



sunshine

Earnings Presentation 3QFY21

03rd February 2021

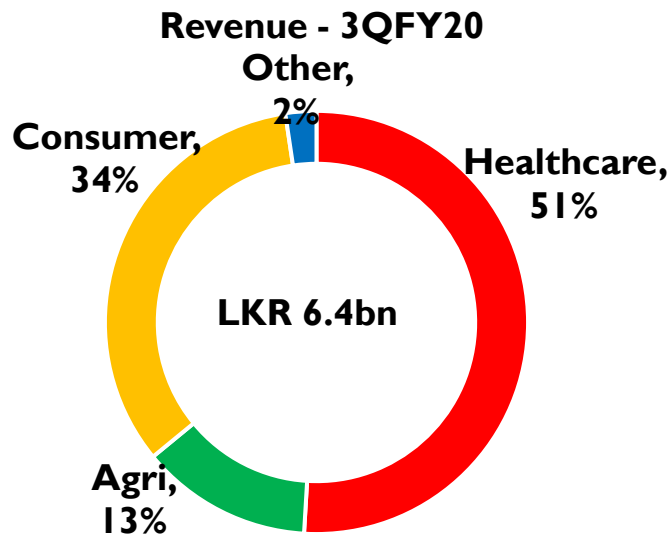
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Group Performance

Group at a Glance – 3QFY21

Including Daintee Limited results for FY21

- **LKR 6.4bn** in Revenue; +22.1% YoY ;
- **LKR 602m** PAT; +29.0%YoY ;
- PATMI of **LKR 388m**;



- Healthcare revenue; **LKR 3.3bn**; +12.9% YoY
- Agri revenue; **LKR 0.8bn**; +9.1% YoY
 - 2.2m kg of palm oil, -25.0% YoY
- Consumer revenue; **LKR 2.2bn**; +51.8% YoY
 - Daintee recorded a revenue of LKR 605 Mn
 - 1,490 k kg of branded tea sold; +18.5% YoY

