. The legacy brand Horlicks alone holds 86% market share in the malted beverage industry.
- Currently the company has strong network of 41 exclusive distribution points and 145 shared distribution channel networks with Unilever Bangladesh Limited (UBL). Previously, GSK had 6 depots for catering the nation-wide supply chain for its HFD business.
- Majority of the products of UNILEVERCL are manufactured through Mutual Food Products Ltd (MFPL) under third-party manufacturing arrangements. The contract manufacturing arrangement helps in optimizing production cost due to low level of fixed cost requirements. Besides, MFPL is the contract manufacturer of the multinational FMCG Company Arla, popularly known as Dano.

Investment Concern

- Unilever does not have good historical experience in foods and beverage business in Bangladesh. Unlike success in household and personal care business, food products of Unilever; knorr soup, knorr noodles, Brooke Bond Coffee are yet to see success in Bangladeshi market.
- Topline of UNILEVERCL is highly concentrated solely on the sale of its legacy brand Horlicks (≈90%). Boost, Maltova have very insignificant contribution. Besides, Glaxose D has seasonal sale demand, particularly in summer. The company is heavily reliant on its most well-known household brand Horlick, hence is exposed to risk of demand side volatility.
- In 2018, brand image of Horlicks was tarnished due to a dispute regarding the tagline, ‘taller’, ‘stronger’ and ‘sharper’. However, Horlicks may have done a good job regaining its market share since then, but the incident has left a lasting mark on consumer perception.
- UNILEVERCL has recorded negative CAGR of 14% in the top line and negative CAGR of 46% in the bottom line in the last 5 years. Absence of new consumer market, adverse impact on the disposable income of customer groups, lower consumer demand have pushed down the topline of Unilever Consumer Care Limited in last 5 years.
- In 2020, the cost of goods sold increased by 28.6% due to 11% price inflation and duty fee increase of the key material (DMI) from 15% to 25%. As a results, GP margin declined by 29%. Besides, demand dropped due to lockdown during the year. So, net income was reduced by 46.3% due to lower gross profit.
- Moreover, profit after tax has also declined due to write-off of ERP system and royalty fee; technical fees; one-time operating expenses. UNILEVERCL has also signed a permanent agreement to pay technical support fee of around 1% of total turnover to Unilever PLC, the majority shareholder of UNILEVERCL, for trademark and technology fees.

