



**sunshine**

# Earnings Presentation 2QFY21

13<sup>th</sup> November 2020

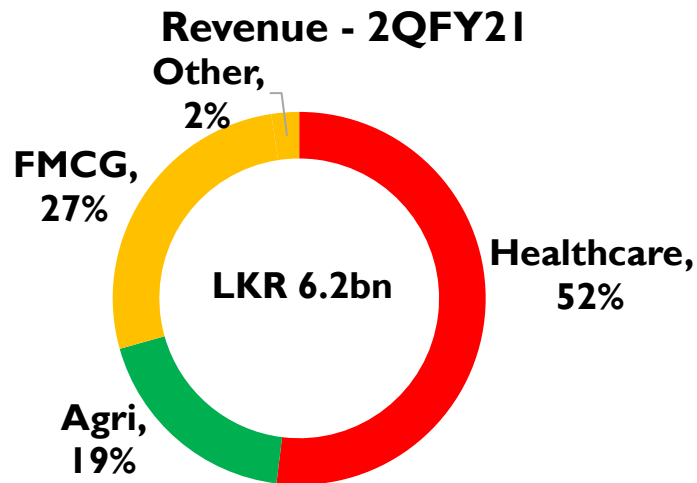
The background is a solid blue color with several white, wavy, ribbon-like shapes that flow from the left side towards the right. These shapes vary in thickness and curvature, creating a sense of movement and depth.

# Group Performance

# Group at a Glance – 2QFY21 [Jul-Sep]

Including Daintee Limited September results

- **LKR 6.2bn** in Revenue; +15.7% YoY ; +28.8%QoQ
- **LKR 733m** PAT; +11.0%YoY ; +32.6%QoQ
- PATMI of **LKR 389m**;



- Healthcare revenue; **LKR 3.2bn**; +14.6% YoY
- Agri revenue; **LKR 1.2bn**; +23.6% YoY
  - 3.2m kg of palm oil, -13.0% YoY
- FMCG revenue; **LKR 1.7bn**; +12.9%YoY  
(Including Daintee Limited September results)
  - 1,351 k kg of branded tea sold; +13.4%YoY

