



sunshine

Earnings Presentation 3QFY20

13th February, 2020

The background is a solid blue color with several white, wavy, ribbon-like shapes that flow from the left side towards the right. These shapes vary in thickness and curvature, creating a sense of movement and depth.

Group Performance

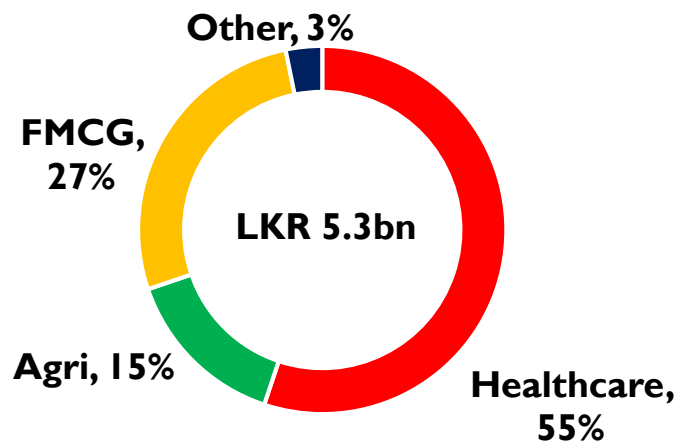
Group at a Glance – 3QFY20 [Oct-Dec]



Reported

- **LKR 5.3bn** in Revenue; -8.4YoY
- **LKR 470m** PAT; -6.2% YoY
- PATMI of **LKR 287**; +5.0% YoY

Revenue - 3QFY20



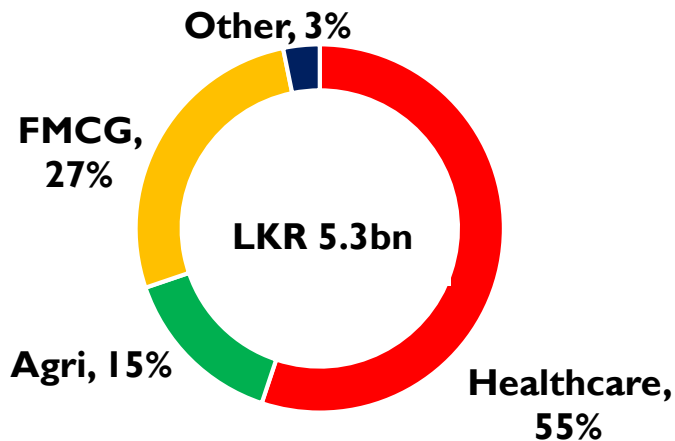
- Healthcare revenue; **LKR 2.9bn**; +22.8% YoY
- Agri revenue; **LKR 0.8bn**; -54.7% YoY
 - 2.8m kg of palm oil, +5.2% YoY
- FMCG revenue; **LKR 1.4bn**; -8.9% YoY
 - 1,242 k kg of branded tea sold; +1.7% YoY

Group at a Glance – 3QFY20 [Oct-Dec]

Adjusted for HPL Divestment

- **LKR 5.3bn** in Revenue; +9.2 YoY
- **LKR 470m** PAT; +12.9% YoY

Revenue - 3QFY20



- Healthcare revenue; **LKR 2.9bn**; +22.8% YoY
- Agri revenue; **LKR 0.8bn**; -0.8% YoY
 - 2.8m kg of palm oil, +5.2% YoY
- FMCG revenue; **LKR 1.4bn**; -8.9% YoY
 - 1,242 k kg of branded tea sold; +1.7% YoY