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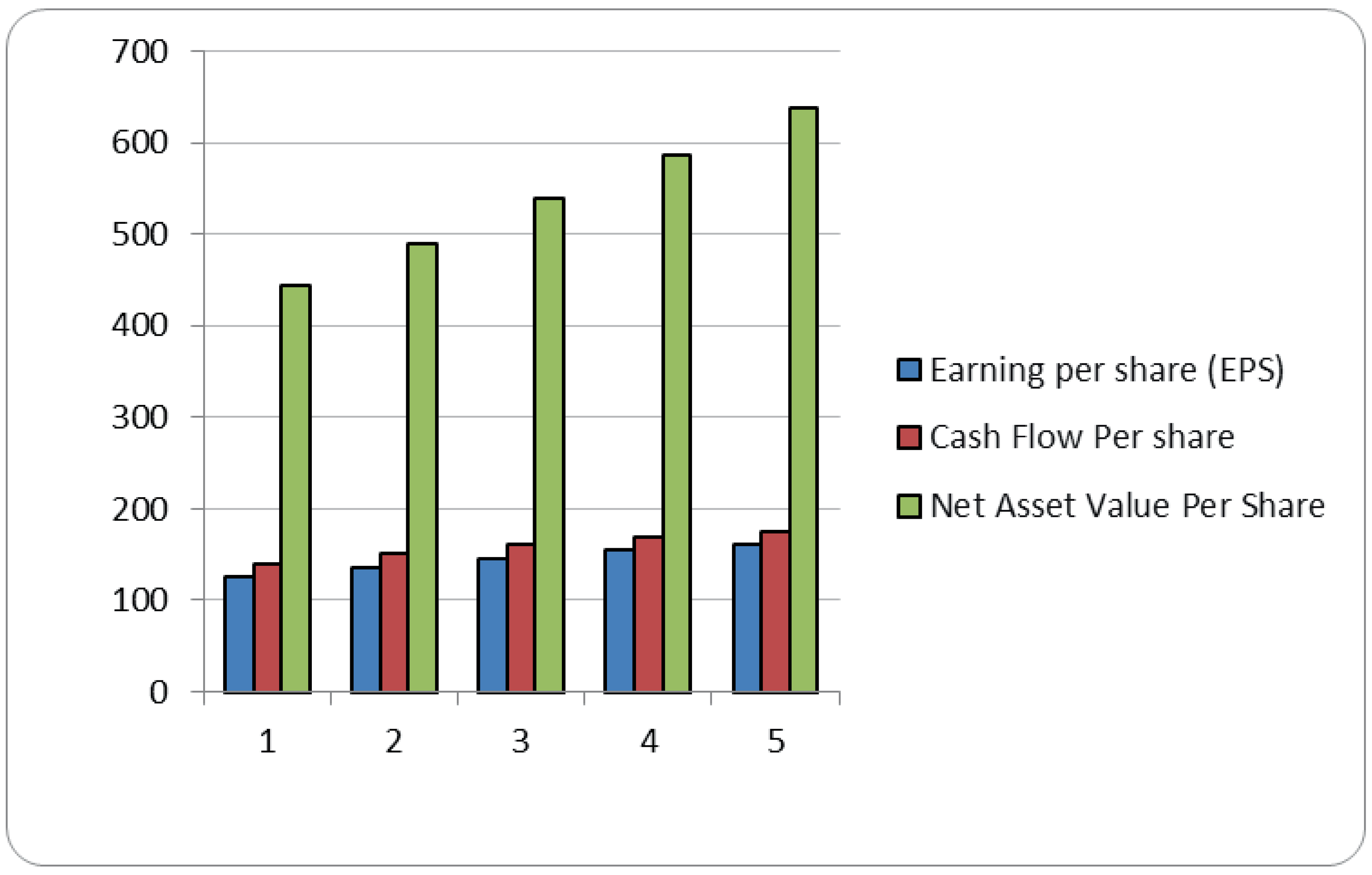
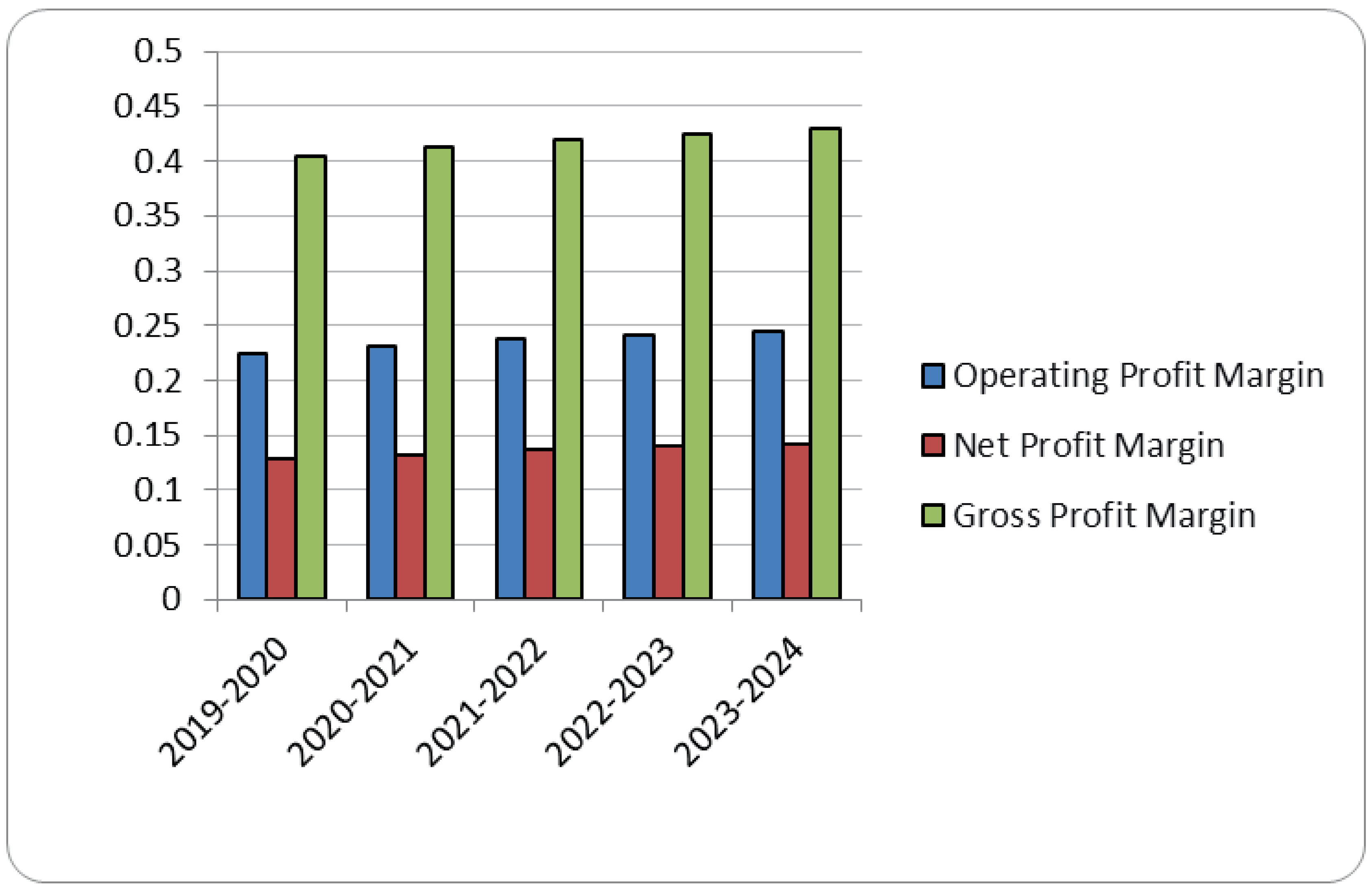
