



Consumer, Brands & Retail

17th October 2019

UNILEVER

| Consumer, Brands & Retail
| Food

BUY

Fair Value EUR57 (+6%)
Share price EUR54.00
EPS 3Y Cagr 7.4%

Short-term headwinds impacting Q3

Soft performance in the quarter

Q3 sales were up 5.8% to EUR13,254m (consensus: EUR13,237m and our estimate: EUR13,166m), helped by FX tailwinds. In organic terms, sales grew 2.9% over the quarter (consensus: +3% and our estimate: +2.7%). This represented a slowdown vs Q2 (+3.5%) driven by Asia/AMET/RUB and The Americas:

- **Asia/AMET/RUB (45% of total sales)** posted 5.6% organic sales growth over the quarter (consensus: +5.7%), decelerating vs Q2 (+6.3%), due to India and Africa, impacted by a tough macro background.
- **In the Americas (31% of total sales)**, Q3 sales were up 1.5% organically (consensus: 1.7%), i.e. a material deceleration vs Q2 (+3.7%), which resulted from: 1/ intensifying competition in the US, 2/ tough comps in Brazil (as the group recovered sales in Q3 2018 after the truckers' strike), and 3/ changes in hyperinflation treatment in Argentina (making the Q3 comp more difficult due to the high pricing taken in Argentina last year).
- **Sales in Europe (24% of total sales)** declined 0.3% on an organic basis in the quarter (consensus: -0.8%), only slightly better than in Q2 (-1.6%) as Q3 2018 benefitted from favourable weather conditions for ice creams.

No change to estimates before the call

For 2019, we anticipate organic sales growth of 3.5%. This is within the group's target of 3-4%. At the EBIT level, we have a forecast of 19.2% (+70bp YoY). No guidance has been provided for the margin this year. We are making no change to our estimates before the conference call at 9.00am CET. We have a Fair Value of EUR57.

Market Data

Bloomberg / Reuters	UNA NA/UNC.AS
Market Cap.	EUR83,415m
E.V.	EUR104,196m
Free Float	100%
Avg. Daily volume (6m)	2,249
12m high / low	EUR58 / EUR46
Ytd Perf.	14.5%

EURM	12/18	12/19e	12/20e	12/21e
Sales	50,982	52,181	55,021	57,788
% Change		2.4%	5.4%	5.0%
EBITDA	10,898	12,165	13,291	14,177
% Change		11.6%	9.3%	6.7%
EBIT	9,440	10,034	10,990	11,710
% Change		6.3%	9.5%	6.6%
Net Income	6,356	6,668	7,353	7,863
% Change		4.9%	10.3%	6.9%
ROE	0.34	0.33	0.33	0.33

	12/18	12/19e	12/20e	12/21e
EV/Sales	2.0x	2.0x	1.9x	1.9x
EV/EBITDA	9.6x	8.7x	8.0x	7.6x
EV/EBIT	11.0x	10.5x	9.7x	9.2x
EPS	2.36	2.48	2.73	2.92
% change		5.2%	10.1%	6.9%
P/E	22.9x	21.8x	19.8x	18.5x
Div Yield	2.9%	3.1%	3.3%	3.6%

Next Catalyst : CMD on 13-14th December

Last rating Change:

2018-10-19, The performance should compare well to peers in 2019

Last FV Change:

2019-4-5, Our favourite!

Last Reports:

2019-7-26, Q2 impacted by a transient effect

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Distribution of stock ratings

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