



Hindustan Unilever

Estimate changes	↔
TP change	↓
Rating change	↔

CMP: INR2,659 TP: INR3,200 (+20%) Buy

Bloomberg	HUVR IN
Equity Shares (m)	2350
M.Cap.(INRb)/(USDb)	6248.3 / 74.3
52-Week Range (INR)	3035 / 2170
1, 6, 12 Rel. Per (%)	-6/8/-20
12M Avg Val (INR M)	5058

Miss on volume; core portfolio performs well

Financials & Valuations (INR b)

Y/E March	2025E	2026E	2027E
Sales	641.7	696.6	754.1
Sales Gr. (%)	3.7	8.6	8.3
EBITDA	153.2	168.9	184.5
EBITDA mrg. (%)	23.9	24.2	24.5
Adj. PAT	106.5	119.9	132.0
Adj. EPS (INR)	45.3	51.0	56.2
EPS Gr. (%)	3.7	12.5	10.1
BV/Sh.(INR)	219.8	224.3	231.0

Ratios

RoE (%)	20.7	23.0	24.7
RoCE (%)	29.0	31.6	33.8
Payout (%)	99.3	94.1	90.8

Valuations

P/E (x)	58.6	52.1	47.3
P/BV (x)	12.1	11.9	11.5
EV/EBITDA (x)	40.5	36.6	33.4
Div. Yield (%)	1.7	1.8	1.9

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	61.9	61.9	61.9
DII	14.2	14.2	12.0
FII	12.2	11.9	13.9
Others	11.7	12.1	12.2

FII Includes depository receipts

- Hindustan Unilever's (HUVR) 2QFY25 revenue was up 2% at INR157.3b (in line), with underlying growth of 3%. Volume growth of 3% was below our estimate of 5% (4% in 1QFY25). Demand trends remained stable, with moderate growth in urban areas and a stable recovery in rural regions.
- Home Care maintained high-single-digit volume growth and 8% revenue growth, led by both Fabric Wash and Household Care. Beauty & Wellbeing segment clocked mid-single digit volume growth, with underlying growth of 7% (reported 2%). Hair Care portfolio reported high single-digit volume growth and premium portfolio clocked strong double-digit growth.
- Personal Care posted low single-digit volume growth with a 5% decline in revenue. Pricing action in skin cleansing is hurting growth. Oral Care grew in high single digits. Food & Refreshment (F&R) posted a low single-digit volume decline with a 2% fall in revenue. Tea business is affected by persistently high inflation (25% YoY) in the category. A modest price hike was taken in 2Q, and an additional hike is expected in 3Q. Nutrition drinks saw a weak show.
- Gross margin contracted by 140bp YoY to 51.6% (miss) due to rising commodity prices. HUVR cut A&P spending by 14% YoY, leading to a lower contraction in EBITDA margin by 50bp to 23.8% (in line).
- The company focuses on volume-led growth through various initiatives for strengthening its core portfolio, expanding TAM, relevant for all channels, etc. Core portfolio (Home Care and Beauty Wellbeing with 55-60% revenue revenue) clocked 7-8% underlying growth in 2Q (largely volume-led). Thereby, along with macro improvements, HUVR can see volume acceleration in the ensuing quarters. Besides, the company is expected to take a price hike in low single digits (to offset inflation), which will also support revenue growth.
- Despite weakness in overall consumption, we believe HUVR can still see an upward growth trajectory. Rural is still performing well, and HUVR has relatively higher saliency from rural. **We reiterate BUY rating with a TP of INR3,200 (60x on Sep'26E EPS).**

In-line sales; miss on volume growth

- **Reported net sales grew 2% YoY to INR157.3b** (est. INR157.6b), with **underlying volume growth of 3% YoY**. EBITDA was flat YoY at INR37.9b (est. INR37.8b), PBT declined 1% YoY to INR35.6b (est. INR36.1b), and PAT (bei) was down 2% YoY at INR26.0b (est. INR26.9b).
- **Segmental performance:**
 - Home Care (36% of total sales) revenue rose 8.0% YoY to INR57.3b and margin expanded 30bp YoY to 19.4%.
 - Beauty and Wellbeing revenue (21% of total sales) grew 2.5% YoY to INR34.2b and margin contracted 70bp YoY to 32.8%.