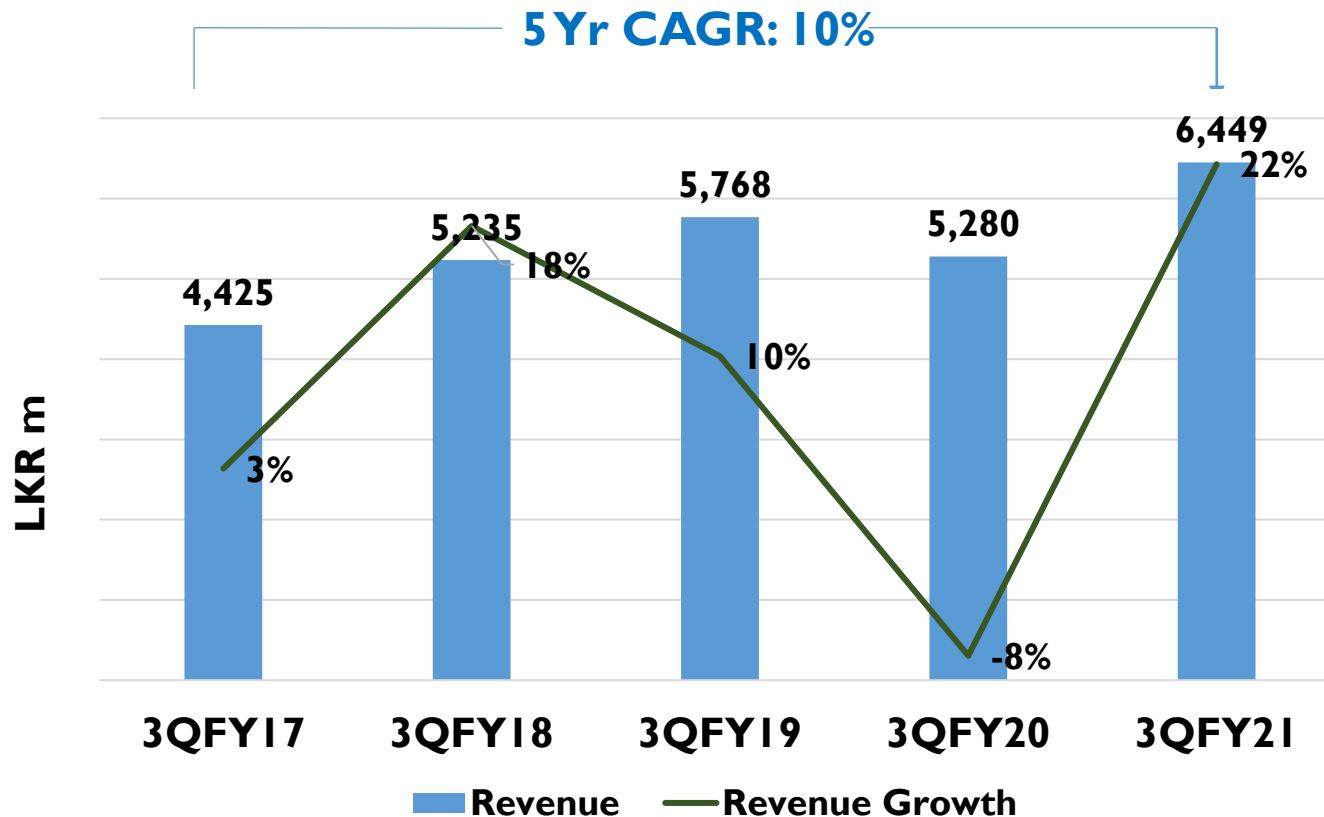
Group Financial Highlights

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	17,400	15,302	13.7%	6,449	5,280	22.1%
EBIT	2,906	2,266	28.2%	939	706	33.1%
<i>EBIT Margin</i>	<i>16.7%</i>	<i>14.8%</i>		<i>14.6%</i>	<i>13.4%</i>	
PAT	1,888	1,420	32.9%	602	467	29.0%
<i>PAT Margin</i>	<i>10.8%</i>	<i>9.3%</i>		<i>9.3%</i>	<i>8.8%</i>	
PATMI	1,097	844	30.0%	388	286	35.7%
EPS (LKR)	7.34	5.64	30.0%	2.59	1.91	35.7%

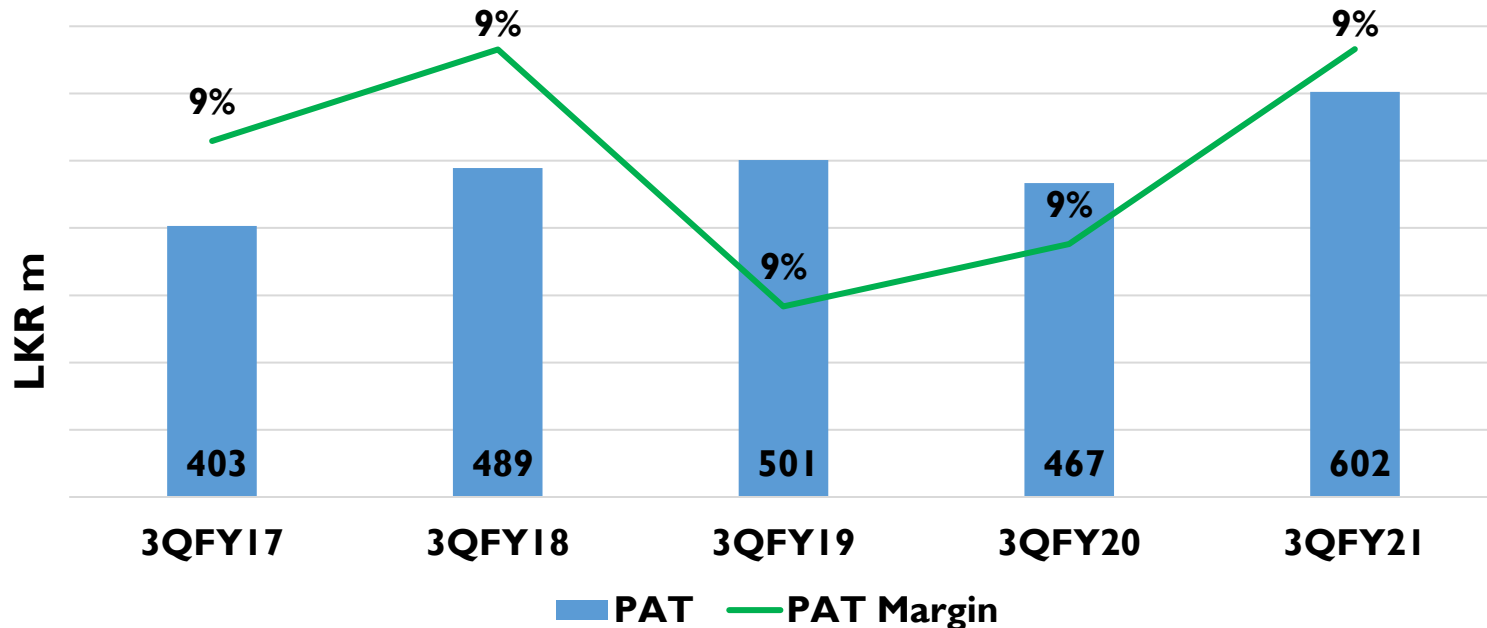
* 9MFY20 is excluding the Hatton Plantations PLC financial results for April and May and the one-off gain amount to LKR 342 Mn arise from the divestment of Hatton Plantations PLC

