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Earnings Presentation 4QFY17

31th May 2017

Forward Looking Statements

This presentation contains forward-looking statements that are based on management's current expectations and assumptions. Forward-looking statements include predictions of future results or activities and may contain the words "expects," "believes," "should," "will," "anticipates," "projects," "estimates," "implies," "can," or words or phrases of similar meaning. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. Our predictions could be affected by a variety of factors, including: competitive dynamics and the markets for our products, including new product introductions, advertising activities, pricing actions and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets; changes in capital structure; changes in laws and regulations, including labeling and advertising regulations; impairments in the carrying value of intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of significant accounting estimates; product quality and safety issues, including recalls and product liability; changes in consumer demand for our products; effectiveness of advertising, marketing and promotional programs; changes in consumer behavior, trends and preferences, including weight loss trends; consumer perception of health-related issues; consolidation in the retail environment; changes in purchasing and inventory levels of significant customers; fluctuations in the cost and availability of supply chain resources, including raw materials, packaging and energy; disruptions or inefficiencies in the supply chain; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure or breach of our information technology systems; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war.

The company undertakes no obligation to publicly revise any forward-looking statements to reflect any future events or circumstances.

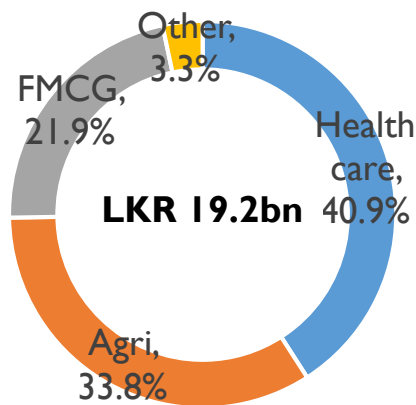
The background is a solid blue color with several overlapping, wavy, ribbon-like shapes in a slightly darker shade of blue. These shapes flow from the left side towards the right, creating a sense of movement and depth. The overall aesthetic is clean and modern.

Group Performance

Group at a Glance – FY17 [Apr–Mar]

- **LKR 19.2bn** in Revenue; +10.3% YoY
- **LKR 1.6bn** PAT; +33.1% YoY
- PATMI of **LKR 572m**; -2.5% YoY

Revenue- FY17

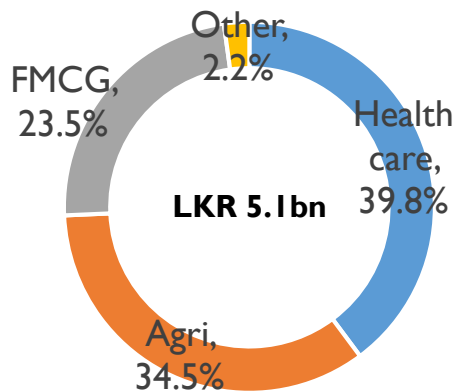


- Healthcare revenue; **LKR 7.9bn**; +9.8% YoY
- Agri revenue; **LKR 6.5bn**; +3.2% YoY.
 - 10.6m kg of palm oil, +18.2% YoY.
 - 7.4m kg of tea produced, -21.2% YoY.
- FMCG revenue; **LKR 4.2bn**; +22.5%YoY
 - 3.95m kg of branded tea sold; +7.7% YoY

Group at a Glance – 4QFY17 [Jan-Mar]

- **LKR 5.1bn** in Revenue; +10.8% YoY
- **LKR 283m** PAT; +68.0% YoY
- PATMI of **LKR 1256m**; +61.1% YoY

Revenue- 4QFY17



- Healthcare revenue; **LKR 2.0bn**; +7.7% YoY
- Agri revenue; **LKR 1.8bn**; +4.8% YoY.
 - 2.2m kg of palm oil, +14.6% YoY.
 - 1.6m kg of tea produced, -30.1% YoY.
- FMCG revenue; **LKR 1.2bn**; +30.6%YoY
 - 1,062k kg of branded tea sold; +6.5% YoY

