



sunshine

Earnings Presentation 2QFY20

14th November, 2019

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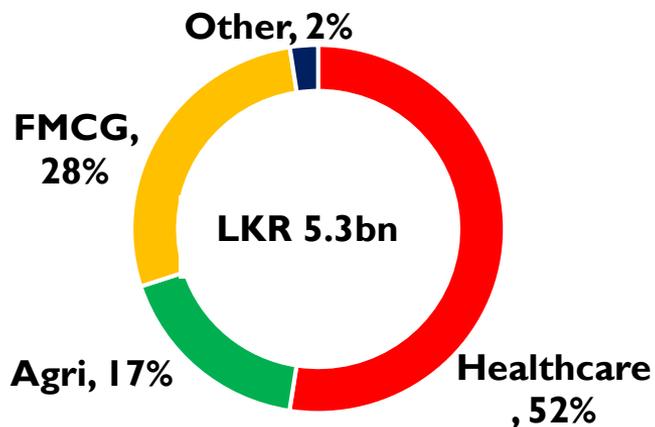
Group Performance

Group at a Glance – 2QFY20 [Jul-Sep]

Reported

- **LKR 5.3bn** in Revenue; +0.7 YoY
- **LKR 657m** PAT; +48.5% YoY
- PATMI of **LKR 398**; +70.0% YoY

Revenue - 2QFY20



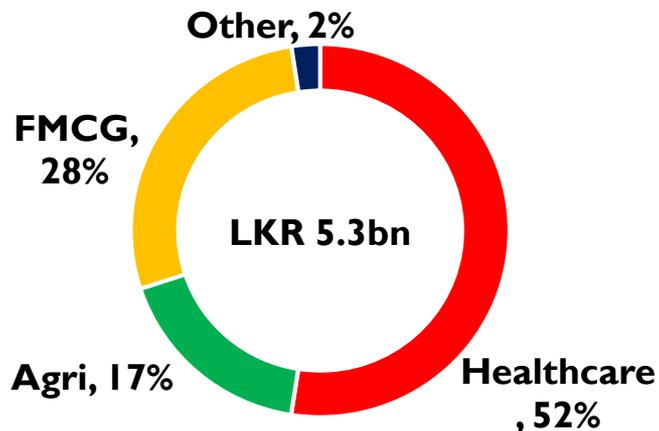
- Healthcare revenue; **LKR 2.8bn**; +28.2% YoY
- Agri revenue; **LKR 0.9bn**; -42.6% YoY
 - 3.8m kg of palm oil, +3.0% YoY
- FMCG revenue; **LKR 1.5bn**; +6.8% YoY
 - 1,175 k kg of branded tea sold; +8.3% YoY

Group at a Glance – 2QFY20 [Jul-Sep]

