

Unilever PLC

Discounted Cashflow Method (Income Approach)

Particulars	Valuation Parameters
Valuation Date	01-May-25
Next Fiscal Year End	31-Dec-25
Period	0.67
Discount Rate (WACC)	5.8%
Long term growth rate	1.4%
Tax rate	25.0%

ANALYSIS OF VALUE IN USE									
Unilever PLC									
Year ending 31st December									
In EUR Thousands									
Particulars	2022 A	2023 A	2024 B	2025 F	2026 F	2027 F	2028 F	2029 F	Terminal Year
Total Revenue	60,073,000	59,604,000	60,761,000	62,583,830	63,835,507	65,112,217	66,414,461	67,742,750	67,742,750
YoY growth		-1%	2%	3%	2%	2%	2%	2%	2%
Cost of Sales	(35,906,000)	(34,429,000)	(33,391,000)	(33,795,268)	(34,151,996)	(34,509,475)	(34,867,592)	(35,226,230)	(35,226,230)
CoS as % of Revenue	59.8%	57.8%	55.0%	54.0%	53.5%	53.0%	52.5%	52.0%	52%
Gross Profit	24,167,000	25,175,000	27,370,000	28,788,562	29,683,511	30,602,742	31,546,869	32,516,520	32,516,520
GP Margin	40%	42%	45%	46%	47%	47%	48%	48%	48%
Operating Expenses	(14,440,000)	(15,134,000)	(16,120,000)	(16,897,634)	(17,235,587)	(17,580,299)	(17,931,904)	(18,290,543)	(18,290,543)
EBITDA	9,727,000	10,041,000	11,250,000	11,890,928	12,447,924	13,022,443	13,614,965	14,225,978	14,225,978
EBITDA Margin	16.2%	16.8%	18.5%	19.0%	19.5%	20.0%	20.5%	21.0%	21%
Less : Capex	(1,709,000)	(1,745,000)	(1,971,000)	(2,186,590)	(2,389,910)	(2,600,489)	(2,818,535)	(3,044,262)	(3,044,262)
Less: Tax Paid	(2,807,000)	(2,135,000)	(2,625,000)	(3,067,859)	(3,211,564)	(3,359,790)	(3,512,661)	(3,670,302)	(3,670,302)
Less : Investment/Disinvestment in NWC	-	(927,000)	461,000	(222,886)	(114,498)	(116,788)	(119,123)	(121,506)	(85,516)
Free Cashflow	5,211,000	5,234,000	7,115,000	6,413,592	6,731,952	6,945,376	7,164,645	7,389,907	7,425,897
WACC				5.8%	5.8%	5.8%	5.8%	5.8%	
Time Factor				1.167	2.167	3.167	4.167	5.167	
Present Value Factor				0.937	0.886	0.837	0.792	0.748	
Present Value of cashflow				6,007,230	5,961,394	5,814,823	5,671,127	5,530,286	
Present value of cashflows - Cumulative for explicit period								28,984,860	

DCF VALUATION CALCULATION SUMMARY			
Equity Valuation			
DISCOUNTED CASH FLOW(DCF) ANALYSIS			In EUR Thousands
Present value of cash flows during explicit forecast period	A		28,984,860
WACC for Cash Flows after the explicit period (k)		5.8%	
Long Term Terminal Growth Rate (g)		1.4%	
Free Cash Flow in year end Dec'29 (Cf)		7,425,897	
Terminal Value Cf (1+g)/(k-g)		171,455,156	
Present value of cash flows- Perpetuity Value	B		128,309,596
Enterprise value-Gross	C=A+B		157,294,455
Less: Illiquidity discount	D	0.0%	-
Enterprise value-Adjusted	E=C-D		157,294,455
Add: Cash and bank balances	F		6,136,000
Less: Debt	G		(30,655,000)
Equity value / Value in Use	H=E+F+G		132,775,455

