

EQUITY RESEARCH

Unilever Indonesia

Initiating Coverage

Going from strength to strength

- Strong brands and innovation are key drivers of growth
- Catering to the entire consumer pyramid
- Margins to normalize following post price increases
- Superior quality stock deserves premium valuation

UNVR

HOLD

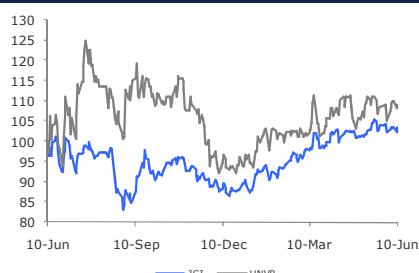
Target Price
Current Price
Upside (downside)

Rp 28,000
Rp 30,200
-7%

Share Performance

	3 M	6 M	12 M
Absolute (%)	6.1	13.5	12.3
Relative to JCI (%)	0.9	-2.3	4.9
52-WK range (Rp)	25,100 – 37,350		

Price Chart



Source: Bloomberg

Share Data

Out' shares (m)	7,630
Market Cap (US\$ m)	19,502.8
6 M avg.daily (US\$)	4,340,572

Shareholder information

Unilever Indonesia	85.0%
Free float	15.0%

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Unilever Indonesia's strong product innovations and brands are central to its leading share in all of its product categories. Consistency in delivering good results warrants a superior ROE and we believe this is sustainable. We initiate coverage with a HOLD rating and a target price of Rp 28,000, based on an FY15 P/E of 33.2x, a 50% premium to the Jakarta Consumer Index. Our target price suggests 7% potential downside.

Strong brands and innovations are key drivers of growth. Over FY06-13, Unilever (UNVR) posted revenue CAGR of 15.3% underpinned by volume growth and product mix. Consistent strong volume growth builds brand equity as the company reaches more consumers, more often. This strong volume growth is attributed to its continuous innovation and, in an increasingly competitive and challenging environment; UNVR has successfully maintained its market leadership in 13 out of 14 product categories. We believe Unilever's innovative brand initiatives and strong execution will continue leading the company to record results.

Catering to the entire consumer pyramid. With Indonesia's rising per capita income, growing middle-class and rising affluence, Unilever Indonesia looks well-placed to capture the changing demographic profile of consumers owing to its strong, diverse products that cover the entire consumer pyramid. We believe UNVR has strong growth potential and sales of higher ASP products should propel future growth, particularly in the hair and skincare segment, as rising incomes drive product trade-ups. Meanwhile, the recently launched facial care product "Ioma" is testament that UNVR sees a growing trend towards premium products in Indonesia.

Margins to normalize following price hikes. Cost control and margin resiliency have been UNVR's strengths. Thus, we believe that lower margins registered in 1Q will be short-lived. We expect FY14 gross margin to stay at 51% despite a 300bp squeeze in 1Q14, mainly due to carried-over higher costs on inventory, time lags in the price increases and a forex loss on hedging activities. We believe that the 4-5% ASP increases in March will be sufficient to offset higher costs from US\$-linked raw materials, which account for around 60% of COGS. While UNVR's high margins should remain sustainable for the foreseeable future, we see a potential threat to margins as competitors scale up their business.

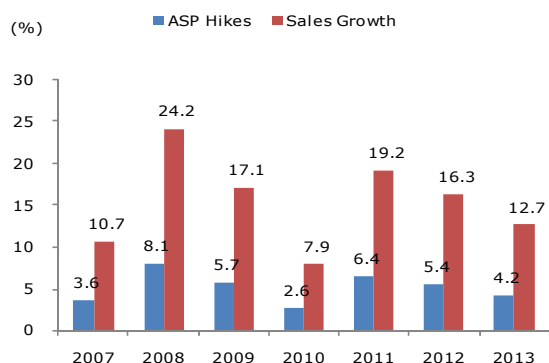
Superior quality deserves premium valuation. We value Unilever Indonesia at 33.2x FY15 P/E, implying a 50% premium to the JAKCONS Index, similar to its historical premium. We think this premium valuation is justified given Unilever's consistently superior ROE, strong brand equity, excellent product innovations and scarcity in the consumer space. The valuation may seem excessive compared with other consumer peers. However, for those investors looking to add an element of defensiveness to their portfolios in the Indonesian market, we believe UNVR has superior characteristics to other consumer companies. HOLD; target price of Rp 28,000.

Key Financials	2012	2013	2014F	2015F	2016F
Sales (Rp bn)	27,303	30,757	35,371	40,677	46,778
EBITDA (Rp bn)	6,747	7,579	8,329	9,172	10,521
Net profit (Rp bn)	4,839	5,353	5,844	6,422	7,402
EPS (Rp)	634	701	766	842	970
Dividend yield (%)	2.0	2.2	2.3	2.5	2.8
EBIT margin (%)	23.6	23.2	22.1	21.1	21.1
EV/EBITDA (x)	34.6	30.8	28.0	25.4	22.1
P/E (x)	48.0	43.4	39.8	36.2	31.4