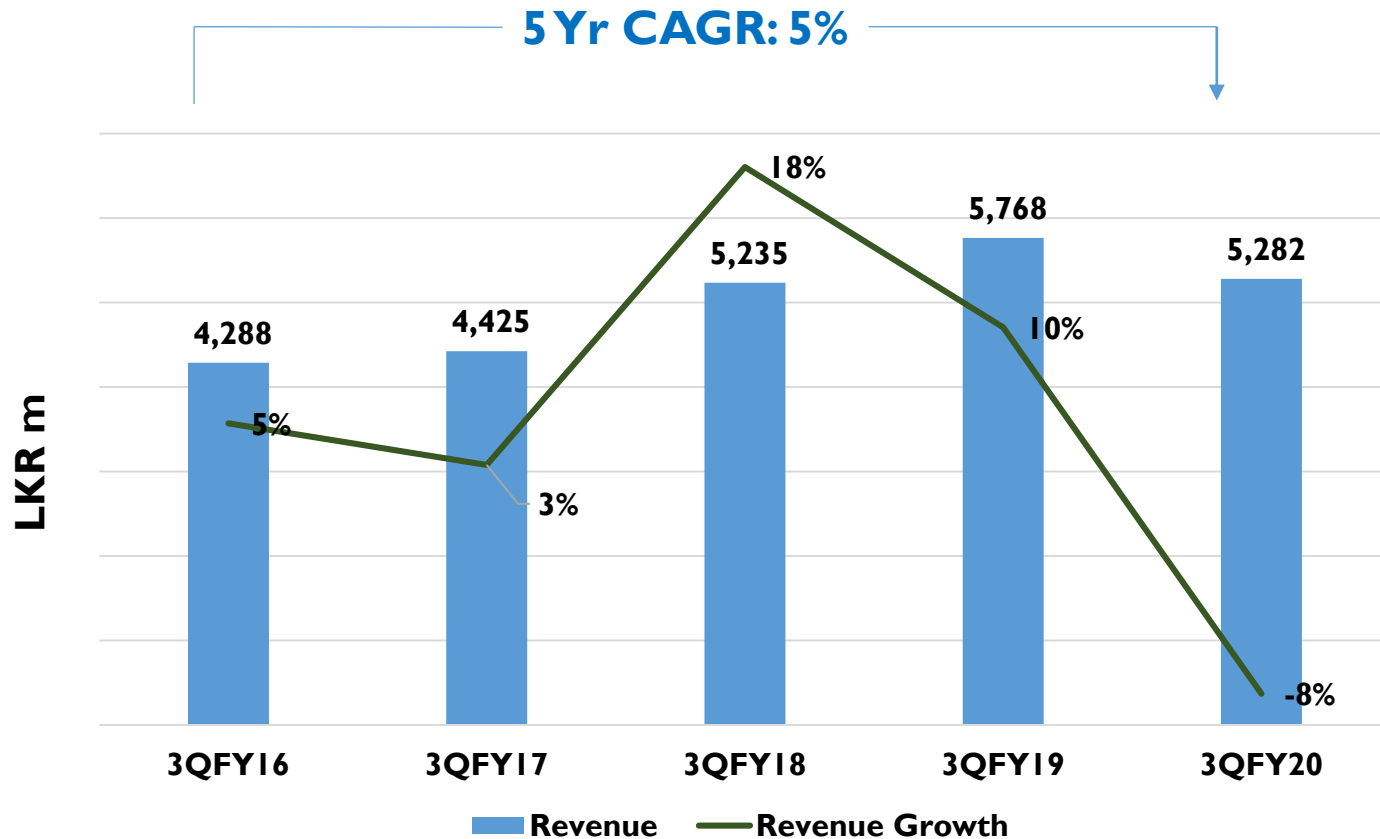
Group Financial Highlights

LKR m	9M FY20	9M FY19	Growth %	3Q FY20	3Q FY19	Growth %
Revenue	15,821	16,636	-4.9%	5,282	5,768	-8.4%
EBIT	2,556	2,050	24.7%	708	769	-7.9%
<i>EBIT Margin</i>	<i>16.2%</i>	<i>12.3%</i>		<i>13.4%</i>	<i>13.3%</i>	
PAT	1,700	1,285	32.3%	470	501	-6.2%
<i>PAT Margin</i>	<i>10.7%</i>	<i>7.7%</i>		<i>8.9%</i>	<i>8.7%</i>	
PATMI	1,019	697	46.1%	287	274	5.0%
EPS (LKR)	6.81	4.87	40.0%	1.92	1.85	3.8%
Adjusted PAT*	1,357	1,285	5.6%	470	501	-6.2%

