

UNVR's Indicative FY2016 (Unaudited) Results

UNVR has announced its indicative performance for FY2016. UNVR recorded its FY16 net sales at over IDR 40tn, up by 9.8% YoY, while net income were at IDR 6.4tn, still increased 9.2% YoY. Its performances were still in-line with our estimates, as both its top and bottom-line earnings accomplished 99% and 103% of our numbers. In 2016, Home and Personal Care (HPC) as well as Food and Refreshment (F&R) segments contributed 69% and 31% to UNVR's total net sales. For 4Q16 alone, HPC and F&R segments recorded 10.8% and 12.8% YoY respectively.

Our View

We find out UNVR's indicative (unaudited) FY16 numbers to be quite satisfying. The company managed to book positive $\pm 10\%$ YoY growth for both its top and bottom-line earnings. In 2017, we see continuing better spending power may benefit the company, meanwhile challenges will come from the up trending soft commodity prices along with Rupiah movement. Note that these two uncertainties may put some pressures on UNVR's margin in the upcoming quarters.

We also see rising competition in its F&R segment this year. Some consumer staples players have demonstrated their interests to expand more into ice cream industry. For example Indofood, which has looked forward to invest more in ice cream freezers to further penetrate their ice cream products, Indoeskrim. Other than that, PT Glico-Wings, a JV between Wings Group and Ezaki Glico, has recently launched their ice cream products back in 2016. We believe a more obvious presence of those competitors in the industry may be a threat to UNVR, considering its position as the market leader in ice cream industry. We also note that Glico Wings products were priced relatively lower compared to Wall's.

We maintain our NEUTRAL recommendation on UNVR with our target price (TP) at IDR 43,800, provides limited upside from current price. Our TP implies a forward PE of 48x, indicating a rich valuation.

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Stock Information

| | |
|------------------------|------------------|
| Sector | Consumer Staples |
| Bloomberg Ticker | UNVR IJ |
| Market Cap (IDR Tn) | IDR 321.9 |
| Share Out/ Float (M) | 7,630/1,145 |
| Current Price | 42,100 |
| 52 - Week Target Price | 43,800 |
| Upside (%) | 4.04 |

Share Price Performance

| | |
|-----------------------|--------|
| 52 W -High (03/02/16) | 47,800 |
| 52 W -Low (12/23/16) | 37,825 |
| 52 W -Beta | 0.95 |
| YTD Change (%) | 8.76% |

Relative Valuations

| | |
|--------------|-------|
| Trailing P/E | 50.1x |
| Forward P/E | 48.0x |
| P/BV | 50.7x |
| EV/EBITDA | 34.8x |

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