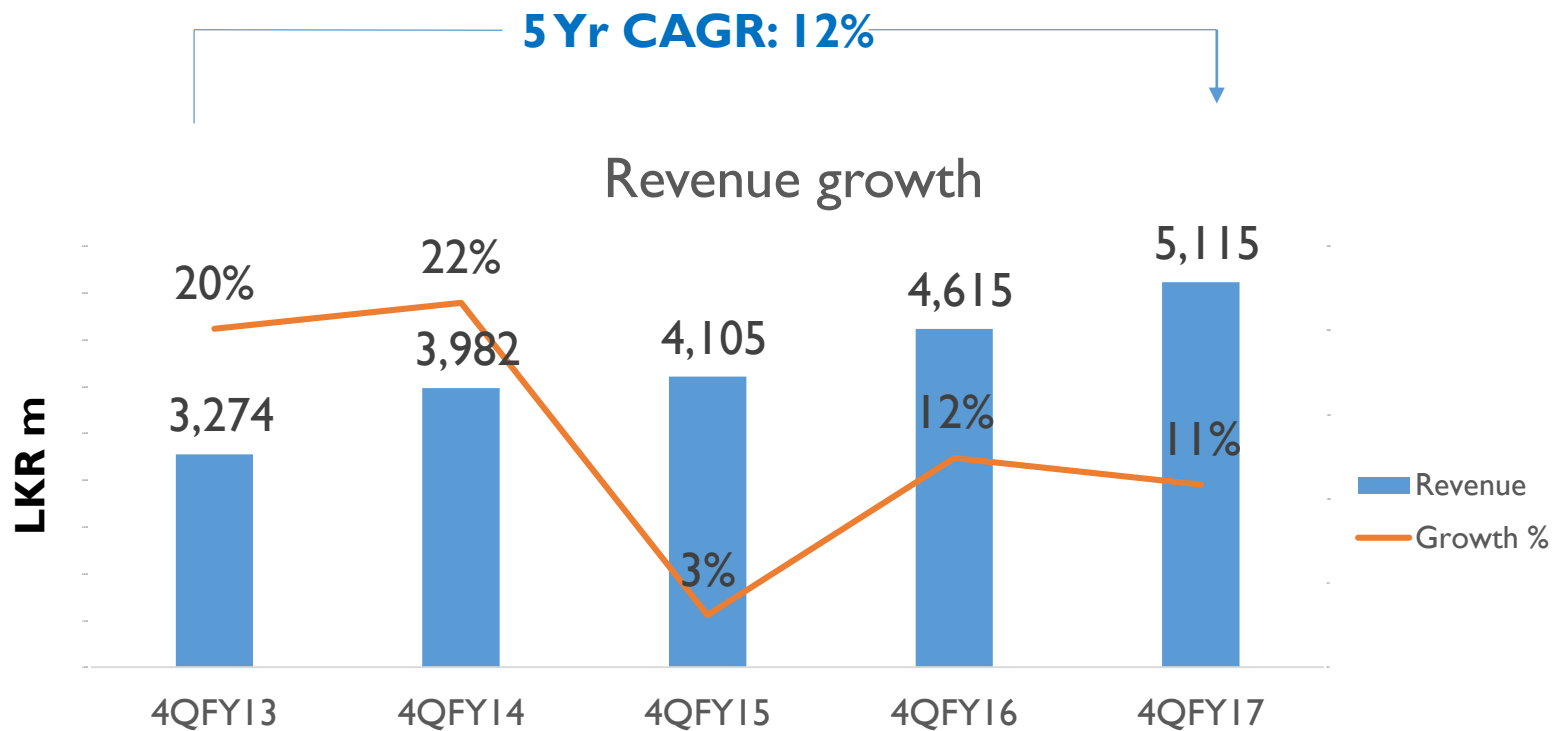
Group Financial Highlights

LKRm	Growth			4Q		Growth
	FY17	FY16	%	FY17	FY16	
Revenue	19,217	17,422	10.3	5,115	4,615	10.8
EBIT	2,098	1,661	26.3	433	273	58.9
<i>EBIT Margin</i>	<i>10.9%</i>	<i>9.5%</i>		<i>8.5%</i>	<i>5.9%</i>	
Profit for the period	1,621	1,218	33.1	283	169	68.0