Source: UNVR, IndoPremier

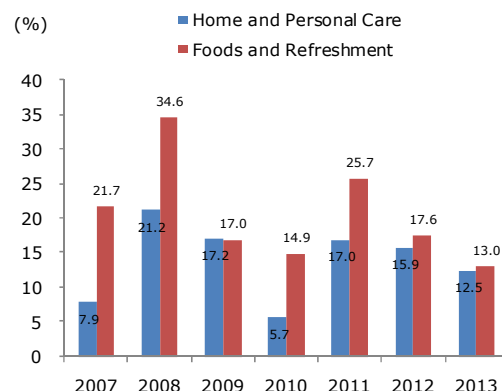
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Exhibit 1. Strong sales driven by volume growth



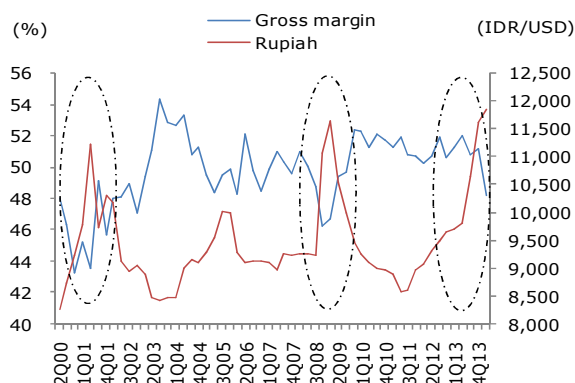
Source: Company; IndoPremier

Exhibit 2. Home & personal care vs food & refreshments growth



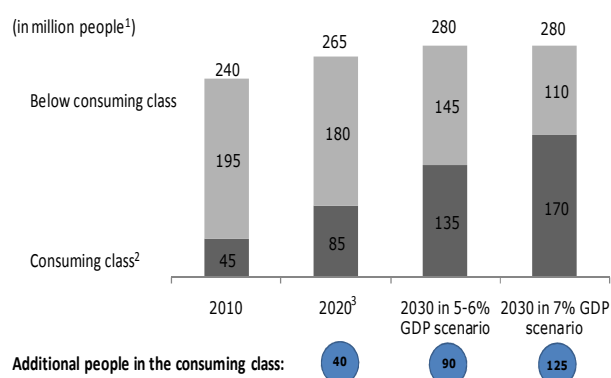
Source: Company; IndoPremier

Exhibit 3. Lower gross margin owing to Rp weakness



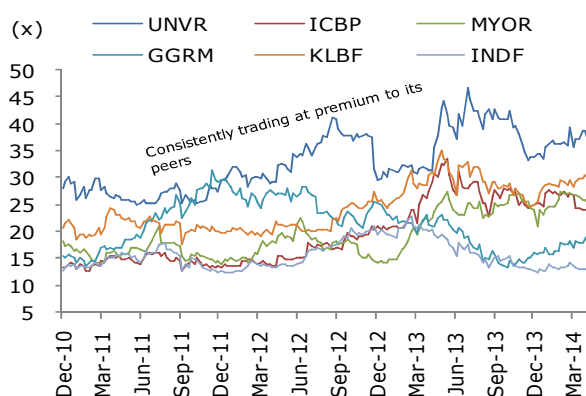
Source: Bloomberg; Company; IndoPremier

Exhibit 4. Consuming class to reach 85m by 2020



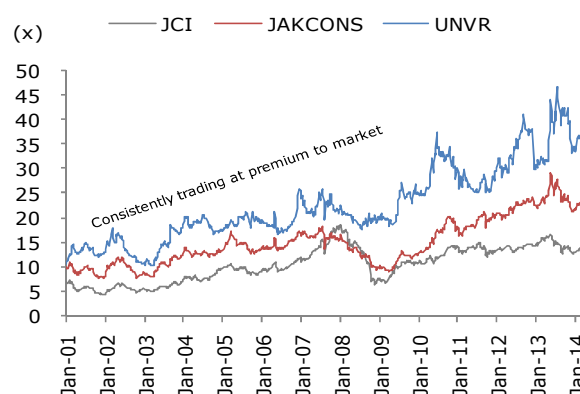
Source: McKinsey; Company; IndoPremier

Exhibit 5. Valuation premium to consumer peers...



Source: Bloomberg; Company; IndoPremier

Exhibit 6. ...as well as JCI and the Consumer Index



Source: Bloomberg; Company; IndoPremier

Going from strength to strength

We initiate coverage on Unilever Indonesia (UNVR) with a HOLD rating and a target price of Rp 28,000, implying 33.2x FY15F earnings. UNVR has been the benchmark of excellence in the consumer universe owing to its strong pricing power, product innovations and execution, while its brands are among the strongest, with significant top-of-mind status. Thus, in an increasingly intense and competitive market, we believe UNVR's dominant position is sustainable. We are also optimistic that UNVR will continue leading the market thanks to its strong line-up of product innovations and solid distribution networks, allowing the company to penetrate the market more quickly than competitors.

Strong brands lead to sustainable future growth

We believe strong brands will lead to sustainable growth. UNVR is the market leader in home and personal care as well as food and refreshment products, of which 13 out of 14 product categories are consistently number one, according to Euromonitor. For instance, in hair-care products, Unilever competes head-to-head with P&G, with Unilever holding an estimated 51% of market share, vs. P&G at 32%. Similarly, in oral care, Unilever dominates with a 52% market share, whereas the home-grown Orang Tua Group commands an 18% market share. Only in fabric care, where it is not present in the cream detergent segment, does UNVR rank second, after Wings Group, the only second-placed product in all the categories in which UNVR participates.

