

Sum of the Parts Valuation – Hindustan Unilever Ltd

Executive Summary

Based on the Analysis, Hindustan Unilever Limited is fairly valued based on the Sum of the Parts Valuation with the Intrinsic price of INR 2,477 as on 14th January,2025 compared to the current market price of INR 2,376. However, it important to conduct further research and analysis before making any investment decision.

Details of Comparable Companies

Homecare	Hindustan Unilever Limited (HUL) home care segment includes brands for fabric wash, dishwash, machine wash, and more. HUL's goal is to create affordable, high-performance products that are good for people and the environment.
Beauty and Personal Care	Hindustan Unilever Limited (HUL) is India's largest beauty and personal care (BPC) company. HUL's BPC segment includes brands like Lifebuoy, Dove, Sunsilk, Clinic Plus, Lakmé, Pond's, and Closeup.
Foods and Refreshment	Hindustan Unilever Limited's (HUL) Foods and Refreshment segment is a business that offers a variety of food and beverage products. The segment's brands include Brooke Bond, Lipton, Horlicks, Boost, Kissan, Knorr, Hellmann's, Kwality Wall's, and Magnum
Others (Including Exports)	Hindustan Unilever Limited (HUL) Others segment includes, Export of products and Consignments into different countries

Data Source: Company Filings

Sum of the Parts Valuation – Hindustan Unilever Ltd

Sum of the Parts (SOTP)							
(Rs. Crores)							
Particular	SALES	EBITDA	Depreciation and Amortization	EBIT	Trading Multiple		Enterprise Value
	LTM	LTM	LTM	LTM	Ratio	Multiple	LTM
Segment-Level Data							
Homecare	21,882.00	4,385.00	258.00	4,127.00	EV/EBITDA	37.7x	165314.50
Beauty and Personal care	22,448.00	6,386.00	576.00	5,810.00	EV/EBITDA	37.7x	240752.20
Foods and Refreshment	15,291.00	3,185.00	334.00	2,851.00	EV/SALES	42.0x	133770.00
Others (including Exports)	2,275.00	707.00	48.00	659.00	PE	58.7x	41500.90
Total Enterprise Value (TEV)							5,81,337.60
(-) Net Debt							1,651.00
(+) Cash							12,900.00
							5,79,686.60
Shares Outstanding							234.00
Total Equity Value							₹ 2,477.29

Source: own Calculation

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Valuation and Risk

I performed the Valuation on Hindustan Unilever Limited (HUL). As I believe the Stock has a good growth potential since it has been putting a major focus on its Core businesses. The Stock has delivered the good Operating Margin growth in last 10 years from 16% in FY2013 to 24% in FY2024, as compared to its peer in the same segment. I expect a revenue growth of 4-6% in FY26 and 7-8% in FY27.

Key Share Price Positive Catalyst includes: 1. Spin-Off from the Ice-cream business, 2. Sale of Water Purification Business to A.O Smith, 3. Merger and Acquisition Intensity.

Our January 2025, Sum-of-the-parts (SOTP) approach to value the company, with the fair valuation of Rs 2,477 per share is based on the multiples of (37.7x EV/EBITDA for Homecare & Beauty and Personal care), (42.0x EV/SALES for Foods and Refreshments), and (58.7x PE for Others segment including Exports and consignments).

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