

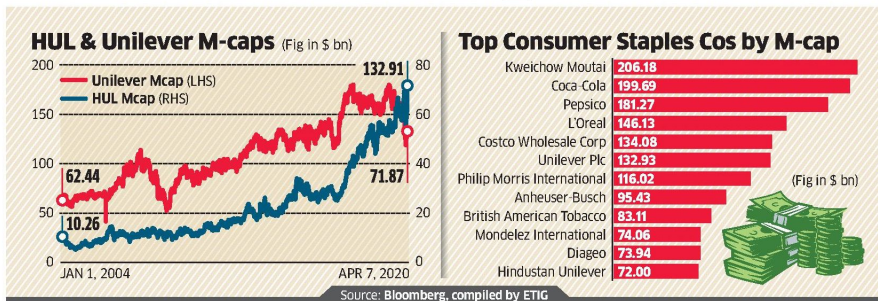
BENEFITS FROM GSK CONSUMER MERGER along with lower oil prices and ad spends likely to support profitability

HUL Enters Global Top-15 FMCG League

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ET Intelligence Group: A sharp rise in the stock price in 2020 so far has helped Hindustan Unilever (HUL) enter the list of top 15 global consumer staple stocks by market capitalisation as flight to safety prompts investors to scout for defensive bets. HUL, India's largest consumer company, has surpassed the market cap of global peers like Altria Group, Colgate-Palmolive and Reckitt Benckiser, according to data from Bloomberg.

At \$71 billion, HUL's market capitalisation is more than half of its parent Unilever's market value. Their market cap ratio of 0.54



is at a record high. HUL's stock has gained 33% since the beginning of the current year, making it the second-best performer

in the category globally. China's Muyuan Foodstuff. With a trailing price-earnings (P/E) ratio of 90, HUL is the most richly-valued

stock in the category globally. Based on one-year forward earnings, the stock trades at a record 258% and 384% premium to the PEs

of its parent and that of the Nifty 50, respectively.

In the current lockdown, volume of consumer staple companies with higher rural contribution remains least impacted. Credit Suisse in a report on the consumer sector said no company is immune from lockdown but Nestle, HUL, Godrej Consumer and Dabur are relatively better placed. The domestic mutual funds increased their holding in HUL to 2.6% in December 2019 from 1.9% a year ago after the company's superior earnings growth over the Nifty 50 earnings. In the medium term, synergy benefit from GSK Consumer merger, lower crude oil prices and lower ad spends may support HUL's profitability.