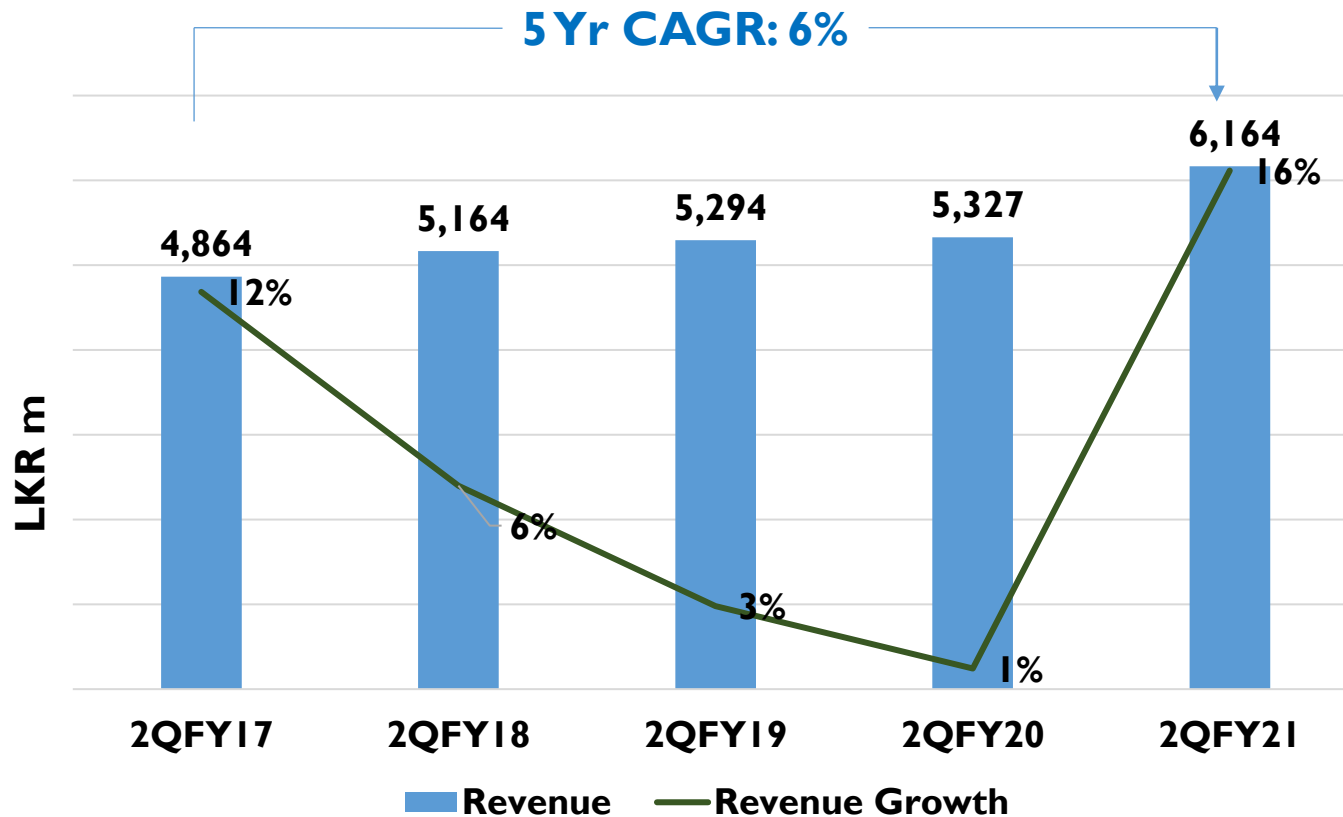
# Group Financial Highlights

LKR m	1HFY21	1HFY20	Growth %	2Q FY21	2Q FY20	Growth %
Revenue	10,951	10,023	9.3%	6,164	5,327	15.7%
EBIT	1,967	1,560	26.0%	1,107	939	17.8%
<i>EBIT Margin</i>	<i>18.0%</i>	<i>15.6%</i>		<i>18.0%</i>	<i>17.6%</i>	
<b>PAT</b>	<b>1,285</b>	<b>953</b>	<b>34.8%</b>	<b>733</b>	<b>660</b>	<b>11.0%</b>
<i>PAT Margin</i>	<i>11.7%</i>	<i>9.5%</i>		<i>11.9%</i>	<i>12.4%</i>	
<b>PATMI</b>	<b>709</b>	<b>554</b>	<b>28.0%</b>	<b>389</b>	<b>398</b>	<b>-2.2%</b>
EPS (LKR)	4.71	3.70	27.1%	2.56	2.70	-5.2%