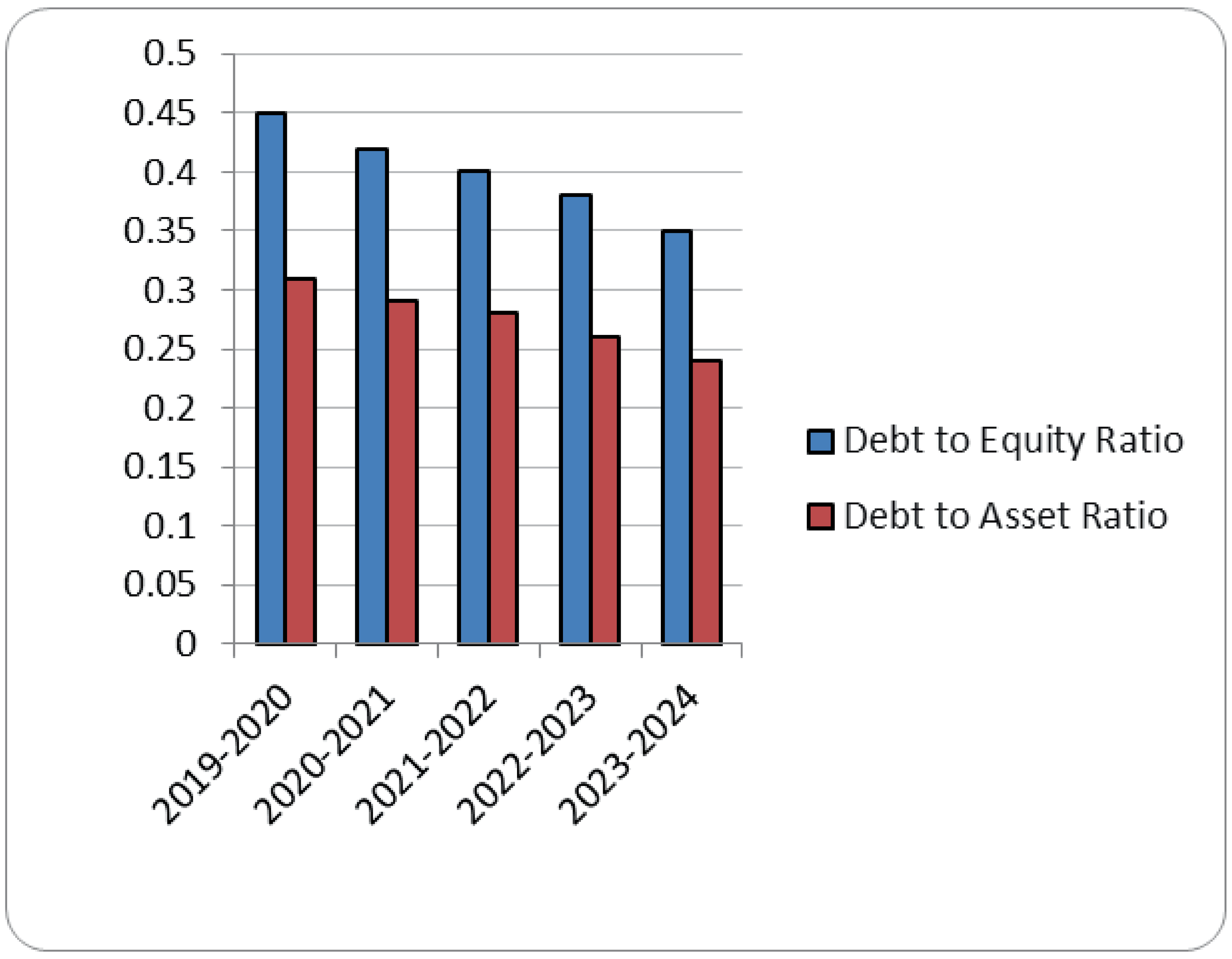
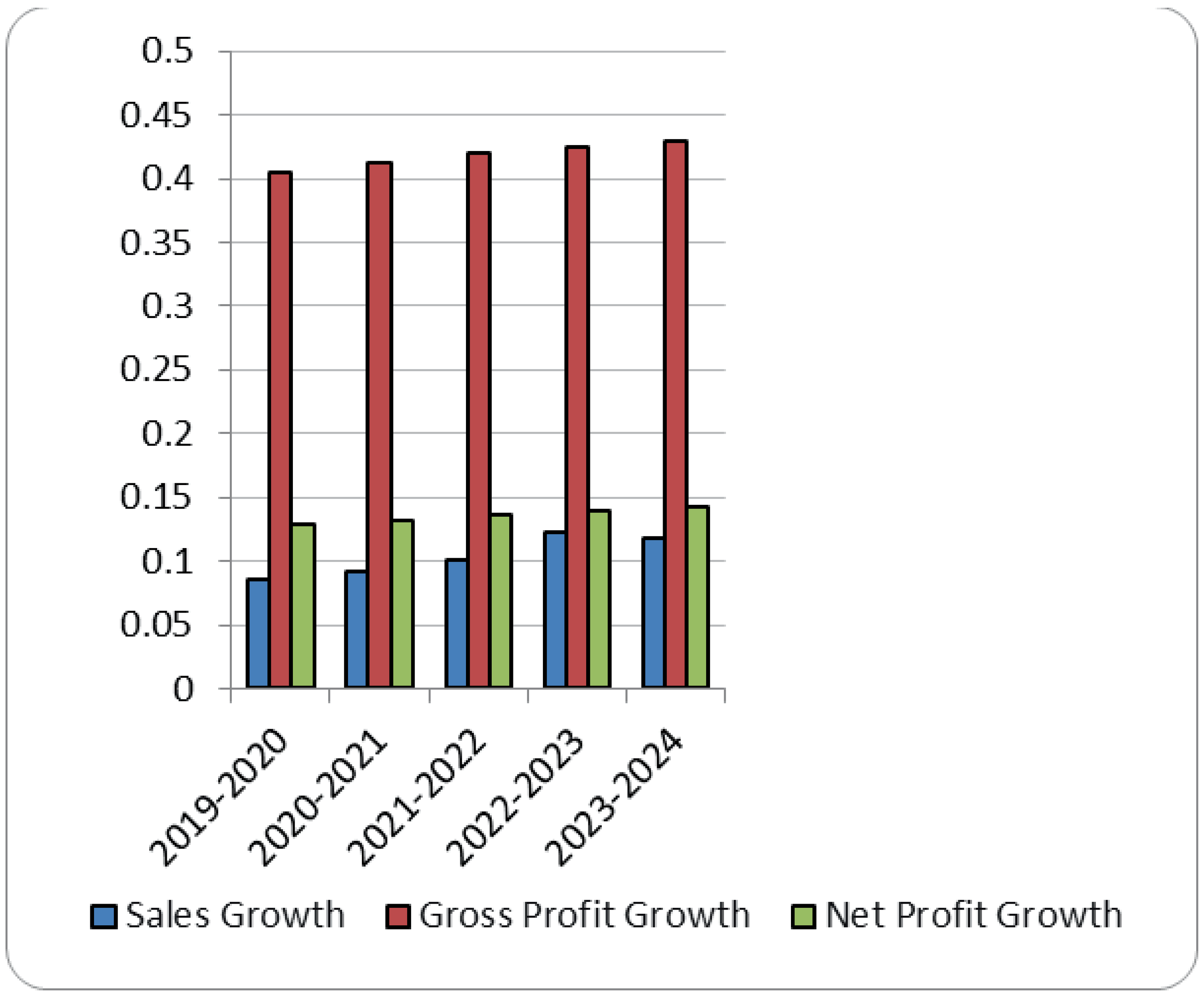
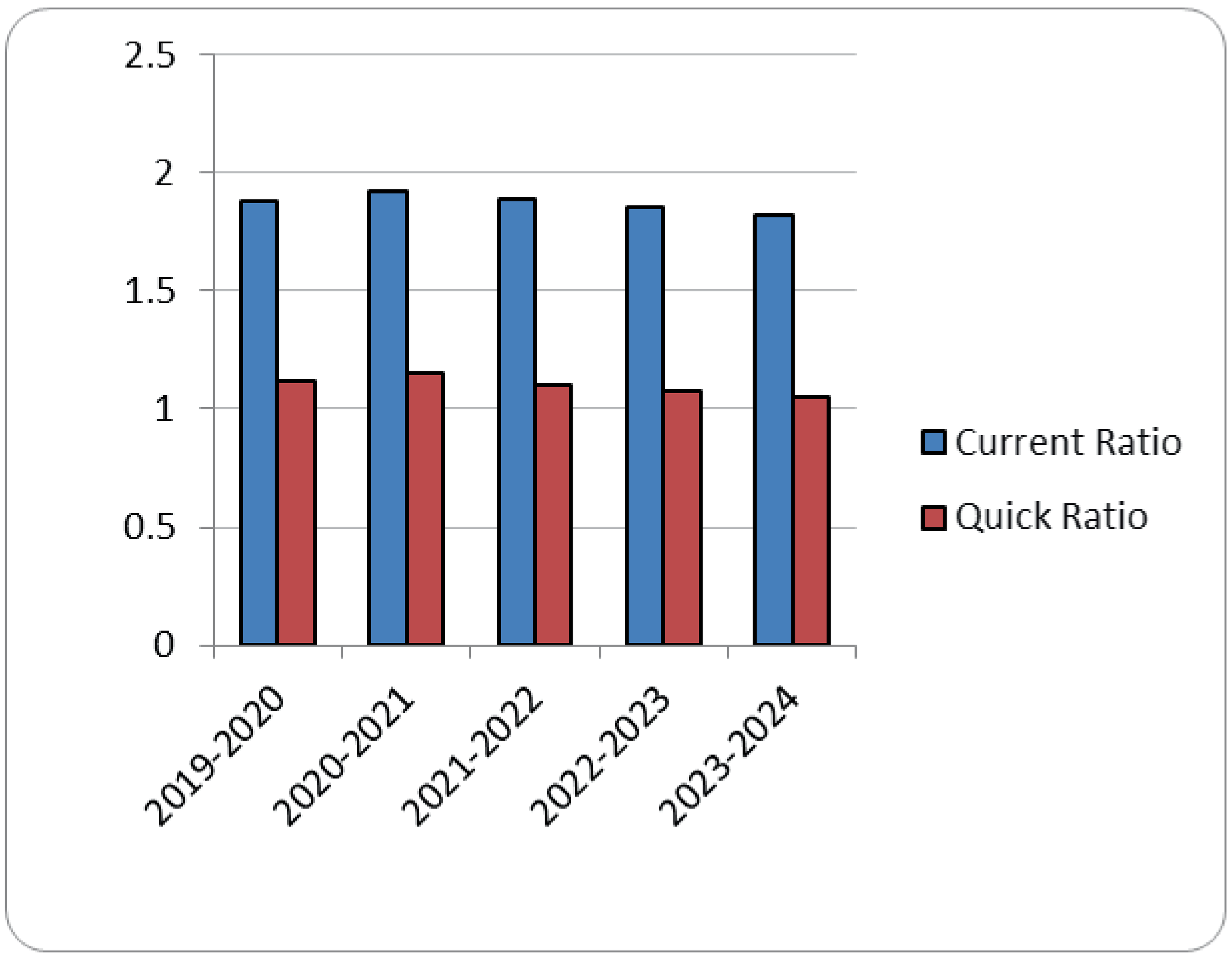
KEY FINANCIAL INDICATORS