UNVR currently holds around 43 key brands, and continues to launch and re-launch new and value-added/fortified products at up to 55 items per annum. This suggests the company possesses a strong brand line-up going forward.

Exhibit 7. Home and personal care



Source: Company; IndoPremier

Exhibit 8. Food and refreshments



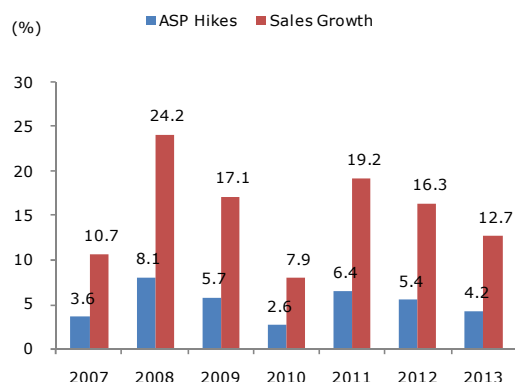
Source: Company; IndoPremier

Strong brands and innovation are key drivers to growth

UNVR registered a CAGR of 15.3% over FY06-13, underpinned by volume growth and product mix. For the past couple of years, only one third of revenue growth has been derived from ASP increases, while the rest has been underpinned by volume growth and product mix. We believe that consistently strong sales volume will build brand equity as the company reaches more consumers. Strong volume growth is attributable to its continuous innovations from new launches, and value-added/fortified products, as well as existing products, and its excellent marketing campaigns with global appeal. As a consequence, this has helped keep the company's margins remain high and mitigate the risk of margin erosion so far, since fortified/value-added products tend to have higher margins. As such, we believe UNVR's innovative brand initiatives and strong execution will allow the company to continue to post record results.

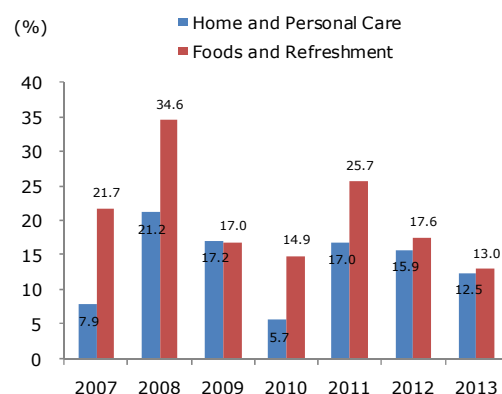
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Exhibit 9. ASP hikes only account for one third of growth



Source: Company; IndoPremier

Exhibit 10. Home & personal care vs food & Refreshments growth



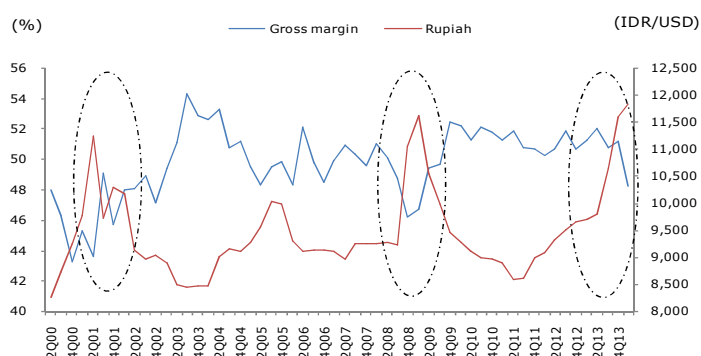
Source: Company; IndoPremier

Is the high gross margin sustainable?

We forecast that FY14 gross margin will stay at 51% despite a 300bp squeeze in 1Q14, mainly due to carried-over higher costs on inventory, time lags in price increases and a forex loss on hedging activities. Cost controls and margin resiliency have been UNVR's strengths. Thus, we believe the lower margin registered in 1Q will be short-lived. The 4-5% ASP increases in March should be sufficient to offset higher costs from US\$-linked raw materials, which account for around 60% of COGS. With our forecast of a sustainable gross margin of 51.0%, this would translate into a CAGR of 14.8% in FY14-16F. But while UNVR's high margins look sustainable over the foreseeable future, we see a potential threat to margins as competitors scale up their business.

Gross margin erosion tends to be short-lived during an unfavorable currency outlook. The best evidence of this was during the 2008/09 Global Financial Crisis when the rupiah depreciated sharply against the US\$ and, as a consequence, UNVR's gross margin fell below 50%. However, aside from the ASP hikes, we believe current margin erosion will be mitigated through stringent cost management, with UNVR reviewing its product portfolio and reducing the number of SKUs to about 1,000 from 1,200 SKUs, to reduce costs. Thus, we believe that UNVR will continue to sustain revenue growth whilst also maintaining profitability.

Exhibit 11. Gross margin vs rupiah



Source: Bloomberg; Company; IndoPremier

The market leader can charge premium prices

We believe that UNVR, as the market leader, possesses strong pricing power. Its historical performance shows that the company is able to pass on higher costs to consumers, thanks to its strong brand equity and high brand loyalty due to its attractive and vast product range. Separately, UNVR tends to be the first to raise prices. Its products' price points are also at a premium to its competitors, demonstrating how strong its brands are.