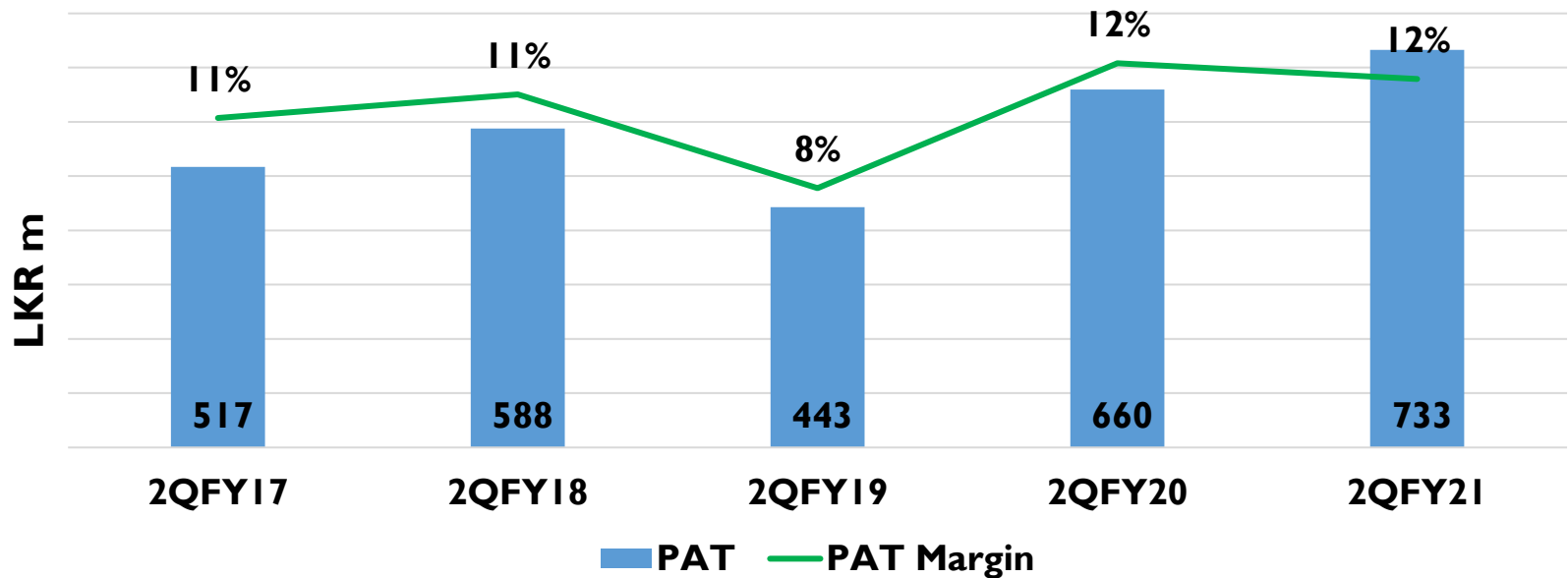
\* 1HFY20 is excluding the Hatton Plantations PLC financial results for April and May and the one-off gain amount to LKR 342 Mn arise from the divestment of Hatton Plantations PLC

# 2Q Revenue Growth Trend

- 5 Year CAGR of 6%



# 2Q Profitability



- Net profit of LKR 733m compared to a net profit of LKR 660m 2Q last year due to;
  - Improved results in Agribusiness from Palm oil segment due to improved NSA and Dairy business due to selling price increase
  - Improved performance in the Energy sector due to favorable weather conditions
  - Revenue improvement of Healthcare sector drives the bottom-line improvement

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# Segment Performance

# Healthcare



LKR m	1HFY21	1HFY20	Growth %	2Q FY21	2Q FY20	Growth %
Revenue	5,795	5,267	10.0%	3,202	2,796	14.6%
EBIT	646	452	42.9%	365	222	64.1%
<i>EBIT Margin</i>	<i>11.1%</i>	<i>8.6%</i>		<i>11.4%</i>	<i>7.9%</i>	
<b>PAT</b>	<b>423</b>	<b>273</b>	<b>55.3%</b>	<b>253</b>	<b>132</b>	<b>91.3%</b>
<i>PAT Margin</i>	<i>7.3%</i>	<i>5.2%</i>		<i>7.9%</i>	<i>4.7%</i>	

## Highlights

- 2QFY21 Revenue up by 14.9% YoY due to higher sales volume in Pharma sub-sector and Medical Devices coupled with the improvements in Retail sub-sectors
- EBIT margin increased in 2QFY21 due to higher sales volumes



# Retail



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Outlets in Colombo, including 5 express outlets and 1 online store

## Highlights

- 2QFY21 revenue had decreased 6.0% YoY
- 50% QoQ foot fall growth
- Improve digital platform
- Improve pharma availability
- Adjusting to the new normal with change in shopper buying habits