<i>PAT Margin</i>	<i>8.4%</i>	<i>7.0%</i>		<i>5.5%</i>	<i>3.7%</i>	
Normalized PAT*	1,816	1,218	49.2	355	169	110.7
<u>Profit Attributable to</u>						
Equity owners	572	587	(2.5)	126	78	61.1
EPS (LKR)	4.23	4.34	(2.5)	0.92	0.57	60.9

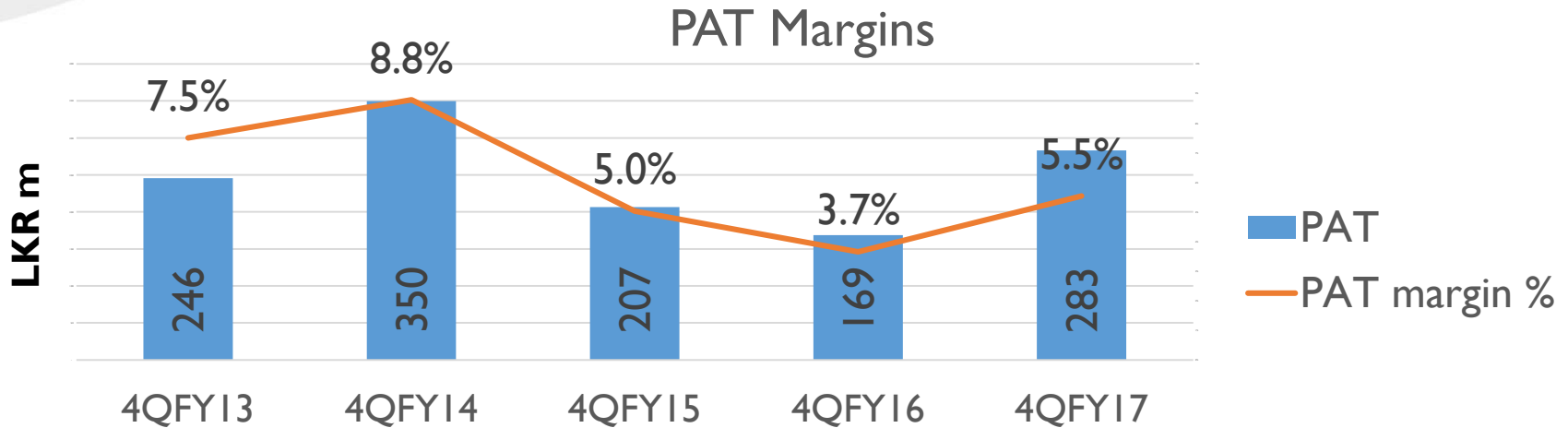
*Adjusted for one off impact from drug price control