Being a market leader with substantial market share, we believe UNVR can charge premium prices over its competitors. The results of our survey of modern retailers

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strengthen our view that UNVR's products are indeed priced at a premium by about 16-30% compared to similar products from competitors. In some cases, where volume is lower than its peers' similar products, the price is still significantly higher. We believe that pricing power and the strong brand equity that UNVR has over its competitors will allow UNVR to continue its dominance in the market, while at the same time sustaining margins.

Company	Brand	Size	Price* (Rp)
<u>Dishwashing liquid:</u>			
Unilever	Sunlight	800ml	10,990
Lion	Mama Lemon	800ml	8,990
<u>Laundry care:</u>			
Unilever	Rinso Molto	800gr	15,500
Wings	Soklin Softergent	900gr	14,900
<u>Food seasonings:</u>			
Unilever	Royco	100gr	3,590
Ajinomoto	Masako	100gr	2,790
<u>Sweet soy sauce:</u>			
Unilever	Bango	135gr	6,390
Heinz ABC	ABC	135gr	5,490
<u>Shampoo:</u>			
Unilever	Clear Ice Cool Menthol	170ml	19,600
P&G	Head & Shoulders Menthol	180ml	19,100
<u>Margarine:</u>			
Unilever	Blue Band	200gr	5,800
Sinarmas	Filma	200gr	3,700
Indofood	Palmia	200gr	3,800
<u>Deodorant:</u>			
Unilever	Rexona Men Roll On	40ml	14,100
Mandom	Gatsby Deo Roll On	50ml	10,800
<u>Fabric softener:</u>			
Unilever	Molto	900ml	13,200
Wings	So Klin	900ml	11,200

*) Prices as at 10 June 2014

Source: Alfa, Giant, IndoPremier

Catering to the entire consumer pyramid

The compelling outlook for Indonesian consumers spurred by the rise of per capita income, the growing middle-class and rising affluence, should be the next catalyst for growth for UNVR. We believe UNVR is well-placed to capture the changing demographic profile of Indonesian consumers owing to its strong, diverse products that cover the entire consumer pyramid. We believe sales of higher ASP products will propel sales growth going forward, particularly in hair and skin care segments, as rising incomes invite product trade-ups and amid evolving consumer mindsets toward higher standards of personal appearance. We believe UNVR remains on track to achieve long-term revenue growth and profitability.

Exhibit 12. Consumer pyramid

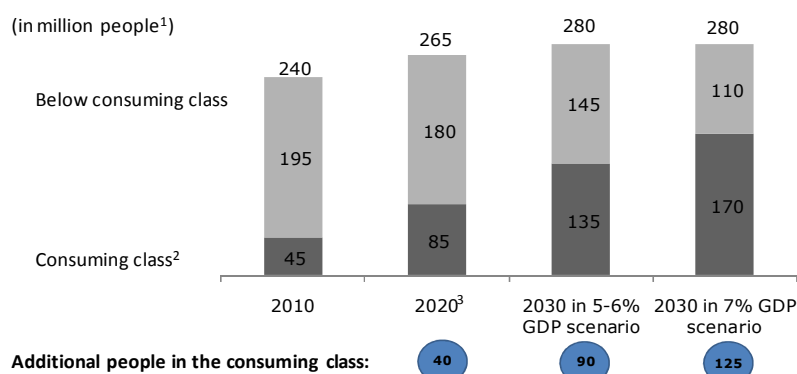


Source: Company; IndoPremier

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We believe Unilever Indonesia stands to benefit from Indonesia's strong domestic consumption growth. According to McKinsey and BCG research, Indonesia's consuming class (middle-class and affluent consumers), those with monthly household spending of over Rp 2million, will double to 85m people by 2020. The rise of the consuming class will likely drive consumer spending further, and we believe that these consumers will seek better products from renowned brands. Indonesian consumers perceive that higher ASP products are of better quality. We think that UNVR—as it is generally first to penetrate the market with its products—will be the first to benefit as consumers' incomes grow.

Exhibit 13. Consuming class will reach 85m by 2020



¹ Rounded to the nearest five million

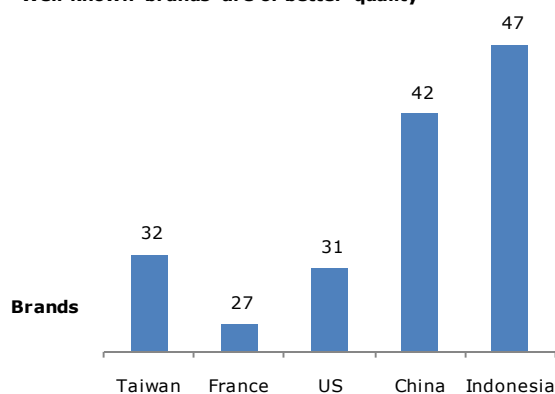
² Consuming class defined as individuals with an annual net income of above US\$3,600 at 2005 PPP

³ Based on annual GDP growth of between 5 and 6 percent

Source: McKinsey Consumer and Shopper Insight (CSI Indonesia 2011); 2010 Population Census, Indonesia's Central Bureau of Statistics; Canback Global Income Distribution Database (C-GIDD); McKinsey Global Growth Model; McKinsey Global Institute Cityscope 2.0; McKinsey Global Institute analysis