# Consumer

LKR m	1HFY21	1HFY20	Growth %	2Q FY21	2Q FY20	Growth %
Revenue	2,772	2,782	-0.4%	1,662	1,472	12.9%
EBIT	212	286	-26.0%	126	201	-37.6%
<i>EBIT Margin</i>	<i>7.6%</i>	<i>10.3%</i>		<i>7.6%</i>	<i>13.7%</i>	
<b>PAT</b>	<b>128</b>	<b>199</b>	<b>-35.4%</b>	<b>58</b>	<b>141</b>	<b>-58.9%</b>
<i>PAT Margin</i>	<i>4.6%</i>	<i>7.1%</i>		<i>3.5%</i>	<i>9.6%</i>	

## Highlights

- Revenue increase 12.9% YoY due to the volume growth of 13.4% YoY
- EBIT margin decreased due to the retail price reductions of all three brands during 3QFY20

LKR m	1HFY21	1HFY20	Growth %	2Q FY21	2Q FY20	Growth %
Revenue	2,125	1,812	17.3%	1,152	932	23.6%
EBIT	1,102	819	34.6%	606	454	33.4%
<i>EBIT Margin</i>	<i>51.9%</i>	<i>45.2%</i>		<i>52.6%</i>	<i>48.7%</i>	
<b>PAT</b>	<b>918</b>	<b>603</b>	<b>52.3%</b>	<b>511</b>	<b>342</b>	<b>49.3%</b>
<i>PAT Margin</i>	<i>43.2%</i>	<i>33.3%</i>		<i>44.4%</i>	<i>36.7%</i>	

*Excluding Tea plantation business*

## Highlights

- Revenue increased by 23.6% YoY mainly due to increase in NSA and increase in milk prices
- Current herd in the Dairy Farm established at 1,549 animals, of which 790 are milking
- Dairy sub sector positive bottom line during 2QFY21

# Energy



LKR m	1HFY21	1HFY20	Growth %	2Q FY21	2Q FY20	Growth %
Revenue	209	100	109.4%	133	74	79.2%
EBIT	82	(2)	n/a	63	20	216.0%
<i>EBIT Margin</i>	<i>39.3%</i>	<i>-1.8%</i>		<i>47.1%</i>	<i>26.7%</i>	
<b>PAT</b>	<b>56</b>	<b>(37)</b>	<b>n/a</b>	<b>51</b>	<b>5</b>	<b>835.5%</b>
<i>PAT Margin</i>	<i>26.7%</i>	<i>-36.9%</i>		<i>38.6%</i>	<i>7.4%</i>	

## Highlights

- Revenue increase by 79.2% YoY due to the favorable weather conditions and optimum operations of all three hydro power plants
- EBIT margin increased YoY due to improvement on topline

# Additional data for analysts

LKR m	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21
Revenue	5,235	5,618	5,575	5,294	5,768	6,006	5,210	5,327	5,282	5,010	4,786	6,164
PAT	489	166	341	443	501	-139	573	660	470	133	553	733
PATMI	160	153	190	234	274	-144	333	398	287	96	320	389

Volumes	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21
Branded Tea (kg '000)	1,178	1,181	1,026	1,085	1,222	1,147	1,043	1,175	1,242	1,134	1,042	1,351
Palm Oil (kg 'mn)	2.3	2.3	2.5	3.7	2.7	2.9	3.3	3.8	2.8	2.3	3.3	3.2



# Outlook

# Outlook for 3Q FY21

## Healthcare

- Occupancy decrease can be expected in Hospitals, Operating Theatre and Lab tests
- Hospital entry restrictions and limitations due to prevailing conditions and less patients for Pediatricians thus resulting in low sales in Pediatric and Respiratory products

## FMCG

- Margin pressure due to increase in tea raw material cost
- Focus on revenue growth in confectionary - Daintee

## Agri

- Revenue will increase along with the NSA increase
- Increase in milk selling price at dairy farm

## Energy

- All 3 hydro power plants operating
- 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.

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