



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52377.6	0.0	(0.2)	1.1	9.0
S&P 500	7722.6	0.6	0.1	(0.3)	12.8
FTSE 100	10686.5	(0.8)	(0.4)	(0.1)	7.6
AS30	8992.6	0.3	0.4	1.6	(0.3)
CSI 300	4049.6	(1.3)	(2.5)	(6.7)	(12.5)
FSSTI	5397.0	0.0	(0.8)	(5.8)	16.2
HSCEI	7766.9	(0.5)	(3.3)	(5.5)	(12.9)
HSI	23041.3	(0.7)	(3.5)	(6.0)	(10.1)
JCI	5266.1	(2.0)	(0.2)	(14.3)	(39.1)
KLCI	1611.9	0.5	0.8	(3.5)	(4.1)
KOSPI	5638.3	3.1	1.5	(18.2)	33.8
Nikkei 225	63268.4	1.7	(1.3)	(4.0)	25.7
SET	1575.0	(0.3)	0.2	(1.7)	25.0
TWSE	46096.2	0.1	(2.2)	(4.0)	59.2
BDI	2603	(1.0)	0.4	(24.0)	38.7
CPO (RM/mt)	4457	0.3	0.0	(0.3)	13.3
Brent Crude (US\$/bbl)	114	(1.7)	4.7	9.2	87.1

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UUE Holdings Berhad (UUE MK)	Malaysia	10 Nov	10 Nov
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

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Company Update | Unilever Indonesia (UNVR IJ/BUY/Rp1,395/Target: Rp1,800)

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- UNVR's 3Q26 net profit from continuing operations rose 11.1% yoy, helped by higher interest income and an asset disposal gain. However, operating profit slipped 4.4% yoy despite solid 7.4% revenue growth, as gross margin was squeezed. We expect a ~9% dividend yield over the next 12 months, including an interim of a potential 5.5% yield. Upgrade to BUY with a lower target price of Rp1,800 (from Rp2,500), based on 16.4x 2027F PE (-0.5SD), as the stock has fallen ~46% ytd.

Technical Analysis

Astra International | ASII IJ

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- Trading Buy Range: We have a technical Buy at Rp4,630, and take profit at Rp4,900.

HM Sampoerna | HMSP IJ

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- Trading Buy Range: We have a technical Buy at Rp670, and take profit at Rp705.

Unilever Indonesia (UNVR IJ)

Volumes Hold Up; Margins Under Pressure

Highlights

- **3Q26 net profit from continuing operations rose 11.1% yoy**, helped by higher interest income and asset disposal gain. However, operating profit slipped 4.4% yoy despite a solid 7.4% revenue growth, as gross margin was squeezed.
- **Expect a dividend yield of around 9% over the next 12 months**, including an interim DPS of about Rp76 in Dec 26 from 9M26 profit and the Sariwangi gain.
- **Upgrade to BUY with a lower target price of Rp1,800 (from Rp2,500)**, based on 16.4x 2027F PE (-0.5SD). The stock has fallen around 46% ytd.