Adjusted for HPL Divestment

- **LKR 5.3bn** in Revenue; +17.4 YoY
- **LKR 657m** PAT; +26.0% YoY

Revenue - 2QFY20



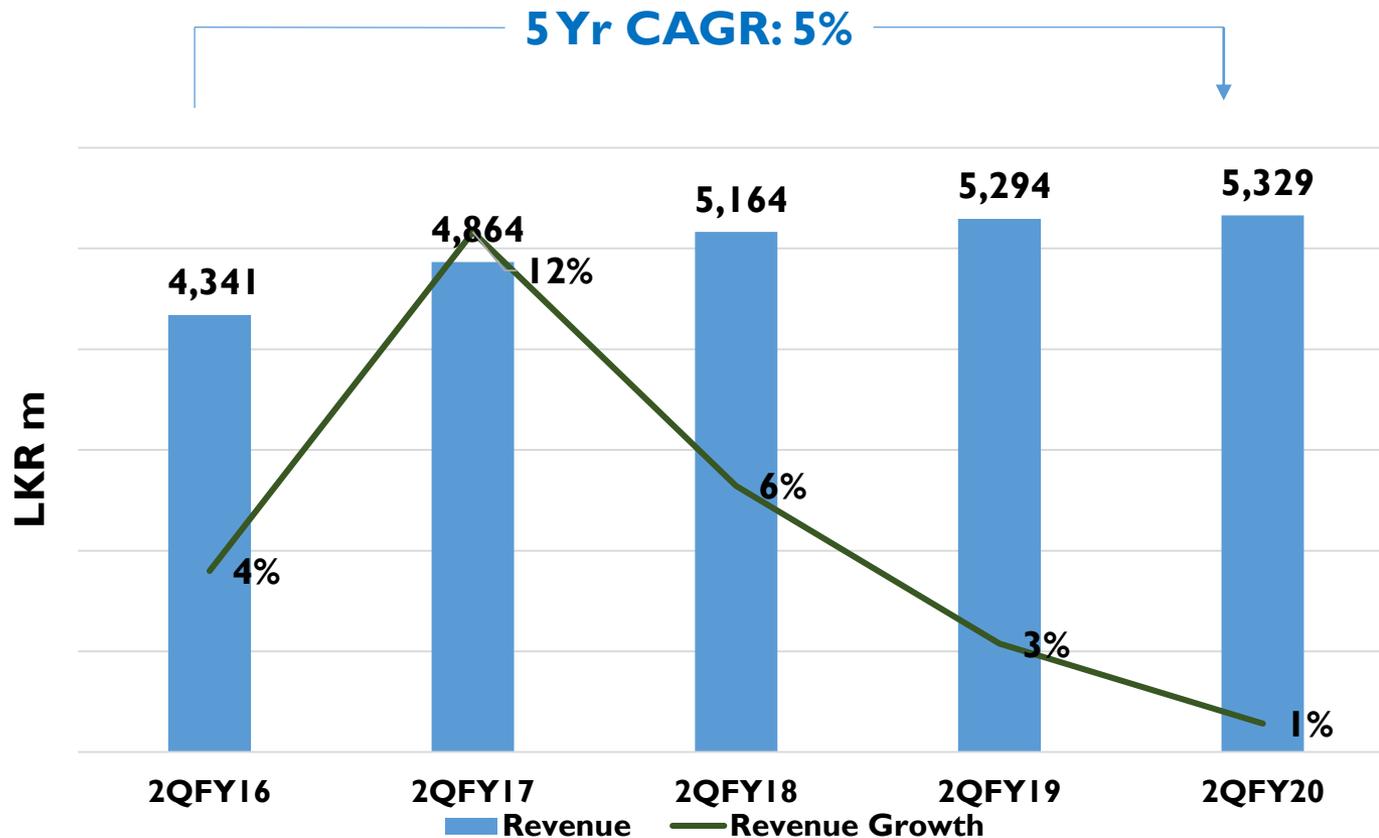
- Healthcare revenue; **LKR 2.8bn**; +28.2% YoY
- Agri revenue; **LKR 0.9bn**; +7.5% YoY
 - 3.8m kg of palm oil, +3.0% YoY
- FMCG revenue; **LKR 1.5bn**; +6.8% YoY
 - 1,175 k kg of branded tea sold; +8.3% YoY