4Q Revenue Growth Trend

- 5 Year CAGR of 12%



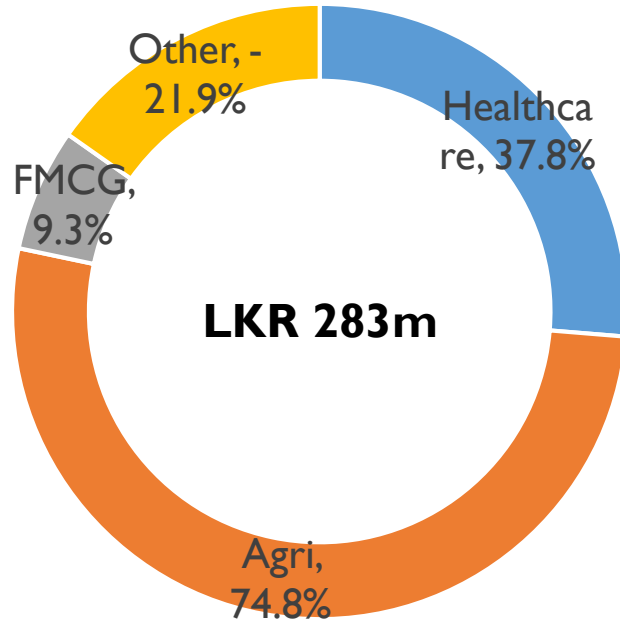
4Q Profitability



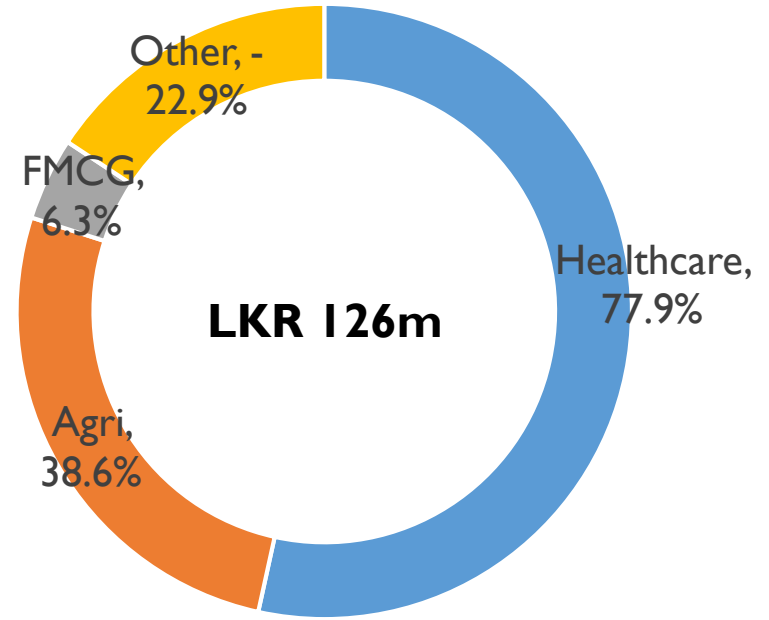
- Profits grew despite challenging externalities
- Healthcare margins affected by price control but 4Q is better cf. 3Q
- FMCG margins contracted due to high tea prices in 2H
- However, Agri margins grew as a result of rising tea prices and firm Palm Oil prices

Earnings Contribution

PAT- 4QFY17



PAT- 4QFY17



- Lower impact of Agri sector at PATMI level. Effecting holding is 25%.

*Other includes= Packaging + Power + Inter company dividend + Interest income

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Segment Performance

4Q FY17

Healthcare

LKRm	Growth			4Q		Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	7,863	7,161	9.8	2,037	1,891	7.7
EBIT	343	514	(33.2)	151	114	31.8
<i>EBIT Margin</i>	<i>4.4%</i>	<i>7.2%</i>		<i>7.4%</i>	<i>6.1%</i>	
PAT	198	327	(39.6)	107	63	69.3
<i>PAT Margin</i>	<i>2.5%</i>	<i>4.6%</i>		<i>5.3%</i>	<i>3.3%</i>	
Normalized PAT*	393	327	20.0	179	63	183.1

*Adjusted for one off impact from drug price control

Highlights

- FY17 Revenue growth of 9.8% YoY: Pharma revenue affected by price control grew at 6% and Retail grew at 34% YoY
- Other Segments growth: FY17 Surgical (+16% YoY), Diagnostics (+5% YoY), Wellness (+17% YoY)
- Margins affected significantly by price control, with a one-time stock loss in 2HFY17
- Strong recovery in 4Q performance

Healthcare Retail



23

Outlets existing
outlets in Colombo,
including 11 express
outlets

Highlights

- Continued focus on Beauty and Wellness sales helped margin expansion
- Thimbirigasyaya store opened in 4Q
- Flagship store at Dharmapala Mw expanded
- Consumer spending remains sluggish