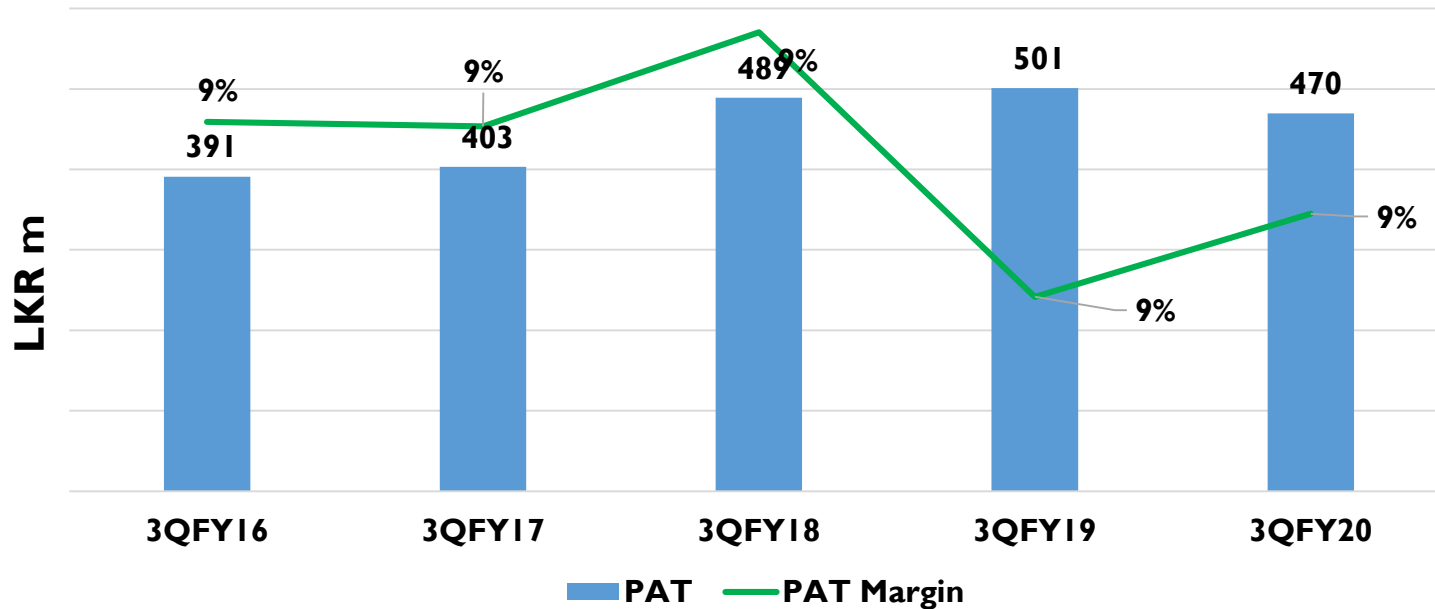
* Adjusted for one off gain on HPL divestment

3Q Revenue Growth Trend

- 5 Year CAGR of 5%



3Q Profitability



- Net profit of LKR 470m compared to a profit of LKR501m 3Q last year due to;
 - Degrowth in Palm oil revenue due to annual maintenance in the mill in the month of December
 - Degrowth in consumer revenue due to price cuts and change in product mix
 - Partly offset with the better performance in Healthcare Sector

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Segment Performance

Healthcare



LKR m	9M FY20	9M FY19	Growth %	3Q FY20	3Q FY19	Growth %
Revenue	8,177	6,787	20.5%	2,911	2,369	22.8%
EBIT	698	331	110.7%	251	94	166.9%
<i>EBIT Margin</i>	<i>8.5%</i>	<i>4.9%</i>		<i>8.6%</i>	<i>4.0%</i>	
PAT	407	218	86.4%	127	65	96.6%
<i>PAT Margin</i>	<i>5.0%</i>	<i>3.2%</i>		<i>4.4%</i>	<i>2.7%</i>	