Exhibit 14. Indo consumers place strong faith in brands - 1

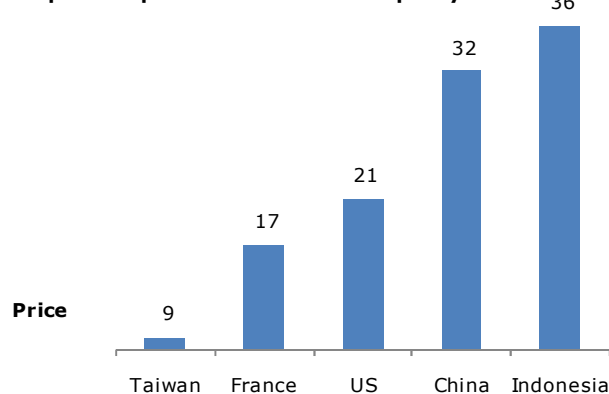
"Well-known brands are of better quality"



Source: McKinsey Chinese consumer studies, 2011; McKinsey Consumer and Shopper Insights Indonesia study, 2011

Exhibit 15. Indo consumers place strong faith in brands - 2

"Expensive products are of better quality"



Source: McKinsey Chinese consumer studies, 2011; McKinsey Consumer and Shopper Insights Indonesia study, 2011

Meanwhile, the recently launched facial care product "Ioma" is testament that UNVR sees a growing trend towards premium products in Indonesia. The price point is much higher than the renowned brand SK-II, ranging from US\$50 to US\$500. However, we believe the contribution will be small and it will take time to build brand equity.

Extensive distribution, strong availability and visibility

All major players in Indonesia's FMCG universe must ensure that they have extensive distribution networks due to the fragmented retail landscape. About 85% of the retail trade is still fragmented by traditional channels. The modern channel, while expanding rapidly, still accounts for only about 15%.

We believe UNVR's strong and extensive distribution channels are its strength over its competitors. These not only allow the company to reach the market faster, but also allow it to capture consumers' minds first. UNVR has strong distribution channels in both urban and rural areas, whereas its closest competitor, P&G, remains overly reliant on modern retailers and has not gained sufficient penetration in rural areas. Rural areas are mostly dominated by traditional traders, which tend to be difficult to manage and penetrate. Nonetheless, we believe the market is increasingly competitive as competitors are scaling up their business, with some new factories expected to commence operations in 2017 (P&G). As we mentioned in our ICBP report dated 28 May 2014, modern trade in Indonesia, while growing fast, will not be dominant for another 15 years or even longer.

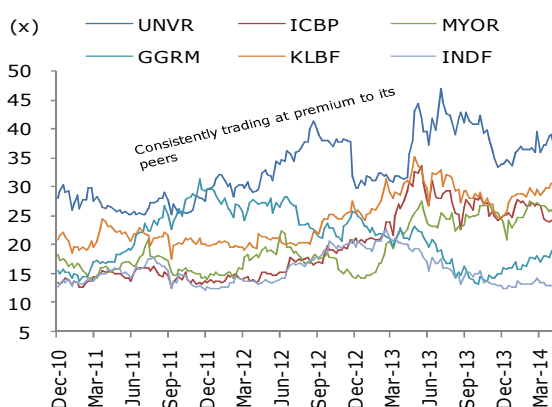
However, an expansion of modern trade channels should also be positive for the company, as urban consumers increasingly prefer to shop at modern channels. Modern channels tend to have high product visibility and better product displays. UNVR's products tend to occupy the main shelves, which are highly visible. This further strengthens our belief that UNVR will continue dominating the FMCG industry.

Valuation

Unilever Indonesia has long been 'the darling of the market', trading at a significant premium vis-à-vis the JCI and listed consumer companies, as well as its India- and Nigeria-based sister companies. We believe investors position in the stock owing to its strong brands, product innovations, and strong execution, thanks to its marketing team and solid distribution networks. Aside from these, the high valuation is justified, in our view, given the lack of choice of high-quality (scarcity), liquid consumer stocks. Combined with a higher and sustainable dividend yield and significantly higher profitability (ROE of 125% vs 20%, EBIT margin of 22% vs 14%), we conclude that the premium is justified.

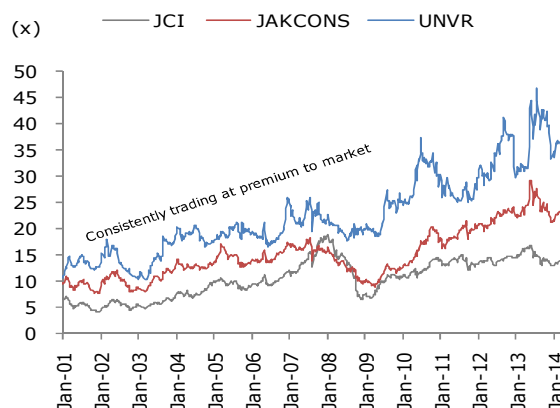
For those investors looking to add an element of defensiveness to their portfolios in the Indonesian market, we believe UNVR has superior characteristics to other consumer companies. We have a HOLD rating on UNVR, with a target price of Rp 28,000, implying a target P/E of 33.2x FY15F.