*Not applicable - Unilever is publicly listed with high liquidity

Workings								
	2022 A	2023 A	2024 B	2025 F	2026 F	2027 F	2028 F	2029 F
Total Revenue	60,073,000	59,604,000	60,761,000	62,583,830	63,835,507	65,112,217	66,414,461	67,742,750
Cost of Sales	-35906000	-34429000	-33391000	-33795268	-34151996	-34509475	-34867592	-35226230
Operating Expenses	-14440000	-15134000	-16120000	16897634	17235587	17580299	17931904	18290543
CoS as % of Revenue	0.60	0.58	0.55	0.54	0.535	0.53	0.525	0.52
Operating Expenses as % of Revenue	0.24	0.25	0.27	0.28	0.285	0.29	0.295	0.3
EBITDA	9727000	10041000	11250000	11,890,928	12,447,924	13,022,443	13,614,965	14,225,978
EBITDA Margin	0.162	0.168	0.185	0.190	0.195	0.200	0.205	0.210
Capex as % of revenue	0.028	0.029	0.032	0.035	0.037	0.040	0.042	0.045

*Note: Tax paid forecasted through underlying effective tax rate (25.8%)

Changes in Working Capital							In EUR Thousands	
Particulars	2022 A	2023 A	2024 B	2025 F	2026 F	2027 F	2028 F	2029 F
Total Current Assets	12,987,000	10,894,000	11,188,000	12,164,027	12,407,308	12,655,454	12,908,563	13,166,734
Total Current Liabilities	18,023,000	16,857,000	16,690,000	17,888,913	18,246,692	18,611,626	18,983,858	19,363,535
Net Working Capital	(5,036,000)	(5,963,000)	(5,502,000)	(5,724,886)	(5,839,384)	(5,956,172)	(6,075,295)	(6,196,801)
Changes in working capital		(927,000)	461,000	(222,886)	(114,498)	(116,788)	(119,123)	(121,506)

Current Ratio (excluding Cash)	0.72	0.65	0.67	0.68	0.68	0.68	0.68	0.68
Revenue	60,073,000	59,604,000	60,761,000	62,583,830	63,835,507	65,112,217	66,414,461	67,742,750
%	-8.4%	-10.0%	-9.1%	-9.1%	-9.1%	-9.1%	-9.1%	-9.1%

*Positive WC changes represents net cash outflow

Current Assets								
Inventories	5,931,000	5,119,000	5,177,000	5,628,707	5,741,282	5,856,107	5,973,229	6,092,694
Trade and other current receivables	7,056,000	5,775,000	6,011,000	6,535,320	6,666,026	6,799,347	6,935,333	7,074,040

Current Liabilities								
Trade & Other current liabilities	18,023,000	16,857,000	16,690,000	17,888,913	18,246,692	18,611,626	18,983,858	19,363,535

Terminal Year Working Capital Requirement	- 85,515.86
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Calculation of WACC - Unilever PLC

WACC RATE - CAPM MODEL		
Risk Free Rate (Rf)	A	4.66%
Market Risk Premium (Rm-Rf)	B1	5.13%
Unlevered Beta (β)		0.81
Relevered beta/Relative Risk of Asset Valued (β)	B2	2.34
Premium above risk free rate (Rm-Rf)*β	B=B1*B2	12.03%
Company Specific and General uncertainty risk		0.00%
Cost of Equity (Ke)	D	16.69%
Pre Tax Cost of debt		1.95%
Tax Rate		25.00%
Cost of Debt (Kd)		1.47%
D/E ratio		2.54
% of Equity		28%
% of Debt		72%
WACC		5.77%

10-year UK Gilt as at May 2025

(Interest expense/Debt)

Company Specific and General uncertainty risk

Size	Premium
Large companies USD 3,322m <	0.00%
Mid-cap companies USD 774m-USD 3,321m	1.04%
Low-cap companies USD 202m-USD 773m	1.75%
Micro-cap USD 201m <	3.47%

<https://www.business-valuation.net/small-cap-premium/>

<http://leeds-faculty.colorado.edu/bhagat/web/lbbo/costs.htm>

Capital Structure of the Company

In EUR Thousands

Capital	Amount	Percentage
Equity	22,555,000	28%
Debt	57,195,000	72%
Total	79,750,000	100%

Pre Tax Cost of Debt

<https://www.wallstreetprep.com/knowledge/cost-of-debt/>

Long term Growth rate

Year	2024	2025	2026	2027	2028	2029
UK Real GDP Growth rate	1.10%	1.10%	1.40%	1.50%	1.50%	1.40%
LTGR	1.38%					

<https://www.imf.org/en/Countries/GBR>