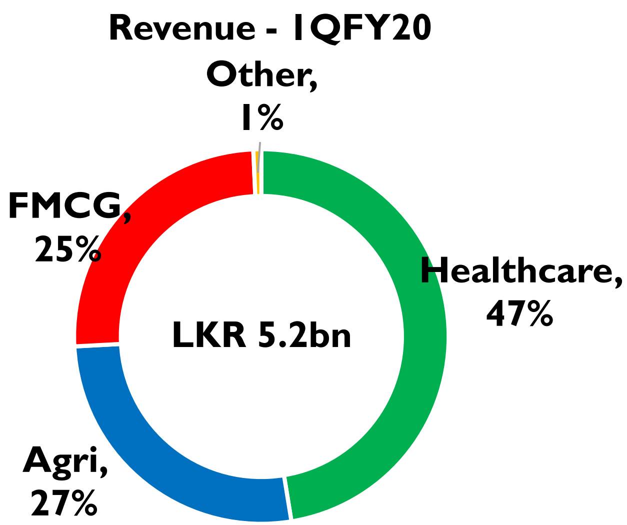
Earnings Presentation 1QFY20

06th August, 2019

Group Performance

Group at a Glance – 1QFY20 [Apr-Jun] Reported

- **LKR 5.2bn** in Revenue; -6.5YoY
- **LKR 573m** PAT; +67.9YoY
- PATMI of **LKR 333m;** +75.7% YoY

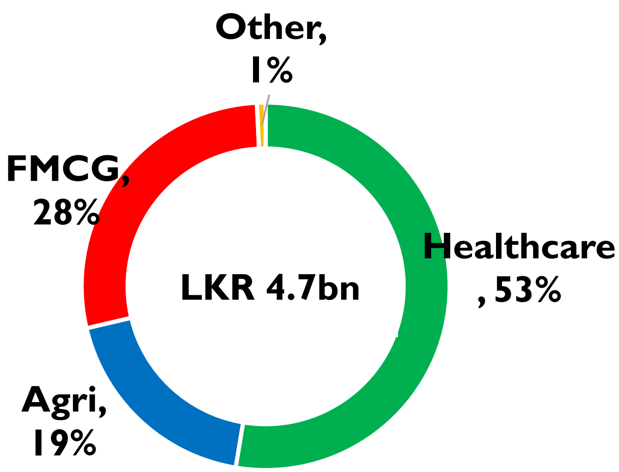


- Healthcare revenue; **LKR 2.4bn**; +10.5% YoY
- Agri revenue; **LKR 1.4bn**; -24.5% YoY
  - 3.3m kg of palm oil, +28.0% YoY
  - Strategic exit from tea plantation business
- FMCG revenue; **LKR 1.3bn**; -5.8%YoY
  - 1,043 k kg of branded tea sold; +1.6%YoY

Group at a Glance – 1QFY20 [Apr-Jun]
Adjusted for HPL Divestment

- **LKR 4.7bn** in Revenue; +6.7YoY
- **LKR 291m** PAT; +1.6YoY

Revenue - 1QFY20



- Healthcare revenue; **LKR 2.4bn**; +10.5% YoY
- Agri revenue; **LKR 0.9bn**; +30.7% YoY
  - 3.3m kg of palm oil, +28.0% YoY
  - Strategic exit from tea plantation business
- FMCG revenue; **LKR 1.3bn**; -5.8%YoY
  - 1,043 k kg of branded tea sold; +1.6%YoY

