

Hindustan Unilever (HUVR) - ADD

Company Update

Current Market Price (CMP)

Rs. 2702

Target Price

Rs.2950

Our fair value of Rs2950 offers upside of 9.2% from current market price.

Rationale:

- Co. reiterated its strategy of growing core, premiumization & mkt development.
- HUVR management expects consistent double digit earnings growth.
- We expect earnings to grow by 14.9% in FY22E & grow by 21.5% in FY23E.
- Stock is currently trading at valuation of 57x P/E FY23E earnings.
- We value HUVR using Discounted Cash Flow (DCF) methodology.

Company Update:

Positives:

- There is significant headroom for growth in FMCG consumption in India.
- HUVR has setup a premium beauty business unit to focus on digital-first brands.
- HUVR has dominant market share in the premium laundry segment.
- HUVR expects double digit growth in nutrition portfolio.

Negatives:

- HUVR faces acute Raw Material inflation on three fronts.
- HUVR has lost some talent to start-ups and ecommerce platforms.

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For detailed report dated 13th Sept 2021. Note: CMP & valuation may differ due to difference in dates.



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