



sunshine

Earnings Presentation 2QFY22

11th November 2021

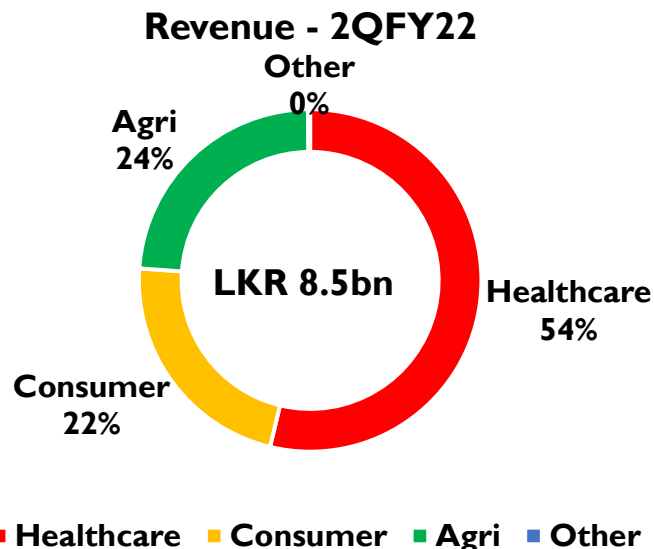
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Group Performance

Group at a Glance – 2QFY22

Note: Reported 2QFY21 does not include results of Akbar Pharmaceuticals Ltd (APL) and includes only one-month (September 2020) results of Daintee Ltd

- **LKR 8.5bn** in Revenue; +37.2% YoY
- **LKR 1.4bn** PAT; +93.3%YoY
- PATMI of **LKR 645m**;



- Healthcare revenue; **LKR 4.5bn**; +42.0% YoY
- Agri revenue; **LKR 2.0bn**; +73.8% YoY
 - 4.4m kg of palm oil, +37.5% YoY
- Consumer revenue; **LKR 1.9bn**; +13.7% YoY
 - 1,320 k kg of branded tea sold; -2.3%YoY