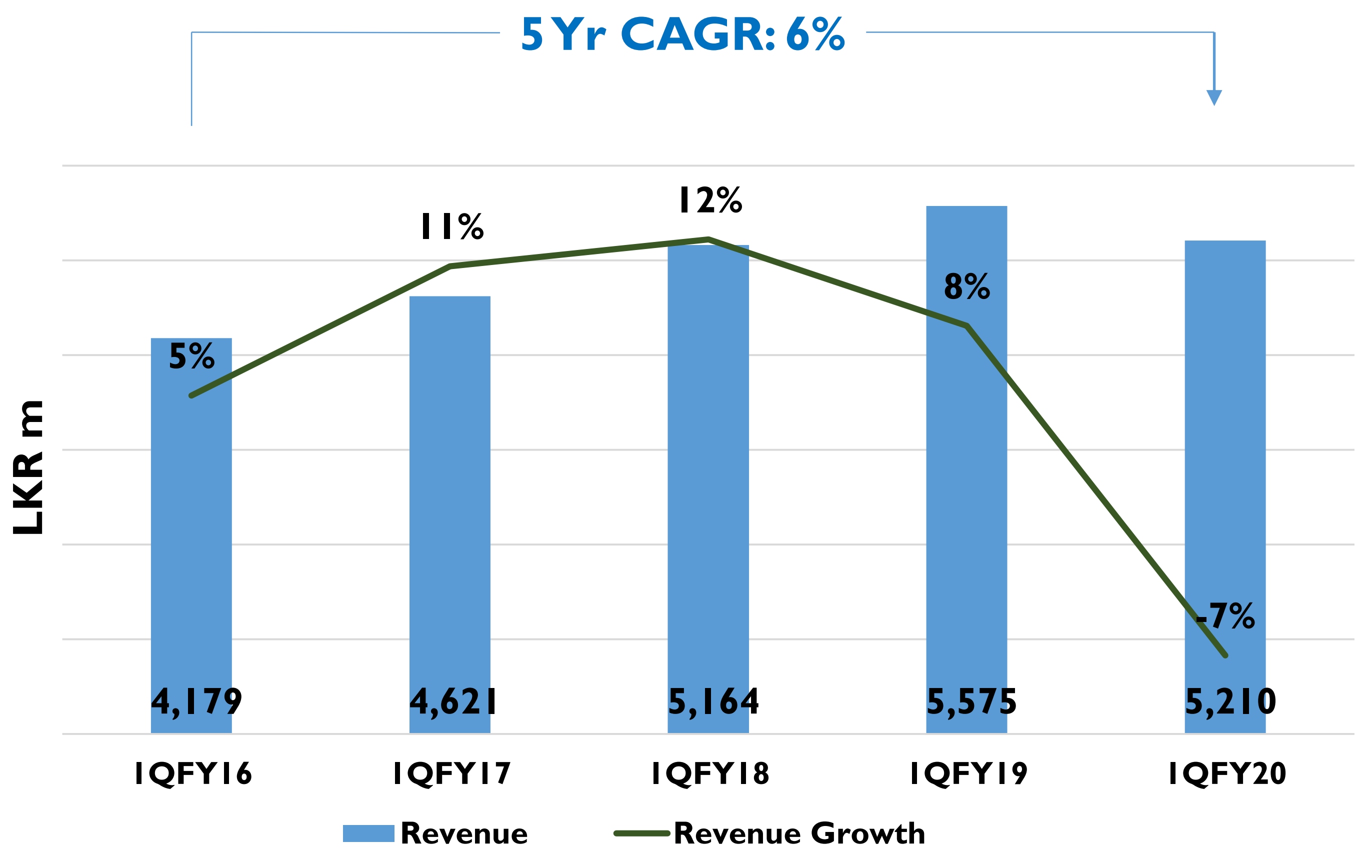
Group Financial Highlights

LKR m	Reported			Excluding HPL		
	1Q FY20	1Q FY19	Growth %	1Q FY20	1Q FY19	Growth %
Revenue	5,210	5,575	-6.5%	4,698	4,404	6.7%
EBIT	911	599	52.1%	962	523	84.0%
EBIT Margin	*17.5%*	*10.7%*		*20.5%*	*11.9%*	
PAT	**573**	**341**	**67.9%**	**634**	**287**	**121.1%**
PAT Margin	*11.0%*	*6.1%*		*13.5%*	*6.5%*	
PATMI	**333**	**190**	**75.7%**			
EPS (LKR)	2.28	1.39	64.2%			
Adj. PAT*	**230**	**341**	**-32.6%**	**291**	**287**	**1.6%**