Group Financial Highlights

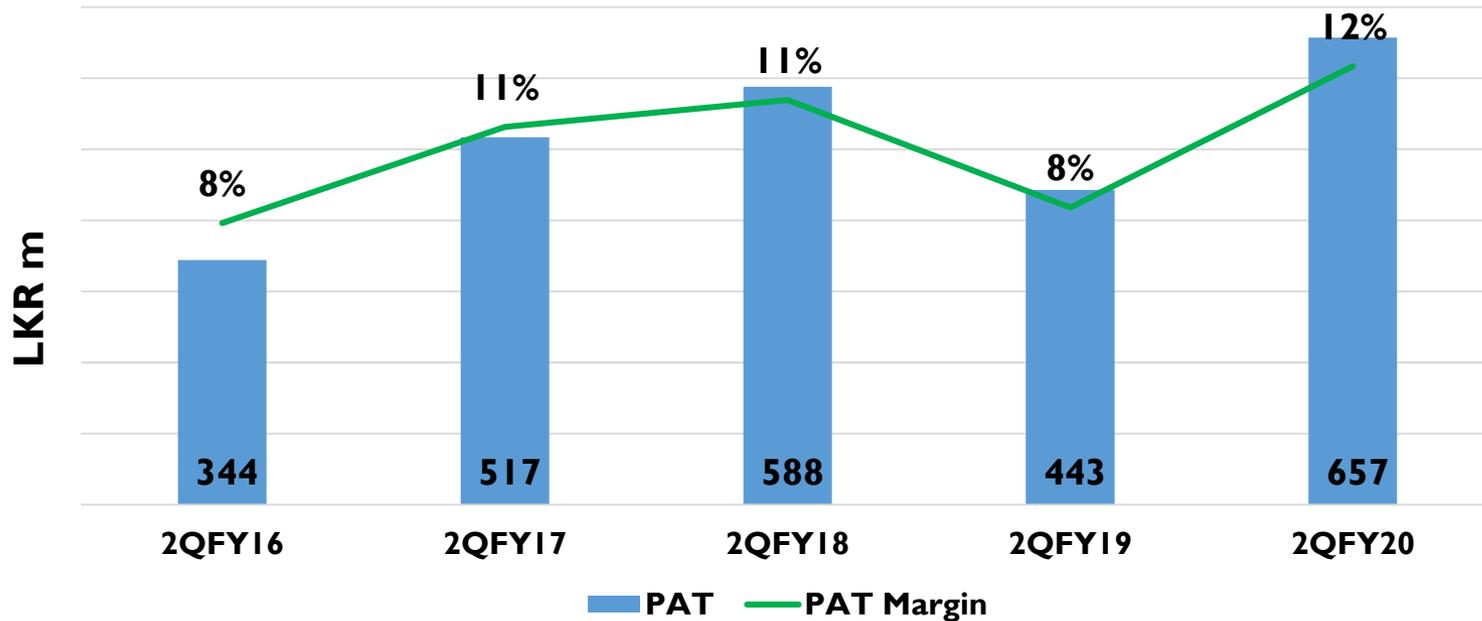
LKR m	1H FY20	1H FY19	Growth %	2Q FY20	2Q FY19	Growth %
Revenue	10,539	10,868	-3.0%	5,329	5,294	0.7%
EBIT	1,848	1,281	44.3%	937	682	37.4%
<i>EBIT Margin</i>	<i>17.5%</i>	<i>11.8%</i>		<i>17.6%</i>	<i>12.9%</i>	
PAT	1,230	784	56.9%	657	443	48.5%
<i>PAT Margin</i>	<i>11.7%</i>	<i>7.2%</i>		<i>12.3%</i>	<i>8.4%</i>	
PATMI	731	424	72.5%	398	234	70.0%
EPS (LKR)	4.89	3.02	62.1%	2.61	1.63	60.4%

2Q Revenue Growth Trend

- 5 Year CAGR of 5%



2Q Profitability



- Net profit of LKR 657m compared to a profit of LKR443m 2Q last year due to;
 - Higher performance improve in the Healthcare sector
 - Improved performance in the Palm oil segment
- Healthcare recoded an increase in margins due to volume growth, price increase
- FMCG margins decreased due to higher advertising and promotion investment

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Segment Performance

Healthcare



LKR m	1H FY20	1H FY19	Growth %	2Q FY20	2Q FY19	Growth %
Revenue	5,267	4,417	19.2%	2,796	2,181	28.2%
EBIT	452	237	90.5%	222	90	147.8%
<i>EBIT Margin</i>	<i>8.6%</i>	<i>5.4%</i>		<i>7.9%</i>	<i>4.1%</i>	
PAT	273	154	77.5%	132	66	99.5%
<i>PAT Margin</i>	<i>5.2%</i>	<i>3.5%</i>		<i>4.7%</i>	<i>3.0%</i>	

Highlights

- 2QFY20 Revenue up by 28.2% YoY due to higher sales volume in Medical devices and Pharma sub-sector
- EBIT margin increased in 2QFY20 due to;
 - Increase in sales volumes and price
 - Stable LKR resulting in improved gross margins

Healthcare Retail



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Outlets existing
outlets in Colombo,
including 11 express
outlets