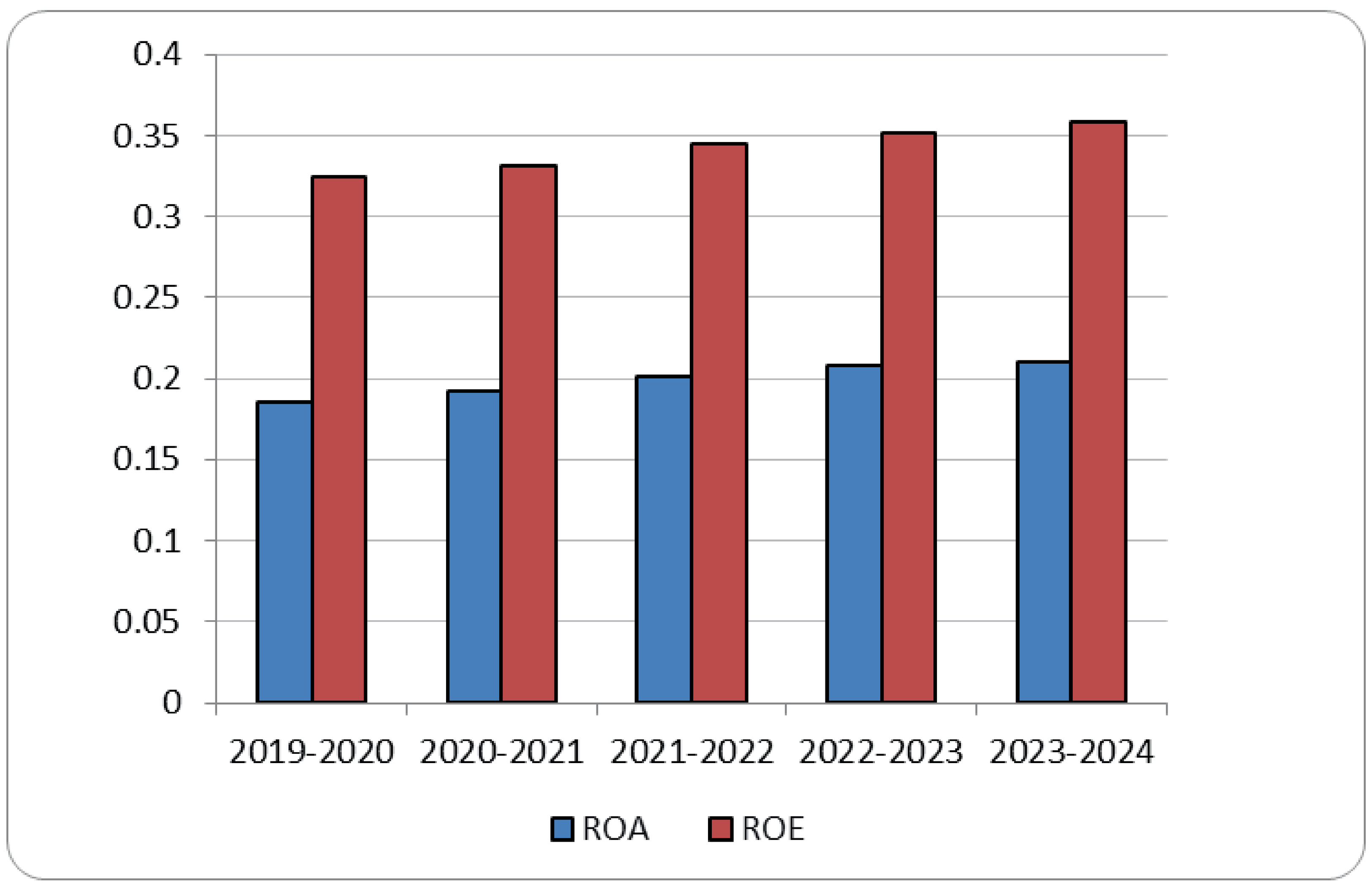












EPS, CASHFLOW PER SHARE & NAV

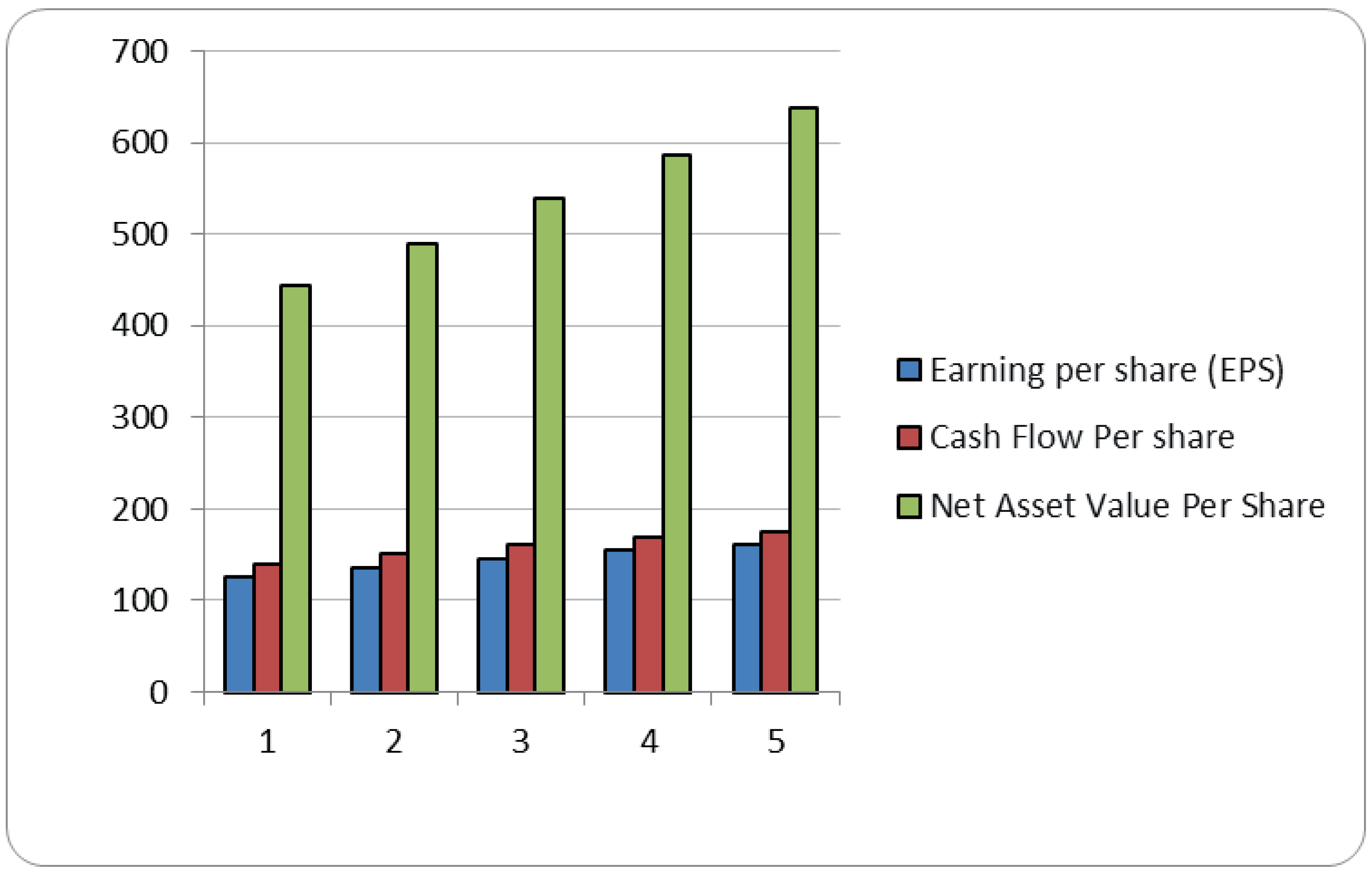


FIG 02: EPS, CASHFLOW PER SHARE & NAV

Earnings per Share (EPS):
EPS is increasing steadily from year 1 to year 5. The significant rise in EPS over time indicates the company's ability to generate more profit per share, which is a strong indicator of profitability growth. The rise is particularly noticeable in year 4 and year 5, signaling improving performance. A consistent increase in EPS is positive for investors as it means the company is generating higher earnings, benefiting shareholders.

Cash Flow per Share:
Cash flow per share exhibits some fluctuations, with periods of increase followed by minor declines. In years 1 and 2, cash flow per share was lower compared to later years, with year 5 showing a high but still volatile trend. Fluctuating cash flow suggests the company faces variability in its ability to generate cash from its core business operations, which could indicate periods of inefficiency or changes in working capital requirements.

Net Asset Value per Share (NAV):
NAV increases consistently year after year, with a gradual rise in each period. The steady rise in NAV from year 1 to year 5 indicates the company's assets are growing relative to its liabilities, which reflects solid asset management and financial health. The consistent growth in NAV is a positive sign for long-term investors, as it shows the company is increasing its net worth.