Analysis

- **9M26 results: Volume-led top-line, margins squeezed.** Unilever Indonesia's (UNVR) 3Q26 revenue from continuing operations rose 7.4% yoy to Rp8.9t (9M26: +7.2% to Rp25.8t). Growth was almost entirely volume, with price adding only 0.9%. Home & personal care (HPC; 74% of sales) was fully volume-driven (3Q26 volume +8.6%). Foods & refreshment growth was driven entirely by pricing (+3.9%), with volume flat (+0.2%). Gross margin fell to 42.3% in 3Q26 from 45.0% in 2Q26 (2025: 46.9%) on higher oil and CPO costs and a weaker rupiah, with limited cost pass-through through pricing. Lower Advertising & Promotion (A&P) cut SG&A to 26.6% of sales (3Q25: 32.3%), but operating profit still slipped 4.4% yoy to Rp1.4t. Nevertheless, net profit rose 11.1% yoy to Rp1.2t (9M26: +10.6% to Rp3.3t), lifted by interest income (9M26: Rp100b vs 9M25's Rp6b) and a Rp104b asset disposal gain (81% of ours and 75% of cons), while 9M26 core profit was flat at Rp3.2t (+0.8% yoy).
- **Strategy focuses on volume, with cost control protecting margins.** UNVR is driving growth through premiumisation, online channels and its power brands (Pepsodent, Sunsilk, Rinso, Bango, Royco, etc). Rinso and Sunsilk gained 70bp and 30bp of market share respectively over the last 12 months to Aug 26. Premium products are growing 1.9x faster than mainstream products. Management did not call a bottom in gross margin given volatile oil prices, and expects pricing to stay selective amid weak purchasing power. Instead, it is leaning on controllable costs, moving A&P to priority categories (beauty +15%, with foods and home care trimmed) and making surfactants in-house, which has cut production cost per tonne by about 25% since 2024.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	30,623	31,943	33,346	35,160	36,891
EBITDA	4,342	5,100	5,433	5,827	6,325
Operating profit	3,825	4,637	4,948	5,315	5,785
Net profit	2,922	3,537	4,068	4,169	4,541
EPS (Rp)	76.9	93.1	107.1	109.8	119.6
PE (x)	18.1	15.0	13.0	12.7	11.7
P/B (x)	24.7	11.8	24.1	23.6	21.8
EV/EBITDA (x)	12.4	9.3	9.3	8.6	7.8
Dividend yield (%)	8.5	9.6	13.7	7.8	8.2
Net margin (%)	9.5	11.1	12.2	11.9	12.3
Net debt/(cash) to equity (x)	0.4	(1.3)	(1.2)	(1.3)	(1.5)
Interest cover (x)	52.9	39.2	98.4	96.1	95.1
ROE (%)	136.0	79.0	185.2	185.5	186.6
UOBKH/Consensus (x)	-	-	0.92	1.01	1.04

Source: UNVR, Bloomberg, UOB Kay Hian

Analyst(s)

Willinoy Sitorus

willinoysitorus@kh.co.id
+6221 2993 3845

Audrey Celia

audreycelia@kh.co.id
+6221 2993 3860

BUY (Upgraded)

Share Price	Rp1,395
Target Price	Rp1,800
Upside	+29.0%
Previous TP	Rp2,500

Stock Data

Sector	Consumer Staples
Bloomberg ticker	UNVR IJ
Shares issued (m)	38,150
Market cap (Rpb)	53,219
Market cap (US\$m)	2,931
3-mth avg daily t'over (US\$m)	1.7

Price Performance (%)

52-week high/low			Rp2,840/Rp1,295	
1mth	3mth	6mth	1yr	YTD
(14.4)	(17.0)	(8.2)	(48.5)	(46.3)

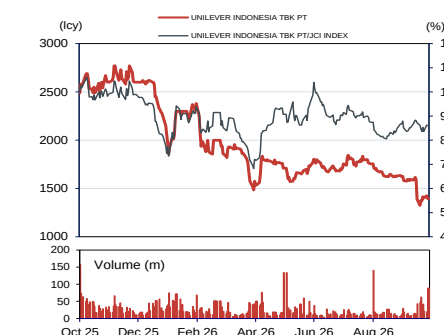
Major Shareholders (%)

Unilever Indonesia Holding B.V.	85.0
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Balance Sheet Metrics

FY26 NAV/Share (Rp)	58
FY26 Net Cash/Share (Rp)	68

Price Chart



Source: Bloomberg

Company Description

Unilever Indonesia manufactures and markets home and personal care products (Pepsodent, Rinso, Sunsilk, Lifebuoy) and foods (Royco, Bango, Buavita) in Indonesia. It is 85%-owned by Unilever PLC and divested its ice cream and Sariwangi tea businesses in 2025-26.

- **Potential dividend yield of around 9% in the next 12 months.** UNVR has consistently paid out close to 100% of net profit and distributed divestment gains in full, and management reiterated it will pay out the full Rp870b Sariwangi gain. Assuming an interim payout of about 60% of 9M26 profit, we estimate an interim DPS of Rp76 in Dec 26 (Rp23 from the Sariwangi gain), a 5.5% yield. With a final DPS of about Rp54 in mid-27, dividends over the next 12 months could total about Rp130/share (9.3% yield).
- **Food business under review following Unilever's deal with McCormick.** Unilever is combining its global foods business with McCormick (US listed spices, seasonings, and flavour company) (EV US\$44.8b, ~13.8x EBITDA), paid in US\$15.7b cash and US\$29.1b in McCormick shares, with completion expected by mid-27. After the deal, Unilever will become a pure home and personal care company. Regarding this, UNVR's management says it is still evaluating the impact and expects to give an update by end-26. Note that the foods segment accounts for around 26% of UNVR's 9M26 revenue (Rp6.8t) and around 23% of segment operating profit (Rp1.2t). Its growth has been slower than HPC, at 4.2% yoy in 9M26 vs 8.3% for HPC, with 3Q26 growth entirely price-driven (volume +0.2%), and its segment margin was lower at 17.7% vs 21.6% for HPC. If the entire foods business were divested at a PE of around 15x seen in previous deals, we estimate a sale value of around Rp11.3t and an after-tax gain of approximately Rp6.2t. Assuming a full payout, this would imply a special DPS of Rp164, a yield of about 11.8%.