Exhibit 16. UNVR vs consumer peers



Source: Company; IndoPremier

Exhibit 17. UNVR vs market



Source: Company; IndoPremier

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Company	Ticker	Country	Price (Icy)	2014F (x)	2015F (x)	2014F (%)	2015F (%)	2014F (%)	2015F (%)
Indofood CBP	ICBP IJ	Indonesia	10,175	23.9	20.6	18.2	13.0	0.5	16.1
Indofood SM	INDF IJ	Indonesia	6,850	14.5	12.6	22.1	10.0	27.6	15.3
Mayora Indah	MYOR IJ	Indonesia	28,975	28.3	23.3	23.4	19.7	(1.2)	21.5
Nippon Indosari	ROTI IJ	Indonesia	1,300	33.1	25.7	22.9	22.1	25.9	28.7
GudangGaram	GGRM IJ	Indonesia	54,900	20.1	17.6	16.6	11.9	21.8	14.4
Tingyi	322 HK	HK/China	21.7	29.5	24.3	13.3	12.7	21.8	21.1
Uni President	220 HK	HK/China	5.6	25.6	21.2	7.4	13.1	(34.2)	20.6
Want Want	151 HK	HK/China	10.5	23.3	19.9	13.3	15.5	16.0	17.2
Hindustan Unilever	HUVR IN	India	632.2	37.6	34.4	8.8	10.0	11.0	9.2
Average				26.2	22.2	16.2	14.2	9.9	18.2

*) Prices close as at 10 June 2014
Source: Bloomberg

Downside/UpSide risks to our investment case

1. Further increases in royalty fees
2. Sharp rupiah depreciation in the near term
3. Stiffer competition
4. Potential share buyback from the parent

Company background

Unilever Indonesia (UNVR) was established on 5th December 1933 and listed on the Indonesia Stock Exchange on 11th January 1982. Unilever Indonesia has grown to be a leading company of home and personal care as well as foods and ice cream products in Indonesia. Unilever Indonesia Holdings BV (UIH) owns an 85% stake in UNVR while the remaining 15% is owned by public.

UNVR's portfolio includes many of the world's best-known brands, such as Pepsodent, Pond's, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Wall's, Blue Band, Royco, Bango and many more.

UNVR owns six factories in Jababeka Industrial Estate, Cikarang, Bekasi and two factories in Rungkut Industrial Estate, Surabaya, East Java, with its head office in Jakarta. Its products consist of about 43 key brands and 1,000 SKUs which are sold through a network of about 500 independent distributors covering hundreds of thousands of outlets throughout Indonesia. Products are distributed through its own central distribution centers, satellite warehouses, depots and other facilities.

Management background

Board of Commissioners		
Name	Position held	Remarks
Peter Frank TerKulve	President Commissioner	President Commissioner of UNVR since December 2011. He graduated from Erasmus University, Rotterdam, the Netherlands, in 1988, majoring in Monetary Economics and Business Administration.
ErryFirmansyah	Commissioner Independent	Independent Commissioner of UNVR since 2009, and Chairman of the Audit Committee since May 2012. He graduated in Accounting from the University of Indonesia in 1975.
CyrrillusHarinowo	Commissioner Independent	Independent Commissioner of UNVR since 2004. He holds a Master's degree in Development Economics from the Centre for Development Economics, Williams College, USA (1981), and a PhD in Monetary and International Policy from Vanderbilt University, USA (1985)
BambangSubianto	Commissioner Independent	Independent Commissioner of UNVR since 2005. He holds a Bachelor's degree from the Bandung Institute of Technology, and an MBA and PhD from the Catholic University of Leuven, Belgium.
HikmahantoJuwana	Commissioner Independent	Independent Commissioner of UNVR since May 2011. He graduated with a degree in Law from the University of Indonesia in 1987, and holds an LLM from Keio University, Japan (1992) and a PhD from the University of Nottingham, UK (1997).

Source: Company; IndoPremier

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Board of Directors		
Name	Position held	Remarks
Maurits Daniel Rudolf Lalisang	President Director	President Director of UNVR since May 2004. He graduated from the University of Indonesia with a degree in Business Administration, and attended the Advanced Executive Programme at the Kellogg Graduate School of Management of the University of Chicago, USA, in 2001.
TevilyanYudhistiraRusli	Director	Finance Director and CFO since October 2013. He graduated from Chung Yuan University in Taiwan holding a Bachelor's degree in Accountancy.
AinulYaqin	Director	Foods Director since December 2011. He graduated from the Bogor Institute of Agriculture, majoring in Foods Science and Technology.
EnnyHartatiSampurno	Director	HR Director since December 2011. She holds a Bachelor's degree in Accountancy from Parahyangan University.
Debora HerawatiSadrach	Director	Personal Care Director since December 2001. She holds a Bachelor's degree in Dentistry from Trisakti University and a postgraduate degree from Boston University School of Education.
Vishal Gupta	Director	Home Care Director since May 2011. He holds an MBA from the Indian Institute of Management in Bangalore, India, and a Bachelor of Technology degree from the Indian Institute of Technology, Delhi, India.
RamakrishnanRaghuraman	Director	Supply Chain Director since May 2013. He is a qualified Mechanical Engineer with CPM certification from APICS.
Ira Noviarti	Director	Ice Cream & Marketing Services Director since May 2011. She graduated from the University of Indonesia in 1995 majoring in Financial Accounting.
HadrianusSetiawan	Director	Customer Development Director since 2010. He holds a PhD from the University of London, UK.
Sancoyo Antarikso	Director & Corporate Secretary	External Relations Director since May 2012 and Corporate Secretary since 2010. He graduated from Gajah Mada University with a degree in Accountancy, and holds a Master's degree in Management from IPMI and an MBA from Monash University's Mt. Eliza Business School in Australia.