OPERATING PROFIT MARGIN, NET PROFIT MARGIN, AND GROSS PROFIT MARGIN

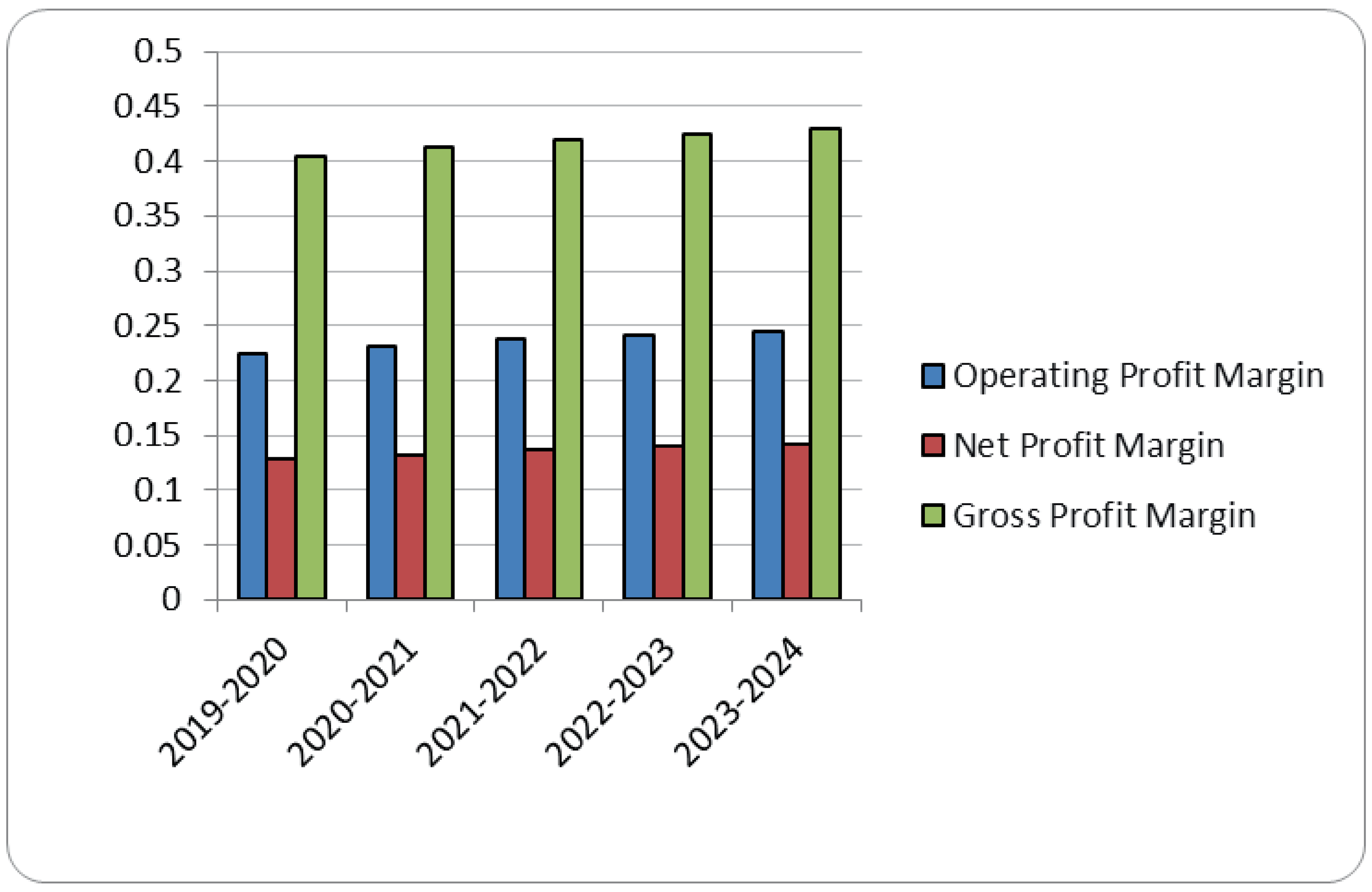


FIG 03: OPERATING PROFIT MARGIN, NET PROFIT MARGIN, AND GROSS PROFIT MARGIN

Operating Profit Margin:
The operating profit margin remains relatively stable across all the years but shows a slight increase. The increase from year 1 to year 5 is subtle, with the margin moving from approximately 0.2 in the earlier years to around 0.3 by year 5. The slight increase indicates better operational efficiency, with the company improving its profitability from core operations over time.

Net Profit Margin:
The net profit margin remains relatively stable over the years, staying within a narrow range. Year 5 shows a very small increase compared to earlier years, but the overall stability across all periods suggests that the company has managed to maintain consistent profitability despite fluctuations in revenues. A stable net profit margin indicates that the company is managing its expenses well, though it is not showing significant improvement. The ability to maintain a constant net margin amidst potential market challenges is a positive sign.

Gross Profit Margin:
Gross profit margin shows a gradual increase over the years. The increase is noticeable from year 1 to year 5, with year 5 achieving the highest margin. The consistent improvement in gross profit margin is a positive sign of the company's ability to control direct costs (e.g., production costs), making the business more profitable at its core level.

DEBT TO EQUITY RATIO AND DEBT TO ASSET RATIO

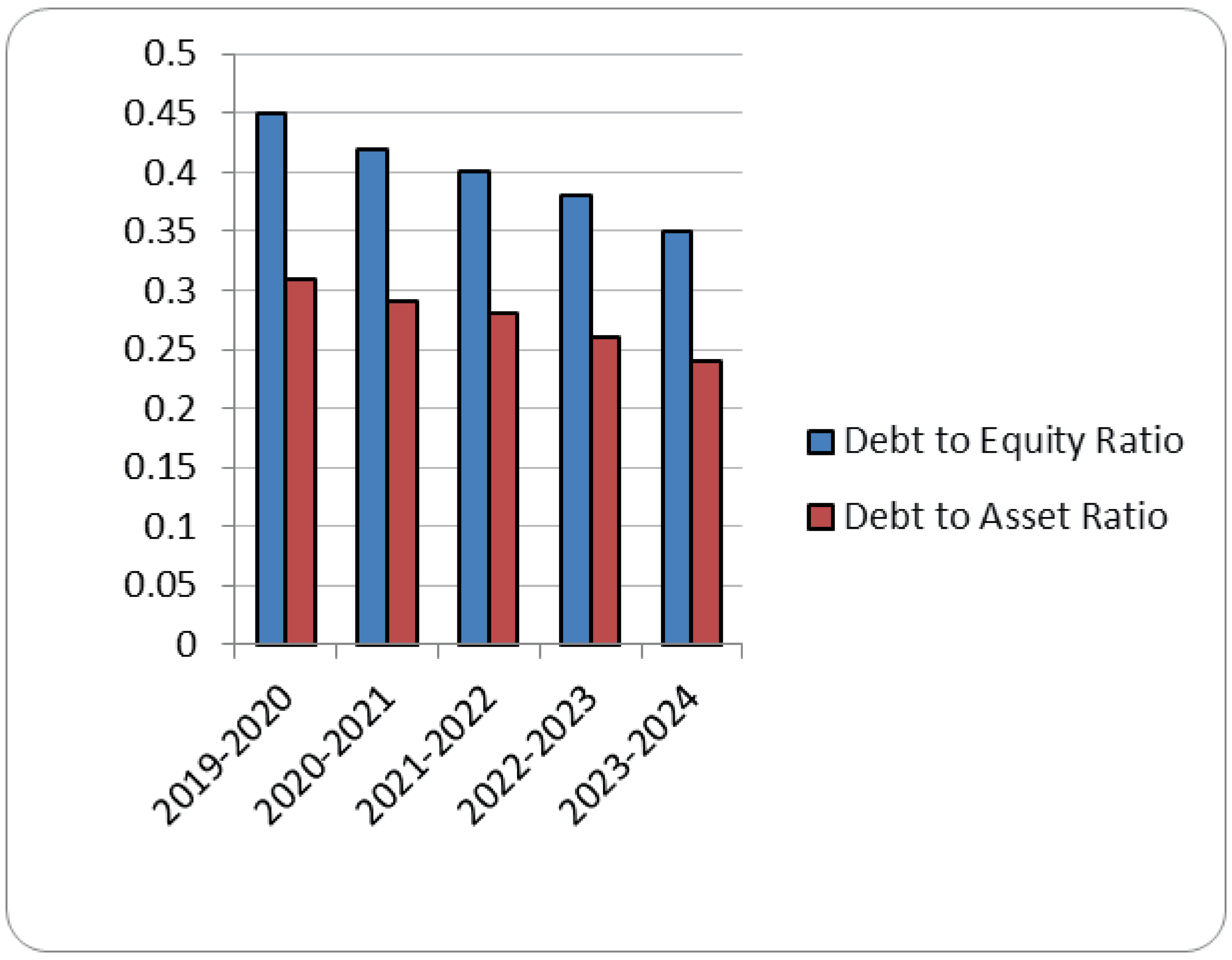


FIG 04: DEBT TO EQUITY RATIO AND DEBT TO ASSET RATIO

Debt to Equity Ratio:
The debt to equity ratio shows a decreasing trend from year 1 to year 5. The ratio decreases steadily, implying that Unilever Bangladesh is reducing its reliance on debt to finance its operations and equity base. A decrease in the debt-to-equity ratio generally suggests lower financial risk and a stronger capital structure. This is positive for investors, as it reduces the potential impact of debt-related risks.