FMCG

LKRm	Growth			4Q		Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	4,213	3,440	22.5	1,202	920	30.6
EBIT	303	469	(35.4)	22	88	(75.1)
<i>EBIT Margin</i>	<i>7.2%</i>	<i>13.6%</i>		<i>1.8%</i>	<i>9.5%</i>	
PAT	275	423	(34.9)	26	80	(67.0)
<i>PAT Margin</i>	<i>6.5%</i>	<i>12.3%</i>		<i>2.2%</i>	<i>8.7%</i>	

Highlights

- FY17 Revenue growth driven by branded tea sales in Domestic markets (+11% YoY) and expansion of International Sales (+220% YoY).
- FY17 Branded tea volumes grew at 8% with WTCL maintained volume and value leadership in SL [Value 35.1% and Volume 35.1% in 4FY17] (Nielson).
- Contraction in EBIT margin due to high tea prices.

Agri

LKRm	Growth			4Q		Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	6,502	6,299	3.2	1,764	1,684	4.8
EBIT	1,494	669	123.3	311	103	n/a
<i>EBIT Margin</i>	<i>23.0%</i>	<i>10.6%</i>		<i>17.6%</i>	<i>6.1%</i>	
PAT	1,226	518	136.7	212	79	n/a
<i>PAT Margin</i>	<i>18.9%</i>	<i>8.2%</i>		<i>12.0%</i>	<i>4.7%</i>	

Highlights

- Revenue growth in line with strategy of focusing on quality v/s quantity in tea
- Palm Oil segment continues to do well with crop growth of 18% in FY17 and firm prices
- Rising tea prices helped the subsector to achieve a profit of LKR 6m cf. loss of LKR314m in last year
- Dairy Farm construction nearing completion. 400 milking cows were imported from New Zealand

Other

Energy

- Revenue of **LKR 89m** for FY17 against LKR 120m last year due to change in weather patterns
- LKR **-35m** loss for FY17 against LKR 32m PAT last year
- Upper Waltrim commissioned in Oct 2016
- Elgin Plant under construction

Packaging

- The packaging division reported revenues of **LKR 326m**, down 10% YoY in FY17
- High tea prices affected tea can segment sales.
- PAT of LKR **3m** in against LKR 16m last year.



Outlook

Outlook for 1Q FY18

Healthcare

- Focus on volume growth in Pharma, despite margin challenges
- Focus on medical devices
- More Beauty and Wellness sales in Healthguard

FMCG

- Margin lower due to high tea prices
- Continue investments in brands

Agri

- Tea prices likely to be firm
- Focus on quality teas and crop
- OP Crop growth in focus, decrease in selling price
- Feed cost will increase in 1Q

Energy

- Higher rainfall in catchment area in 1Q
- Construction of Elgin plant (2.4MW capacity) underway

Thank you

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<http://www.sunshineholdings.lk/investor%20relations/index.php>

Additional data for analysts

LKR m	1Q FY14	2Q FY14	3Q FY14	4Q FY14	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17
Revenue	3,473	3,498	3,743	3,982	3,984	4,166	4,072	4,105	4,179	4,341	4,288	4,615	4,621	5,056	4,425	5,115
PAT	125	236	415	350	326	225	289	207	314	344	391	169	408	527	403	283
PATMI	65	176	187	170	147	158	104	76	162	171	175	78	207	227	13	126

Volumes	1Q FY14	2Q FY14	3Q FY14	4Q FY14	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY16	1Q FY17	2Q FY17	3Q FY17	4Q FY17
Branded Tea (kg '000)	615	696	769	708	648	838	809	863	703	948	1,016	997	798	1100	987	1.062
Tea (kg 'mn)	2.4	1.9	2.9	2.7	3.4	1.9	2.6	2.5	2.6	2.1	2.5	2.2	2.48	1.39	2.00	1.55
Palm Oil (kg 'mn)	2.1	2.3	2.1	1.6	2.1	2.5	2.3	1.9	2.8	2.5	1.8	1.9	2.70	3.36	2.40	2.20