

# VF Invest

## The Unilever Stock: A Good Time to Buy More?

Dividend stocks like Unilever have not been a primary focus for investors in recent years. Growth-driven technology stocks such as Apple, Nvidia, and Alphabet dominated the markets. However, the tide is turning, and dividend stocks are once again gaining more attention.

### The Return of Dividend Stocks

In recent years, dividend stocks have faced challenges. The COVID-19 pandemic and the subsequent economic recovery led to a strong rally in tech stocks, while stable dividend payers like Unilever received less attention. Additionally, bonds became an attractive alternative due to rising interest rates. With yields of up to six percent, fixed-income securities seemed like a safer choice for many investors. Dividend yields of three to four percent, typical of many dividend ETFs or stocks from established companies like Unilever, couldn't compete with these guaranteed returns. However, the macroeconomic environment is changing, and with it, the appeal of dividend stocks is rising again.

### Falling Interest Rates, More Attractive Dividends

The situation has shifted with central banks, particularly the U.S. Federal Reserve, deciding to lower interest rates or at least signaling the possibility. Declining interest rates make fixed-income bonds less attractive as their yields decrease. Investors who rely on stable returns are therefore increasingly turning their attention to dividend stocks. Unilever is a prime example of a company that could benefit from this trend. The consumer goods giant, with globally recognized brands such as Dove, Knorr, Omo, and Magnum, has repeatedly demonstrated its ability to deliver solid results even in challenging market environments. With a diverse product portfolio focused on everyday consumer goods, Unilever remains relevant in both good and bad times.

### Current Business Development

Unilever has delivered solid results over the past few quarters. In the second quarter of 2024, the company recorded a seven percent revenue growth, which the stock market rewarded. Unilever benefits from strong demand in emerging markets and a robust business model centered on proven everyday products. Additionally, Unilever has improved its profitability through efficiency gains on the cost side. This is reflected in the continued strength of its dividend payments.

### The Right Time to Buy More

Unilever has been paying stable dividends for years and maintains a strong balance sheet, enabling the company to make payouts even during challenging times. With a diversified product portfolio and global presence, Unilever is well-positioned to benefit from global growth trends. As central banks lower interest rates, dividend stocks are becoming increasingly attractive compared to bonds. Unilever stands to benefit from this trend and could see further stock price gains. Recent business figures indicate that Unilever remains profitable and continues to increase its revenue growth.

**Our conclusion:** With interest rates expected to continue falling and bonds losing their appeal, dividend stocks like Unilever are once again coming into focus. Over 20 percent of the current return already comes from dividend payments, and this share is set to increase further. Stability and solid growth—a very healthy combination. We're buying more!

## Stock Check

Profit Growth:	Rising again after weaker years	+ -
Debt:	Reasonable debt levels	+
P/E Ratio Evaluation:	Fairly valued	+ -
Industry Outlook:	Strong, particularly in emerging markets	+
Technical Analysis:	Steep upward trend since April	+
Market Leader:	No	-
Management Quality:	Bold and forward-looking, we like it	+
Dividend Yield:	Good	+
Business Model:	Necessary adjustments have been made	+
Insider Buys/Sells:	No notable activity	+

## Unilever in USD (5 years)



**Unilever** <https://www.unilever.com/investors/>

ISIN	GB00B10RZP78
Current Price	39.85 CHF
Market Capitalization	121.2 billion GBP
Earnings Growth 2023 to 2026e	52.6%
Dividend 2024e	1.76 GBP
Dividend Yield 2024e	3.6%
Earnings Per Share 2024e	2.92 GBP
P/E Ratio 2024e	16.6

### Buy-Order

ISIN	GB00B10RZP78
Transaction	Buy
Exchange	NYSE / LSE
Quantity	16
Current Price	\$63.10 / 48.49 GBP
Buy-Limit	\$65 / 50 GBP