Valuation/Recommendation

- **Upgrade to BUY with a lower target price of Rp1,800 (from Rp2,500).** We roll forward to 2027 and lower our target PE to 16.4x (from 23x), -0.5SD below UNVR's three-year mean of 17.9x, reflecting margin pressure, competition and heightened country risk. Nevertheless, we upgrade to BUY as the share price has fallen around 46% ytd, and UNVR now trades at 12.7x 2027F PE, about -1.7SD below its mean. This is also below the PE of around 15x at which it sold its Sariwangi and ice cream businesses, the latter being more asset-heavy and lower-margin in 2025. Fundamentally, UNVR remains highly cash-generative, with a negative cash conversion cycle (-20 days), light capex (~2% of sales) and net cash of around Rp2t as of Sep 26. This has allowed a consistent payout of around 100%, implying a dividend yield of approximately 9% over the next 12 months. ROE was temporarily diluted to 79% in 2025 by the ice cream divestment gain held in equity, and should rise to around 185% by end-26 once the gain is paid out as dividends.

Earnings Revision/Risk

- **We cut our 2026-27 net profit forecasts by 1.9% and 6.4% respectively** as we lower our gross margin assumptions due to higher oil linked input costs and a weaker rupiah with limited pricing pass through - though partly offset by lower opex.

Earnings Revision

	New		Old		Change (%)	
(Rpb)	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	33,346	35,160	33,424	34,906	(0.2)	0.7
Gross profit	14,918	15,968	16,083	16,854	(7.2)	(5.3)
GP margin (%)	44.7	45.4	48.1	48.3		
Op. profit	4,948	5,315	5,312	5,711	(6.9)	(6.9)
Op. margin (%)	14.8	15.1	15.9	16.4		
Pre-tax profit	5,182	5,311	5,271	5,667	(1.7)	(6.3)
PBT margin (%)	15.5	15.1	15.8	16.2		
Net profit	4,068	4,169	4,145	4,456	(1.9)	(6.4)
Net margin (%)	12.2	11.9	12.4	12.8		

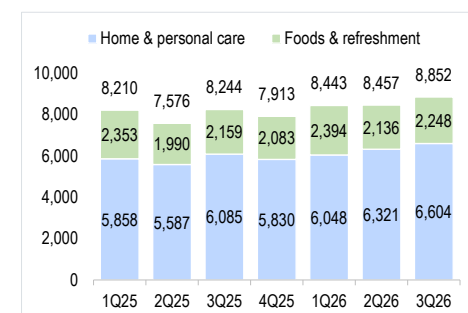
Source: UOB Kay Hian

- **Key risks:** a) Weak purchasing power, b) raw material costs fluctuation, c) rupiah depreciation, and d) intensifying competition.

Share Price Catalyst

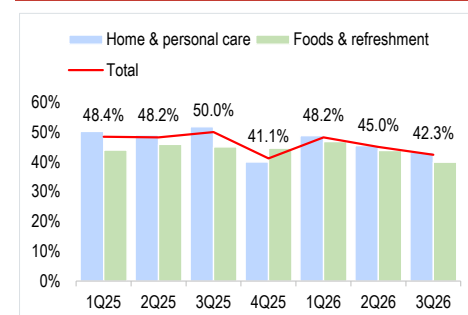
- Interim dividend payment, and b) update on the food business following Unilever's deal with McCormick.

Quarterly Revenue By Segment (Rpb)



Source: UNVR, UOB Kay Hian

Gross Margin By Segment



Source: UNVR, UOB Kay Hian

Previous Divestments: Ice Cream And Sariwangi

(Rpb)	Ice cream	Sariwangi tea
Buyer	PT The Magnum Ice Cream Indonesia	PT Savoria Kreasi Rasa (Djarum)
Agreement signed	22 Nov 24	6 Jan 26
Completed	8 Dec 25	2 Mar 26
Transaction value (excl. VAT)	7,000	1,500
Revenue est.	4,516	1,072
Net profit est.	464	106
Implied PE (x)	15.1x	14.2x
Implied P/S (x)	1.6x	1.4x
Pre-tax gain	4,812	1,084
After-tax gain	3,794	870
Gain per share (Rp)	100	23
Paid out as dividend	2025 interim (Dec 25) and final (Jul 26)	Interim dividend (Dec 26F)

Note: Ice cream valuation based on FY24 earnings; Sariwangi tea based on 2M26 earnings, annualised.