Debt to Asset Ratio:

Like the debt-to-equity ratio, the debt to asset ratio also decreases over the years. The debt to asset ratio follows the same pattern, with a decline that reflects reduced reliance on borrowed funds to finance assets. A lower debt-to-asset ratio means the company is becoming less leveraged, which could lead to more financial stability, especially in uncertain economic conditions.

SALES GROWTH, GROSS PROFIT GROWTH, AND NET PROFIT GROWTH

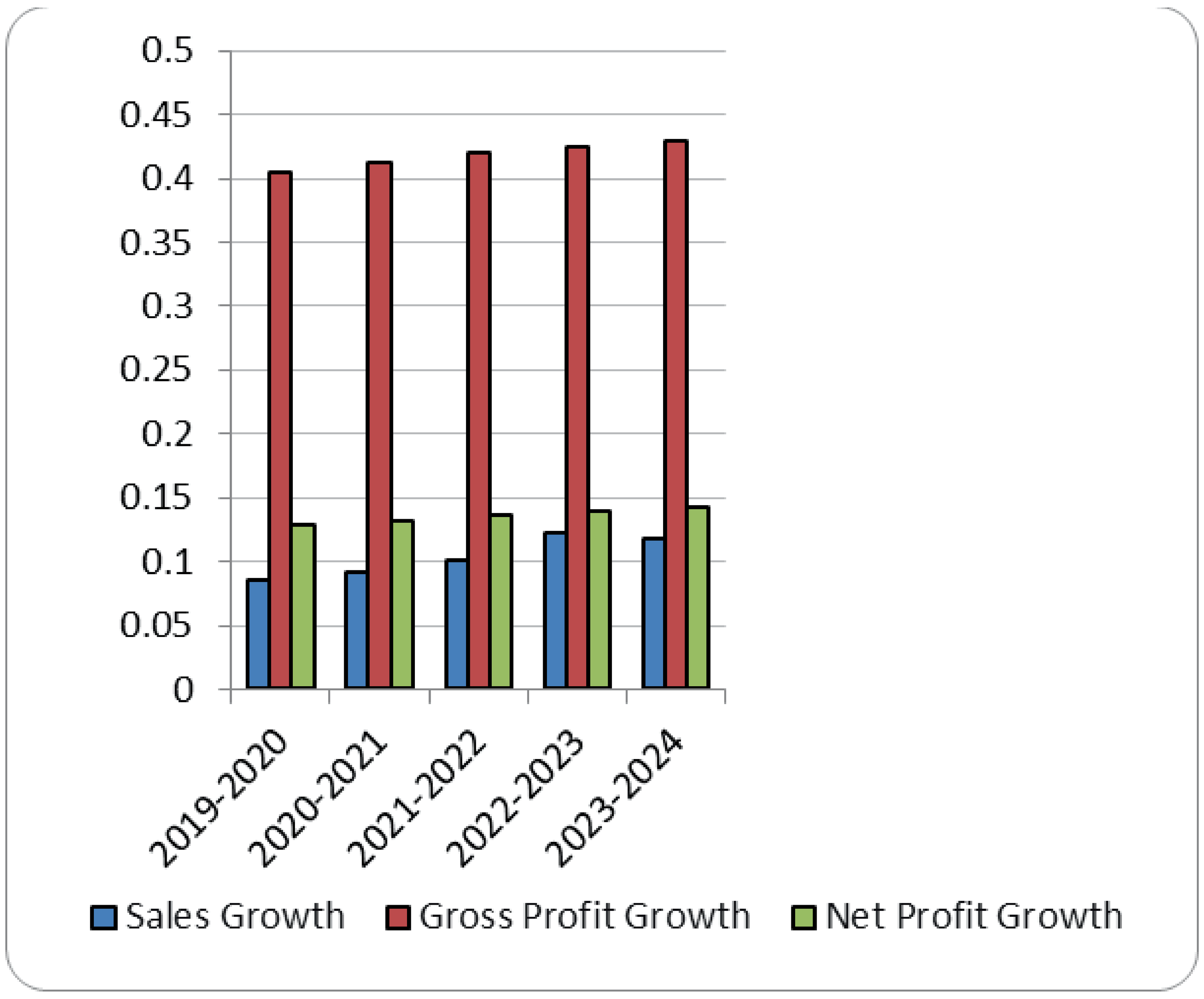


FIG 05: SALES GROWTH, GROSS PROFIT GROWTH, AND NET PROFIT GROWTH

Sales Growth:

Sales growth shows a flat or slightly decreasing trend over the years. The graph indicates a lack of significant growth in sales, with minimal positive growth in some periods, followed by a slowdown. Sluggish sales growth may suggest market saturation or competition in the industry. The company may need to focus on innovation, market expansion, or improving sales strategies.

Gross Profit Growth:

Gross profit growth increases consistently over the years, outpacing sales growth. The positive growth in gross profit suggests that even if sales are not growing rapidly, the company is successfully controlling its cost of goods sold and improving profit margins. The ability to grow gross profit despite flat sales growth is a sign of operational efficiency and cost control.

Net Profit Growth:

Net profit growth shows a stable increase. Even with slow sales growth, net profit growth remains solid, reflecting good expense control and profit generation. The stable rise in net profit, combined with controlled sales growth, indicates effective management in maintaining profitability through operational adjustments and cost management.