3Q Revenue Growth Trend

- 5 Year CAGR of 10%



3Q Profitability



- Net profit of LKR 602m compared to a net profit of LKR 467m 3Q last year due to;
 - Improved results in Agribusiness from Palm oil segment due to improved NSA and Dairy business due to selling price increase
 - Expansion of the Consumer sector with the acquisition of Daintee
 - Revenue improvement of Healthcare sector drives the bottom-line improvement

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Segment Performance

Healthcare



LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	9,080	8,177	11.0%	3,285	2,910	12.9%
EBIT	925	698	32.5%	279	246	13.3%
<i>EBIT Margin</i>	<i>10.2%</i>	<i>8.5%</i>		<i>8.5%</i>	<i>8.4%</i>	
PAT	593	407	45.7%	170	134	26.9%
<i>PAT Margin</i>	<i>6.5%</i>	<i>5.0%</i>		<i>5.2%</i>	<i>4.6%</i>	

Highlights

- 3QFY21 Revenue up by 12.9% YoY due to higher sales volume in Pharma sub-sector and Medical Devices
- Low occupancy in hospitals, operating theatre and Lab tests
- EBIT margin increased in 3QFY21 due to higher sales volumes

Retail



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

Highlights

- 3QFY21 revenue had increased 17.6% YoY
- 10 lock down days for the quarter
- Improve digital platform
- Loyalty engagement improvement
- Improve pharma availability
- Adjusting to the new normal with change in shopper buying habits

Consumer

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	4,937	4,209	17.3%	2,165	1,427	51.7%
EBIT	420	423	-0.8%	208	137	51.7%
<i>EBIT Margin</i>	<i>8.5%</i>	<i>10.0%</i>		<i>9.6%</i>	<i>9.6%</i>	
PAT	303	294	3.3%	72	95	-23.9%
<i>PAT Margin</i>	<i>6.1%</i>	<i>7.0%</i>		<i>3.3%</i>	<i>6.6%</i>	

Highlights

- Revenue increase 51.7% YoY due to revenue generated from the confectionary sub-sector, despite dip in beverage sub-sector
- PAT had decreased due to high tea prices and overall price reductions done at the 4QFY20

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	2,972	2,587	14.8%	847	775	9.2%
EBIT	1,497	1,069	40.0%	395	250	57.7%
<i>EBIT Margin</i>	<i>50.4%</i>	<i>41.3%</i>		<i>46.6%</i>	<i>32.3%</i>	
PAT	1,263	777	62.6%	345	174	98.8%
<i>PAT Margin</i>	<i>42.5%</i>	<i>30.0%</i>		<i>40.8%</i>	<i>22.4%</i>	

Excluding Tea plantation business

Highlights

- Revenue increased by 9.2% YoY mainly due to increase in NSA and increase in milk prices
- Current herd in the Dairy Farm established at 1,539 animals, of which 787 are milking
- Dairy farm reported a PAT of LKR 61 Mn

Energy

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	348	255	36.6%	139	155	-10.2%
EBIT	159	85	87.8%	77	87	-11.1%
<i>EBIT Margin</i>	<i>45.7%</i>	<i>33.2%</i>		<i>55.4%</i>	<i>56.0%</i>	
PAT	108	29	265.2%	52	66	-22.4%
<i>PAT Margin</i>	<i>30.9%</i>	<i>11.6%</i>		<i>37.1%</i>	<i>42.9%</i>	

Highlights

- Revenue decreases 10.2% YoY due to lower rain fall in the catchment areas, after better than expected IH
- EBIT decreased 11.1% YoY due to the revenue drop

Additional data for analysts

LKR m	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21
Revenue	5,618	5,575	5,294	5,768	6,006	5,210	5,327	5,280	5,010	4,786	6,164	6,449
PAT	166	341	443	501	-139	573	660	467	133	553	733	602
PATMI	153	190	234	274	-144	333	398	286	96	320	389	388

Volumes	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21
Branded Tea (kg '000)	1,181	1,026	1,085	1,222	1,147	1,043	1,175	1,242	1,134	1,042	1,351	1,490
Palm Oil (kg 'mn)	2.3	2.5	3.7	2.7	2.9	3.3	3.8	2.8	2.3	3.3	3.2	2.2

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Outlook

Outlook for 4Q FY21

Healthcare

- Occupancy increase can be expected in Hospitals, Operating Theatre and Lab tests
- Low sales in Pediatric and Respiratory products
- Rupee depreciation to impact margins

FMCG

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

Agri

- Strong revenue with higher NSA
- Increase in milk selling price at dairy farm and lower feed cost

Energy

- Expecting higher rain fall for 4QFY21 cf. last year
- Expanding Solar power sub-sector

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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