Source: UNVR, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	31,943	33,346	35,160	36,891
EBITDA	5,100	5,433	5,827	6,325
Deprec. & amort.	464	485	512	540
EBIT	4,637	4,948	5,315	5,785
Total other non-operating income/(expense)	(45)	159	-	-
Net interest income/(expense)	(94)	75	(4)	-
Pre-tax profit	4,498	5,182	5,311	5,785
Tax	(961)	(1,114)	(1,142)	(1,244)
Minorities	-	-	-	-
Net profit	3,537	4,068	4,169	4,541

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	5,797	2,955	5,233	5,486
Net profit	7,641	4,068	4,169	4,541
Deprec. & amort.	464	485	512	540
Working capital changes	968	(218)	188	2
Other operating cashflows	(3,275)	(1,380)	364	403
Investing	6,149	880	(976)	(898)
Capex (growth)	(1,079)	(667)	(703)	(738)
Investments	-	-	-	-
Others	7,228	1,547	(272)	(160)
Financing	(6,912)	(6,970)	(3,802)	(3,975)
Dividend payments	(5,097)	(7,234)	(4,118)	(4,355)
Proceeds & repay borrowings	(1,450)	-	-	-
Others	(365)	264	317	380
Net cash inflow (outflow)	5,034	(3,135)	456	613
Beginning cash & cash equivalent	671	5,706	2,571	3,027
Change due to forex impact	-	-	-	-
Ending cash & cash equivalent	5,706	2,571	3,027	3,640

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	7,146	7,328	7,519	7,717
Other LT assets	2,327	1,667	1,940	2,100
Cash/ST investment	5,706	2,571	3,027	3,640
Other current assets	4,839	4,772	4,952	5,179
Total assets	20,017	16,338	17,438	18,635
ST debt	-	-	-	-
Other current liabilities	14,223	12,558	13,290	13,922
LT debt	-	-	-	-
Other LT liabilities	1,320	1,584	1,900	2,280
Shareholders' equity	4,475	2,197	2,247	2,433
Minority interest	-	-	-	-
Total liabilities & equity	20,017	16,338	17,438	18,635

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	16.0	16.3	16.6	17.1
Pre-tax margin	14.1	15.5	15.1	15.7
Net margin	11.1	12.2	11.9	12.3
ROA	17.7	24.9	23.9	24.4
ROE	79.0	185.2	185.5	186.6
Growth				
Turnover	4.3	4.4	5.4	4.9
EBITDA	17.5	6.5	7.2	8.6
Pre-tax profit	19.4	15.2	2.5	8.9
Net profit	21.1	15.0	2.5	8.9
EPS	21.1	15.0	2.5	8.9
Leverage				
Debt to equity (x)	-	-	-	-
Net debt/(cash) to equity (x)	(1.3)	(1.2)	(1.3)	(1.5)

Technical Analysis



Source: Tradingview



Source: Tradingview

Analyst(s)

Maskun Ramli, CFTE

maskunramli@kh.co.id

+6221 2993 3915

Astra International ASII IJ

Technical BUY with 6% potential return

Resistance: Rp4,830, Rp4,920

Support: Rp4,510, Rp4,400

Stop-loss: Rp4,500

Share price closed slightly higher and formed a neutral candlestick. Price advanced with better momentum; hence, we expect more rallies and challenge the resistance at Rp4,830 and Rp4,920. The RSI is sloping upwards and is almost back at its midline, while the MACD has just issued a bullish signal. Buy at Rp4,630 and take profit at Rp4,900.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp7,100.

HM Sampoerna HMSP IJ

Technical BUY with 5% potential return

Resistance: Rp705, Rp725

Support: Rp640, Rp620

Stop-loss: Rp635

Share price closed higher and formed a bullish candlestick. Price advanced with higher trading volume; hence, we expect more rallies and challenge the resistance at Rp705 and Rp725. The RSI is sloping upwards and is back above its midline, while the MACD remains on a bullish crossover. Buy at Rp670 and take profit at Rp705.

Approximate timeframe: 2-4 weeks.

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