CURRENT RATIO AND QUICK RATIO

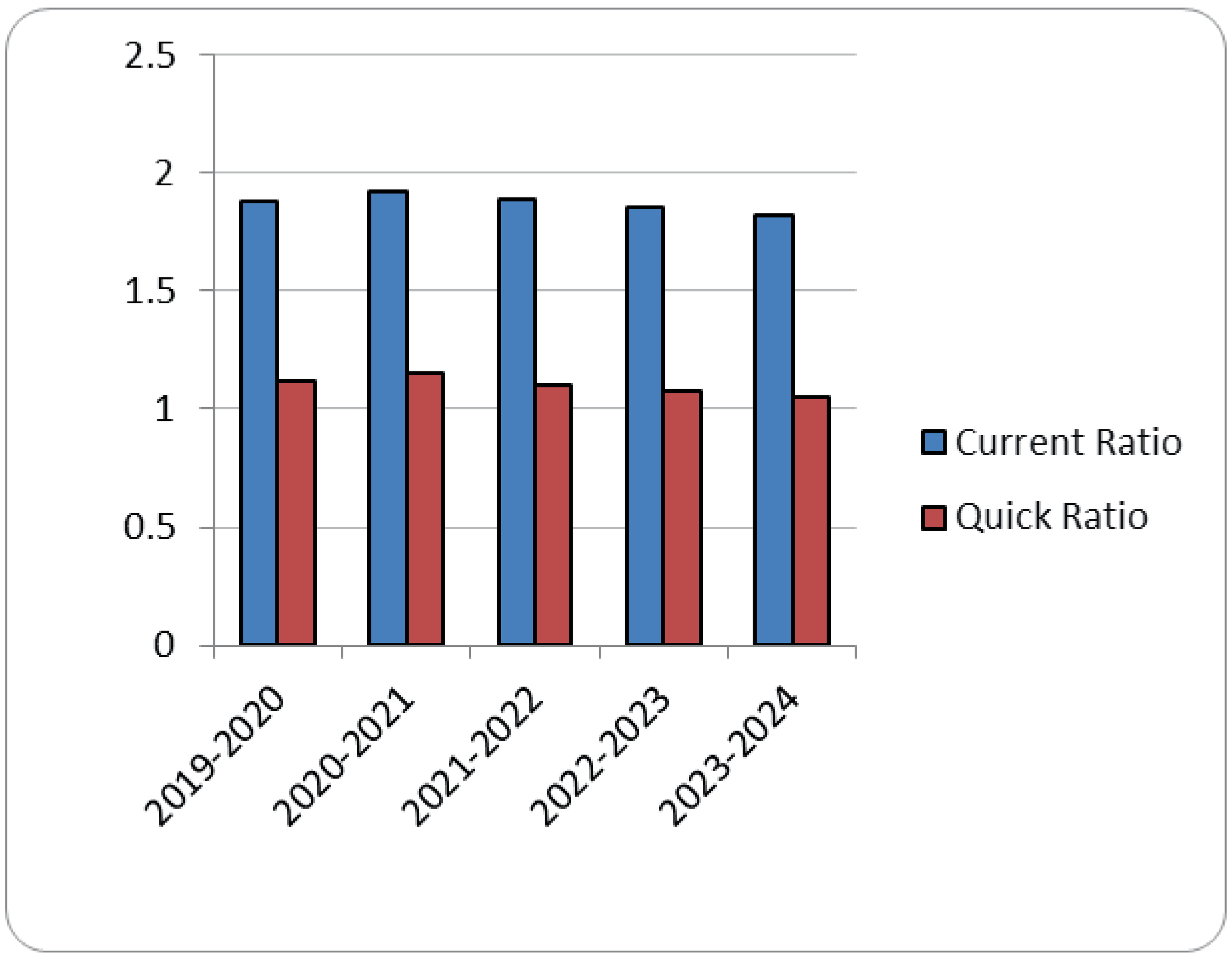


FIG 06: CURRENT RATIO AND QUICK RATIO

Current Ratio:

The current ratio shows a downward trend over the years. From year 1 to year 5, the ratio drops slightly, indicating reduced liquidity. A declining current ratio could signal potential liquidity issues. While it is still above 1, which suggests the company can cover its short-term liabilities, a decrease could indicate tightening cash flows or an increase in current liabilities.

Quick Ratio:

The quick ratio also shows a downward trend, closely following the current ratio's pattern. The quick ratio is typically more conservative than the current ratio since it excludes inventory. The steady decline here mirrors the current ratio's decrease. A lower quick ratio indicates that the company may be facing challenges with short-term liquidity. This could be a signal to monitor more closely, especially if the company faces unexpected financial stress.

RETURN ON ASSETS (ROA) AND RETURN ON EQUITY (ROE)

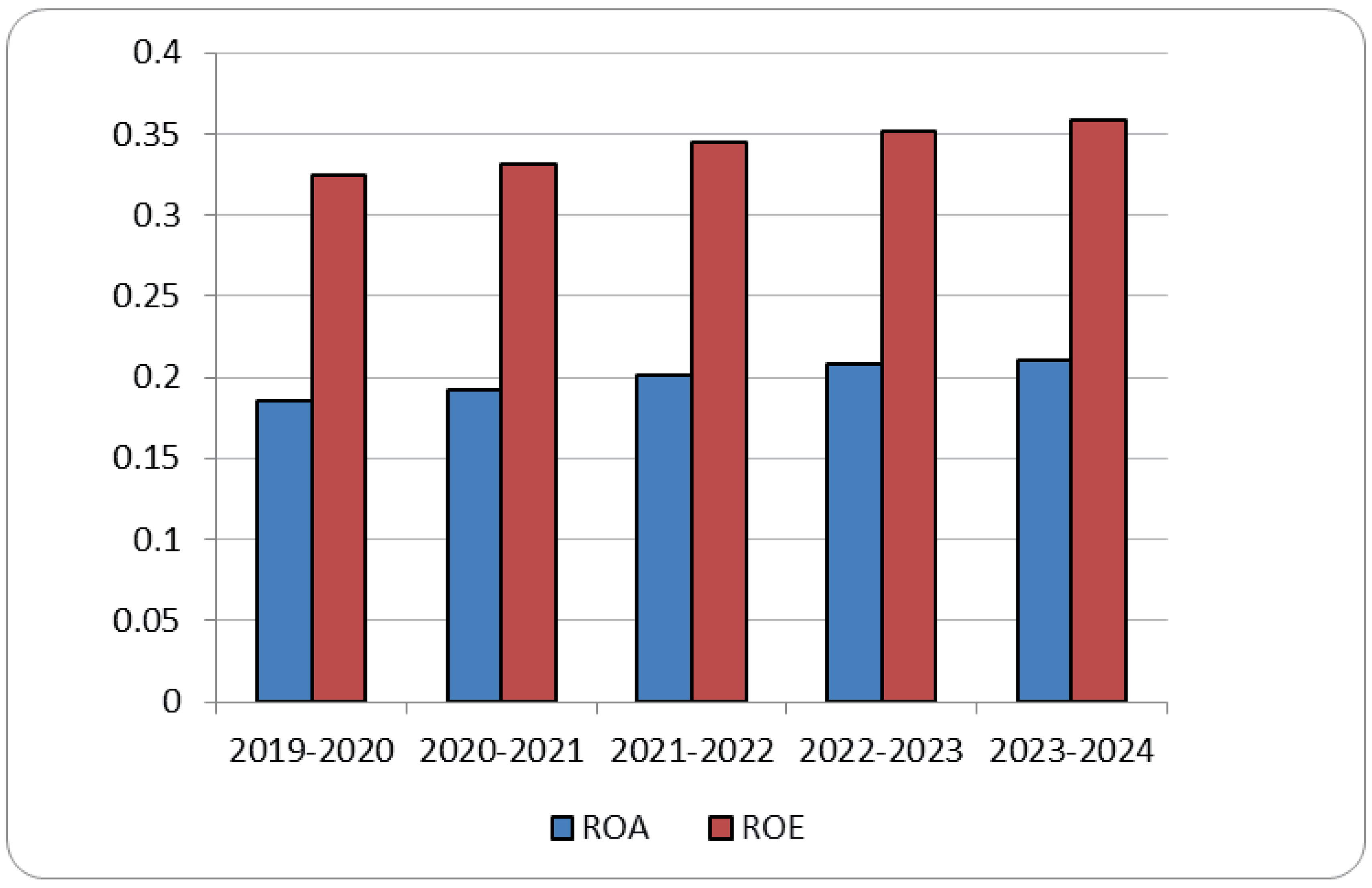


FIG 07: RETURN ON ASSETS (ROA) AND RETURN ON EQUITY (ROE)

CURRENT PRICE (BDT): 2273.90

TICKER: UNILEVERCL
SECTOR: FOOD & ALLIED

Return on Assets (ROA):
ROA increases gradually over the five periods. The steady rise in ROA from year 1 to year 5 indicates improved efficiency in using assets to generate profit. A rising ROA is a good sign that the company is making better use of its assets to generate returns. This could reflect stronger operational practices or more efficient asset management.

Return on Equity (ROE):
ROE increases consistently over the years, outperforming ROA. ROE increases faster than ROA, which is a positive indicator that shareholders are receiving greater returns on their equity investment. A consistently rising ROE suggests strong financial performance and effective use of shareholder equity. This is a key metric for investors as it demonstrates that the company is providing solid returns to its equity holders.