Source: Company; IndoPremier

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Financial Summary

Profit and Loss Statement

Year to 31 Dec (Rpbn)	2012	2013	2014F	2015F	2016F
Revenue	27,303	30,757	35,371	40,677	46,778
Cost of Sales	(13,414)	(14,979)	(17,326)	(19,925)	(22,914)
Gross Profit	13,889	15,778	18,045	20,752	23,865
SG&A Expenses	(7,434)	(8,657)	(10,234)	(12,176)	(13,994)
Oper. Profit	6,455	7,122	7,811	8,575	9,870
EBITDA	6,747	7,579	8,329	9,172	10,521
Net Interest:	(31)	(6)	(14)	(7)	4
<i>Int. Income</i>	38	14	14	17	14
<i>Int. Expense</i>	(69)	(20)	(28)	(25)	(10)
FX Gain (Loss)	3	(8)	-	-	-
Others - Net	41	51	(5)	(5)	(5)
Pre-Tax Profit	6,467	7,159	7,792	8,563	9,869
Inc. Tax - Net	(1,628)	(1,806)	(1,948)	(2,141)	(2,467)
Minority Interest	0	-	-	-	-
Net Profit	4,839	5,353	5,844	6,422	7,402
EPS	634	701	766	842	970

Cash Flow Statement

Year to 31 Dec (Rpbn)	2012	2013	2014F	2015F	2016F
Net Profit	4,839	5,353	5,844	6,422	7,402
Dep. & Amort.	249	441	497	570	617
Minority Interest	0	-	-	-	-
Changes in W/C	(269)	135	(308)	(285)	(327)
Others	294	17	171	180	188
CF from Oper.	5,113	5,945	6,204	6,887	7,880
Capex	(1,218)	(1,031)	(1,324)	(912)	(904)
Others	56	54	50	50	49
CF Investing	(1,162)	(977)	(1,274)	(863)	(855)
Dividends Paid	(4,547)	(5,066)	(5,353)	(5,844)	(6,422)
Others	490	130	407	(115)	(663)
CF Financing	(4,057)	(4,936)	(4,946)	(5,958)	(7,085)
Change in Cash	(106)	32	(16)	66	(60)
Beg. Cash Balance	336	230	261	246	312
End. Cash Balance	230	261	246	312	252

Balance Sheet

Year to 31 Dec (Rpbn)	2012	2013	2014F	2015F	2016F
Cash & Equiv.	230	261	245	311	252
Receivables	2,426	3,270	3,275	3,766	4,331
Inventory	2,062	2,084	2,398	2,758	3,171
Others	318	248	261	274	289
Current Assets	5,036	5,863	6,179	7,110	8,043
Fixed Assets - Net	6,283	6,874	7,701	8,044	8,330
Non-Curr. Assets	666	611	561	512	462
Total Assets	11,985	13,348	14,441	15,665	16,835
Curr. Maturities	-	-	-	-	-
ST Borrowings	1,040	977	1,350	1,200	500
Trade Payables	2,764	3,765	3,776	4,342	4,994
Other Liabilities	3,732	3,678	3,862	4,055	4,258
Curr. Liabilities	7,536	8,419	8,988	9,597	9,751
LT Debt	-	-	-	-	-
Others	481	674	708	743	780
Total Liabilities	8,017	9,094	9,696	10,340	10,532
Minority Interest	-	-	-	-	-
Total Equity	3,968	4,255	4,746	5,324	6,304
Total Liab. & Eq.	11,985	13,348	14,441	15,665	16,835

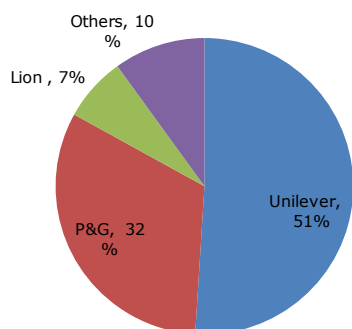
Key Ratios

Year to 31 Dec (Rpbn)	2012	2013	2014F	2015F	2016F
Earnings Margin					
Gross Margin (%)	50.9%	51.3%	51.0%	51.0%	51.0%
Oper. Margin (%)	23.6%	23.2%	22.1%	21.1%	21.1%
EBITDA Margin (%)	24.7%	24.6%	23.5%	22.5%	22.5%
Net Margin (%)	17.7%	17.4%	16.5%	15.8%	15.8%
Valuation					
P/E (x)	47.6	43.1	39.4	35.9	31.1
P/BV (x)	58.1	54.2	48.6	43.3	36.6
EV/EBITDA (x)	34.3	30.5	27.8	25.2	21.9
Leverage					
Oper. CF/Debt (x)	4.9	6.1	4.6	5.7	15.8
Debt/Equity (x)	0.3	0.2	0.3	0.2	0.1
Interest coverage ratio (x)	93.7	354.2	281.1	347.2	959.0
Profitability					
ROA (%)	43.1%	42.3%	42.1%	42.7%	45.5%
ROE (%)	126.6%	130.2%	129.9%	127.5%	127.3%
ROIC (%)	6.0%	5.6%	8.4%	9.3%	15.5%
Earnings Yield (%)	2.1%	2.3%	2.5%	2.8%	3.2%
Dividend Yield (%)	2.0%	2.2%	2.3%	2.5%	2.8%

