

Hindustan Unilever (HUVR) - ADD

Result Update

Current Market Price (CMP)

Rs.2234

Target Price

Rs.2625

Rationale:

- Underlying Volume growth (UVG) of 1% was in line with our estimates.
- Weakness in growth was attributable to weak rural demand.
- We expect earnings to grow by 7.8% in FY25E & grow by 11.4% in FY26E.
- Stock is currently trading at valuation of 43.1x P/E FY26E EPS.
- We value HUVR using Discounted Cash Flow (DCF) methodology.

Q4FY24 Earnings Update:

Positives:

- Revenues were flat yoy at Rs14857 cr (in line).
- UVG of 2% yoy (KIE: 2%) versus UVG of +2% in 3Q/2Q.
- EBITDA (operating) margins contracted 20 bps yoy/qoq to 23.1% (KIE: 22.9%).
- Profit after tax (PAT) declined 1.9% yoy to Rs2423 cr (KIE: Rs2398.5 cr).
- Growth likely to be back-ended and margins to be range-bound in FY25E.

Negatives:

- Gross Margin (GM) at 51.9% (KIE: 52%) was +315/35 bps qoq/yoy.

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For detailed report dated 25th April 2024. Note: CMP & valuation may differ due to difference in dates.



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