TREND ANALYSIS OF ALL THE GIVEN MATRICES

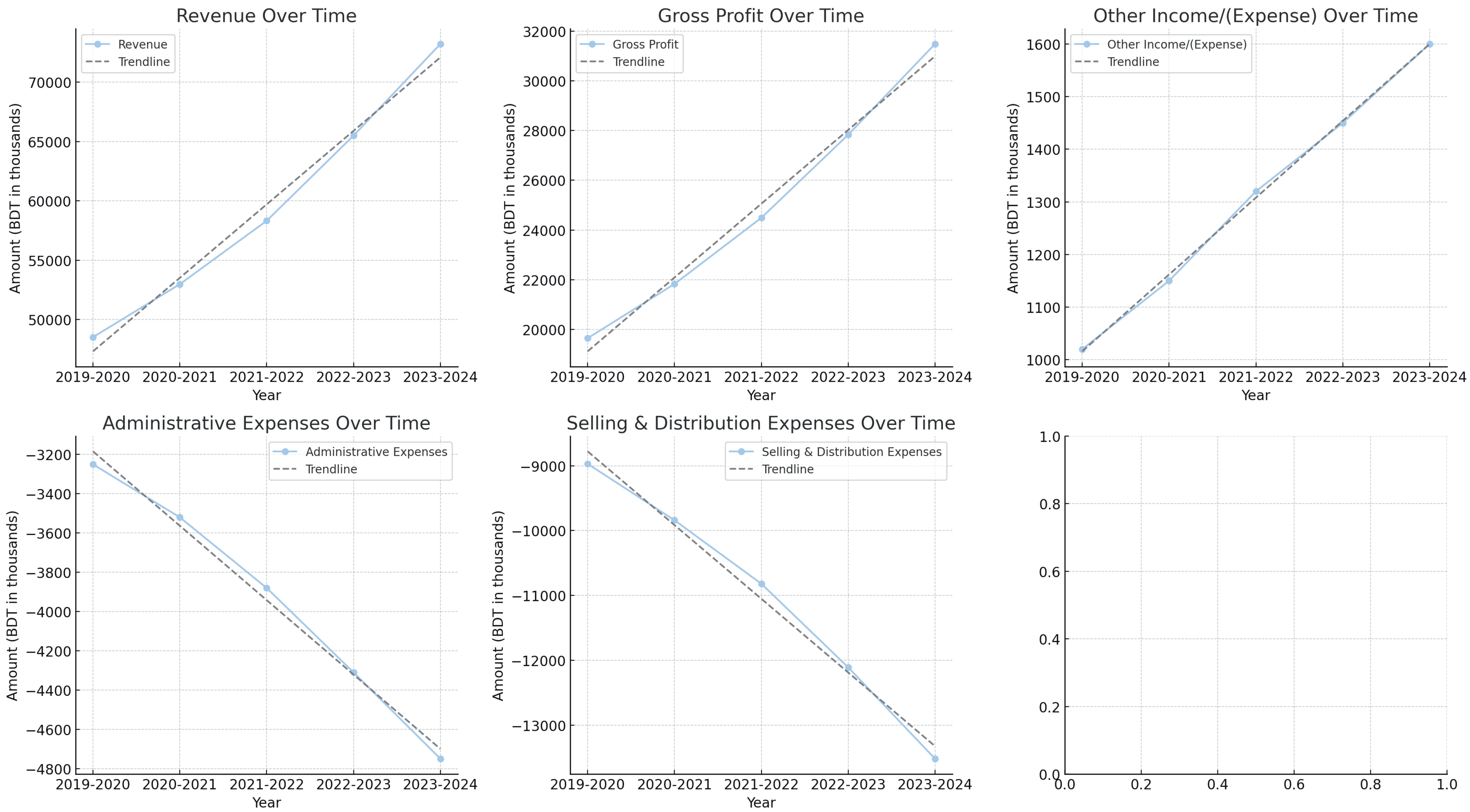


FIG 08: TREND ANALYSIS OF ALL THE GIVEN MATRICES

Note: Each graph illustrates the changes in revenue, gross profit, other income/expenses, administrative expenses, and selling & distribution expenses over the years. The trendlines help visualize the general direction of each metric.

CURRENT PRICE (BDT): 2273.90

TICKER: UNILEVERCL
SECTOR: FOOD & ALLIED

OPERATIONAL PERFORMANCE

Figures in BDT Million

Particulars	2019	2020	2021	2022	2023
Revenue	48520.00	52980.00	58320.00	65490.00	73210.00
Gross Profit	19650.00	21830.00	24490.00	27830.00	31480.00
Other Income/(Expense)	1020.00	1150.00	1320.00	1450.00	1600.00
Administrative Expenses	-3250.00	-3520.00	-3880.00	-4310.00	-4750.00
Selling & Distribution Expenses	-8970.00	-9840.00	-10820.00	-12110.00	-13520.00
Financial Expenses	-480.00	-520.00	-560.00	-600.00	-650.00
Contribution to WPPF	-620.00	-680.00	-750.00	-840.00	-920.00
Profit Before Tax (PBT)	7350.00	8420.00	9820.00	11420.00	13240.00
Provisions for Tax	-2210.00	-2530.00	-2950.00	-3430.00	-3970.00
Net Profit After Tax (NPAT)	5140.00	5890.00	6870.00	7990.00	9270.00

FINANCIAL PERFORMANCE

Figures in BDT Million

Particulars	2019	2020	2021	2022	2023
Non-Current Liabilities	1004.80	1140.30	1162.50	1203.40	1250.10
Current Liabilities	12523.60	13456.20	14892.30	16120.50	17342.80
Shareholders' Equity	15230.40	16789.50	18450.60	20110.20	21890.50
Total Liability & Equity	28758.80	31386.00	34505.40	37434.10	40483.40
Non-Current Assets	5230.50	5890.10	6450.20	7120.30	7890.40
Current Assets	23528.30	25495.90	28055.20	30313.80	32593.00
Total Assets	28758.80	31386.00	34505.40	37434.10	40483.40

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SECTOR: FOOD & ALLIED

SHARE INFORMTION

Figures in BDT Million

Particulars	2019	2020	2021	2022	2023
Authorized Capital	500	500	500	500	500
Paid-up Capital	342.9	342.9	342.9	342.9	342.9
No. of Shares Outstanding (Million)	34.29	34.29	34.29	34.29	34.29
Net Asset Value (NAV) per Share	444.2	489.7	538.1	586.5	638.4
Dividend Payable	3429.00	3772.00	4114.80	4800.00	5,144.00
Dividend Declared	3,429.00	3,772.00	4,114.80	4,800.00	5,144.00

KEY RATIOS ANALYSIS

Particulars	2019	2020	2021	2022	2023
Sales Growth (%)	8.50%	9.20%	10.10%	12.30%	11.80%
Gross Profit Margin (%)	40.50%	41.20%	42.00%	42.50%	43.00%
Net Profit Margin (%)	12.80%	13.20%	13.70%	14.00%	14.20%
Current Ratio	188.00%	192.00%	189.00%	185.00%	182.00%
Quick Ratio	112.00%	115.00%	110.00%	108.00%	105.00%
Debt to Equity Ratio	45%	42%	40.00%	38.00%	35.00%
Debt to Asset Ratio	0.31	0.29	0.28	0.26	0.24
Accounts Receivable Turnover (Times)	6.2x	6.5x	6.8x	7.0x	7.2x
Inventory Turnover (Times)	5.8x	6.0x	6.2x	6.4x	6.5x
Asset Turnover (Times)	1.05x	1.08x	1.10x	1.12x	1.15x
Return on Assets (ROA) (%)	19%	19%	20.10%	20.80%	21.00%
Return on Equity (ROE) (%)	32%	33%	34.50%	35.20%	35.80%
Earnings Per Share (EPS)	125.5	135.2	145.8	155.3	160.5
Cash Flow Per Share	140.2	150.8	160.4	170.2	175.6
Net Asset Value (NAV) Per Share	444.2	489.7	538.1	586.5	638.4
Operating Profit Margin (%)	22.50%	23.10%	23.80%	24.20%	24.50%
Net Profit Margin (%)	12.80%	13.20%	13.70%	14.00%	14.20%
Gross Profit Margin (%)	40.50%	41.20%	42.00%	42.50%	43.00%