Source: UNVR, IndoPremier

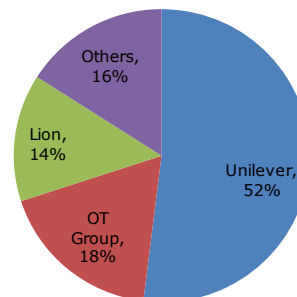
Appendix: Market share comparison

Exhibit 18. Shampoo market share (2012)



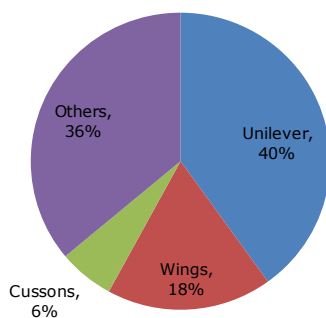
Source: Euromonitor; IndoPremier

Exhibit 19. Oral Care market share (2012)



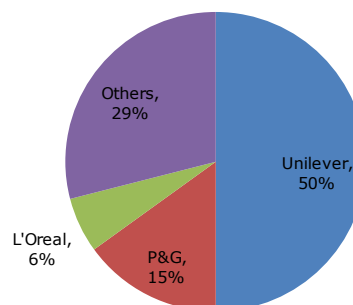
Source: Euromonitor; IndoPremier

Exhibit 20. Bath & Shower market share (2012)



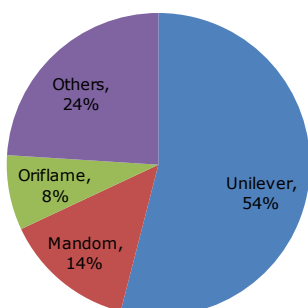
Source: Euromonitor; IndoPremier

Exhibit 21. Facial Products market share (2012)



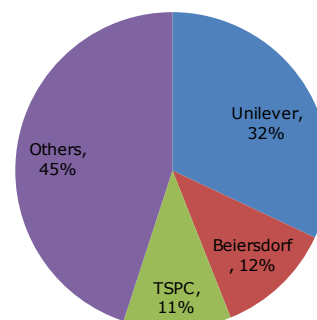
Source: Euromonitor; IndoPremier

Exhibit 22. Deodorant market share (2012)



Source: Euromonitor; IndoPremier

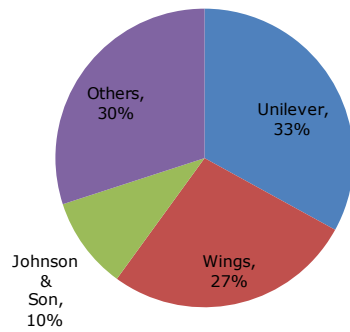
Exhibit 23. Body Care market share (2012)



Source: Euromonitor; IndoPremier

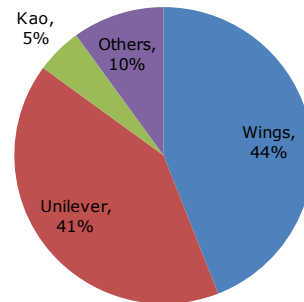
Initiating Coverage

Exhibit 24. Home care market share (2012)



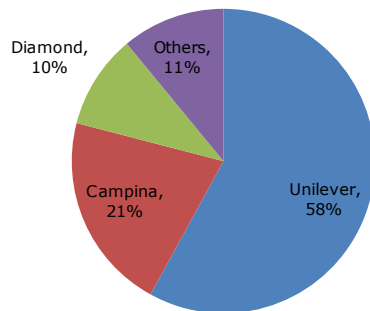
Source: Euromonitor; IndoPremier

Exhibit 25. Fabric Cleaning market share (2012)



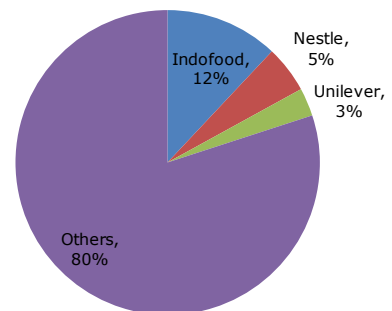
Source: Euromonitor; IndoPremier

Exhibit 26. Ice cream market share (2012)



Source: Euromonitor; IndoPremier

Exhibit 27. Packaged Food (2012)



Source: Euromonitor; IndoPremier

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Buy : Expected total return of 10% or more within a 12-month period

Hold: Expected total return between -10% and 10% within a 12-month period

Sell : Expected total return of -10% or worse within a 12-month period

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