Highlights

- 3QFY20 Revenue up by 22.8% YoY due to higher sales volume in Medical devices and Pharma sub-sector
- EBIT margin increased in 3QFY20 due to;
 - Increase in sales volumes and price
 - Stable LKR resulting in improved gross margins

Retail



22

Outlets existing
outlets in Colombo,
including 9 express
outlets

Highlights

- Increase in EBIT margin due to higher foot fall
- 3Q 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	9M FY20	9M FY19	Growth %	3Q FY20	3Q FY19	Growth %
Revenue	4,209	4,335	-2.9%	1,427	1,566	-8.9%
EBIT	423	565	-25.1%	137	218	-37.2%
<i>EBIT Margin</i>	<i>10.0%</i>	<i>13.0%</i>		<i>9.6%</i>	<i>13.9%</i>	
PAT	294	392	-25.1%	95	155	-38.9%
<i>PAT Margin</i>	<i>7.0%</i>	<i>9.0%</i>		<i>6.7%</i>	<i>9.9%</i>	

Highlights

- 3QFY20 Revenue decrease due to sluggish consumer market condition
- EBIT margin down due to lower sales coupled with higher advertising and promotion investment

LKR m	9M FY20	9M FY19	Growth %	3Q FY20	3Q FY19	Growth %
Revenue	2,587	2,322	11.4%	775	782	-0.8%
EBIT	1,069	911	17.4%	250	282	-11.4%
<i>EBIT Margin</i>	<i>41.3%</i>	<i>39.2%</i>		<i>32.3%</i>	<i>36.1%</i>	
PAT	777	673	15.3%	174	196	-11.1%
<i>PAT Margin</i>	<i>30.0%</i>	<i>29.0%</i>		<i>22.4%</i>	<i>25.0%</i>	

Excluding Tea plantation business

Highlights

- Revenue decreased by 0.8% YoY due to the close down of the Palm oil mill for 20 days for the annual maintenance
- Current herd in the Dairy Farm established at 1,420 animals, of which 881 are milking

Energy



LKR m	9M FY20	9M FY19	Growth %	3Q FY20	3Q FY19	Growth %
Revenue	255	311	-18.2%	155	114	35.8%
EBIT	85	198	-57.2%	86	77	12.4%
<i>EBIT Margin</i>	<i>33.2%</i>	<i>63.6%</i>		<i>55.7%</i>	<i>67.4%</i>	
PAT	29	165	-82.1%	66	63	5.5%
<i>PAT Margin</i>	<i>11.6%</i>	<i>53.0%</i>		<i>42.7%</i>	<i>55.1%</i>	

Highlights

- Revenue increase by 35.8% YoY due to the commencement of the third hydro power plant
- EBIT margin decreased YoY due to lower rains and plant maintenance

Additional data for analysts

LKR m	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	3Q FY20
Revenue	4,288	4,615	4,621	4,864	4,425	5,115	5,164	5,128	5,235	5,618	5,575	5,294	5,768	5,935	5,210	5,329	5,282
PAT	391	169	408	517	403	283	561	465	489	166	341	443	501	-163	573	657	470
PATMI	175	78	207	227	13	126	244	286	160	153	190	234	274	-147	333	398	287

Volumes	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	3Q FY20
Branded Tea (kg '000)	1,016	997	798	1100	987	1,062	950	1,085	1,178	1,181	1,026	1,085	1,222	1,147	1,043	1,175	1,242
Palm Oil (kg 'mn)	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	2.8



Outlook

Outlook for 4Q FY20

Healthcare

- Strong growth in Medical devices and Pharmaceuticals
- Healthguard revenue drives through the Wellness products

FMCG

- Continue to invest in Brands
- Margin contraction due to price cuts
- Strong competition from #2 player

Agri

- Crop to increase with the yield curve shift
- RSPO audit complete. Certificate expected in 1QFY21
- Increase in milk selling price at dairy farm

Energy

- All 3 hydro power plants operating
- Drop in rainfall in catchment areas
- 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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