Highlights

- Contraction in EBIT margin due to lower foot fall
- 2Q revenue growth indicating a strong recovery after Easter Sunday incident
- Consumer Curtailed spending on non-essentials
- Improve operational efficiency
- Improve online presence

FMCG

LKR m	1H FY20	1H FY19	Growth %	2Q FY20	2Q FY19	Growth %
Revenue	2,782	2,769	0.5%	1,472	1,378	6.8%
EBIT	286	346	-17.3%	201	214	-6.0%
<i>EBIT Margin</i>	<i>10.3%</i>	<i>12.5%</i>		<i>13.7%</i>	<i>15.5%</i>	
PAT	199	236	-15.9%	141	146	-3.4%
<i>PAT Margin</i>	<i>7.1%</i>	<i>8.5%</i>		<i>9.6%</i>	<i>10.6%</i>	

Highlights

- 2QFY20 Revenue increase due to Re-launching of brands and higher sales promotions
- EBIT margin down due to higher advertising and promotion investment and increase in tea prices

LKR m	1H FY20	1H FY19	Growth %	2Q FY20	2Q FY19	Growth %
Revenue	1,812	1,540	17.6%	932	867	7.5%
EBIT	819	628	30.4%	454	418	8.8%
<i>EBIT Margin</i>	<i>45.2%</i>	<i>40.8%</i>		<i>48.7%</i>	<i>48.2%</i>	
PAT	603	478	26.1%	342	328	4.4%
<i>PAT Margin</i>	<i>33.3%</i>	<i>31.0%</i>		<i>36.7%</i>	<i>37.8%</i>	

Excluding Tea plantation business

Highlights

- Revenue increased by 7.5% YoY due higher yield in palm oil sector and improvements made to the fertilizer regime
- Current herd in the Dairy Farm established at 1,472 animals, of which 853 are milking

Energy

LKR m	1H FY20	1H FY19	Growth %	2Q FY20	2Q FY19	Growth %
Revenue	100	197	-49.4%	74	105	-29.4%
EBIT	(2)	121	-101.5%	20	66	-69.9%
<i>EBIT Margin</i>	<i>-1.8%</i>	<i>61.4%</i>		<i>26.7%</i>	<i>62.8%</i>	
PAT	(37)	102	-136.1%	5	58	-90.5%
<i>PAT Margin</i>	<i>-36.9%</i>	<i>51.8%</i>		<i>7.4%</i>	<i>55.2%</i>	

Highlights

- Revenue decrease by 29.4% YoY due to lower rain falls in the catchment areas and the plant maintenance
- EBIT margin decreased YoY due to lower revenue recoded during the period

Additional data for analysts

LKR m	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20
Revenue	4,341	4,288	4,615	4,621	4,864	4,425	5,115	5,164	5,128	5,235	5,618	5,575	5,294	5,792	5,935	5,210	5,329
PAT	344	391	169	408	517	403	283	561	465	489	166	341	443	505	-163	573	657
PATMI	171	175	78	207	227	13	126	244	286	160	153	190	234	276	-147	333	398

Volumes	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20
Branded Tea (kg '000)	948	1,016	997	798	1,100	987	1,062	950	1,085	1,178	1,181	1,026	1,085	1,222	1,147	1,043	1,175
Palm Oil (kg 'mn)	2.5	1.8	1.9	2.7	3.4	2.4	2.2	3.0	3.2	2.3	2.3	2.5	3.7	2.7	2.9	3.3	3.8



Outlook

Outlook for 3Q FY20

Healthcare

- Launch new products
- Strong growth in Medical devices
- Price changes of all pharmaceutical products are under the supervision of NMRA
- Opening of Healthguard store at One Galle face mall

FMCG

- Continue to invest in Brands
- Tea price increase expected for 3Q
- Opening of Zesta tea boutique store at One Galle face mall

Agri

- Crop to increase with the yield curve shift
- RSPO audit complete. Certificate expected in 4Q
- Increase in milk selling price at dairy farm

Energy

- All 3 hydro power plants operate at optimum level
- Expanding into Solar power

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.

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