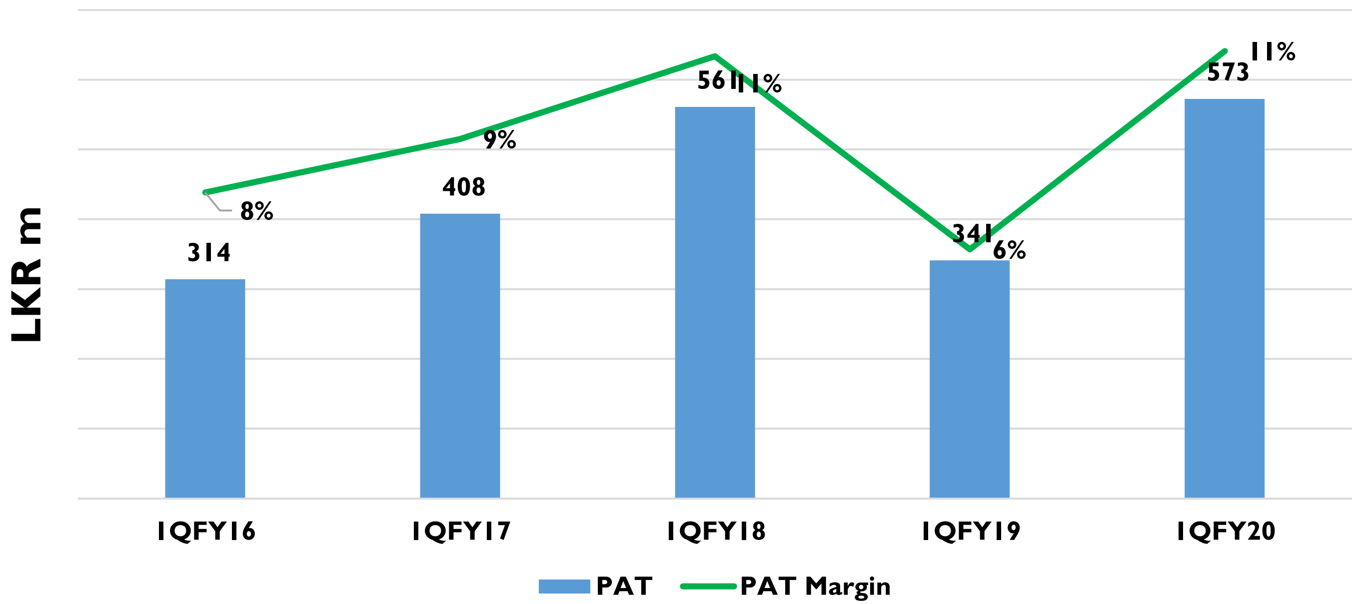
* One off gain of LKR343m related to sale of Hatton Plantation PLC removed

1Q Revenue Growth Trend

- 5 Year CAGR of 6%



1Q Profitability



- Net profit of LKR 573m compared to a profit of LKR321m last year due to;
  - Improved performance in the healthcare and Agri sectors
  - One off gain from the sale of Hatton Plantation PLC -LKR343m
- Agri margins increased due to higher sales volumes
- Healthcare margin increased was driven by growth in medical devices division
- FMCG margins contracted due to higher advertising and promotion expenses

Segment Performance

Healthcare

LKR m	1Q FY20	1Q FY19	Growth %
Revenue	2,471	2,236	10.5%
EBIT	230	148	55.6%
EBIT Margin	*9.3%*	*6.6%*	
PAT	**141**	**87**	**60.8%**
PAT Margin	*5.7%*	*3.9%*	

Highlights

- 1QFY20 Revenue up by 10.5% YoY due to higher sales volume in Medical devices sub-sector despite the footfall degrowth in Retail sub-sector
- EBIT margin increased in 1QFY19 due to;
    - Increase in sales volumes and price
    - Appreciation of LKR resulting in higher gross margins

Healthcare Retail

Healthguard pharmacy wellness beauty

22 Outlets existing outlets in Colombo, including 11 express outlets

Highlights

- Degrowth is EBIT margin due to lower foot fall
- Revenue impact was significant in mall centric express stores
- Consumer Curtailed spending on non-essentials
- Improve operational efficiency
- Improve online presence

FMCG

LKR m	1Q FY20	1Q FY19	Growth %
Revenue	1,311	1,391	-5.8%
EBIT	85	132	-35.6%
EBIT Margin	*6.5%*	*9.5%*	
PAT	**58**	**90**	**-36.0%**
PAT Margin	*4.4%*	*6.5%*	

Highlights

- 1QFY20 Revenue contracted due to lower consumer buying power and Easter Sunday attack creating operational and market disturbance
- EBIT margin down due to higher advertising and promotion investment during the quarter, coupled with lower sales

Agri

LKR m	1Q FY20	1Q FY19	Growth %
Revenue	880	673	30.7%
EBIT	365	210	73.4%
EBIT Margin	*41.5%*	*31.3%*	
PAT	**260**	**150**	73.7%
PAT Margin	*29.6%*	*22.2%*	

Excluding Tea plantation business

Highlights

- Revenue increased by 30.7% YoY due palm oil sector yield curve shift and improvements made to the fertilizer regime
- Palm oil duty increased by Rs 25/- with effective from 12th July 2019
- Current herd in the Dairy Farm established at 1,380 animals, of which 813 are milking

Energy

LKR m	1Q FY20	1Q FY19	Growth %
Revenue	26	92	-72.2%
EBIT	(22)	55	-139.1%
EBIT Margin	*-84.4%*	*59.9%*	
PAT	**(42)**	**44**	**-195.7%**
PAT Margin	*-165.4%*	*48.0%*	

Highlights

- Revenue decrease by 72.2% YoY due to lower rain falls in the catchment areas and the plant maintenance
- Rooftop solar projects in Sunshine Healthcare Mattakkuliya and Sunshine Packaging Rathmalana is commissioned in July and connected to the grid.
- $2m raised for solar projects for a 30% stake in the company

Q&A