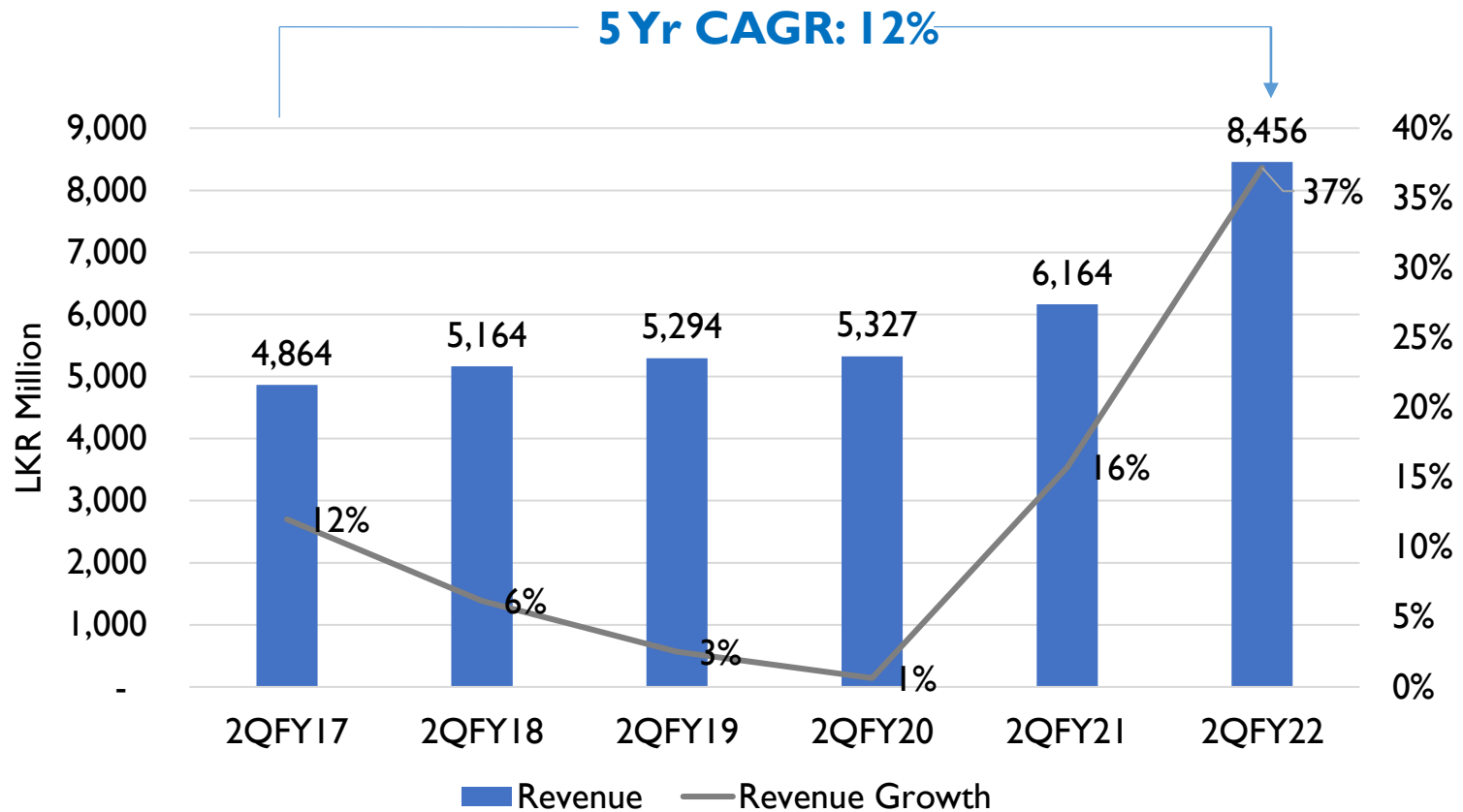
Group Financial Highlights

LKR m	IHFY22	IHFY21	Growth %	Adj. IHFY21*	Growth % vs Adj	2Q FY22	2Q FY21	Growth %
Revenue	15,803	10,951	44.3%	12,792	23.5%	8,456	6,164	37.2%
EBIT	2,980	1,967	51.5%	2,219	34.3%	1,660	1,107	50.0%
<i>EBIT margin</i>	<i>18.9%</i>	<i>18.0%</i>		<i>17.3%</i>		<i>19.6%</i>	<i>18.0%</i>	
PAT	2,457	1,285	91.1%	1,449	69.6%	1,416	733	93.3%
<i>PAT margin</i>	<i>15.5%</i>	<i>11.7%</i>		<i>11.3%</i>		<i>16.8%</i>	<i>11.9%</i>	
PATMI	1,209	704	71.6%			645	383	68.2%
EPS (LKR)	2.69	1.57	71.6%			1.44	0.85	68.2%

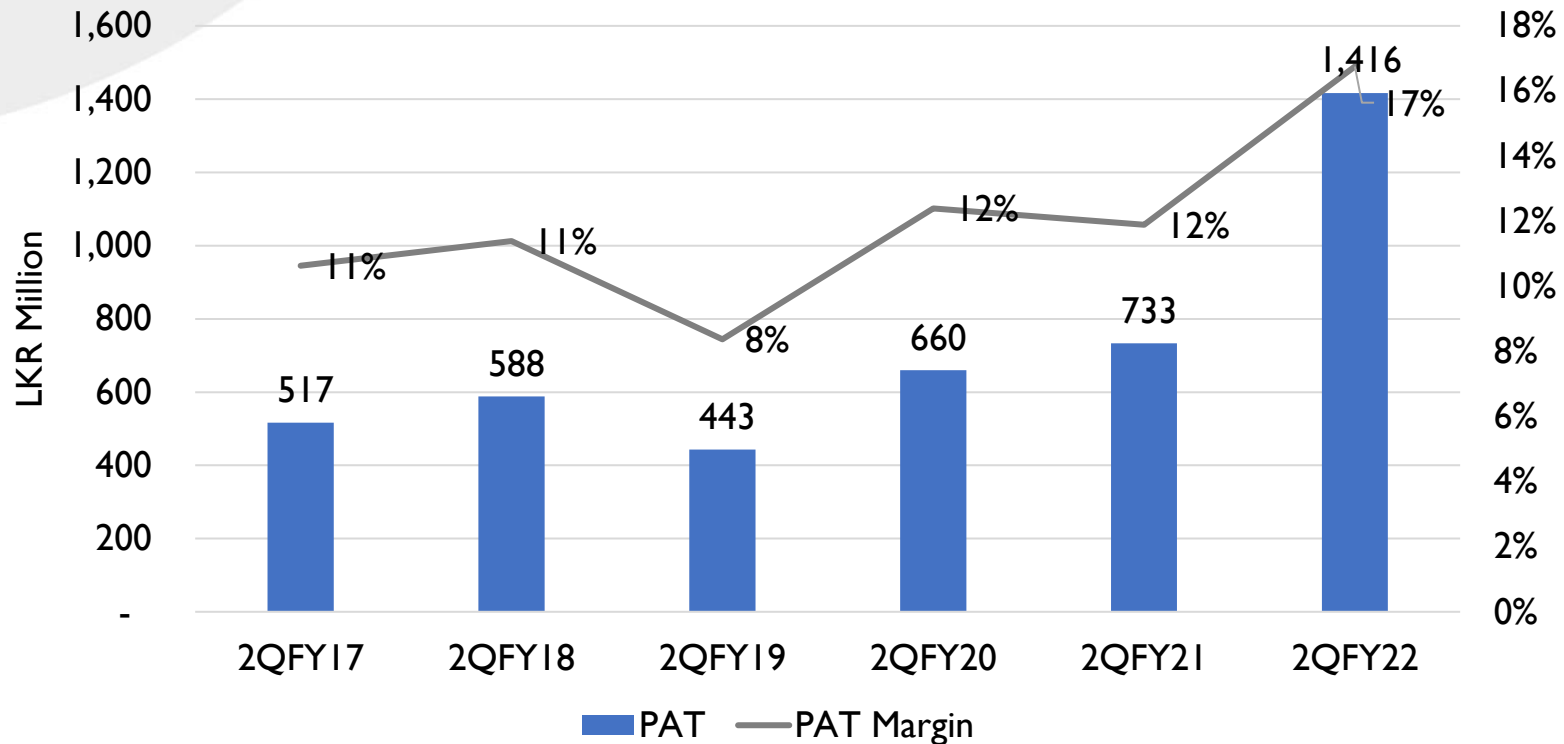
*IHFY21 is adjusted to reflect Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd performance.

2Q Revenue Growth Trend

- 5 Year CAGR of 12%



2Q Profitability



- Net profit growth of 93.3% YoY driven by the profit contribution of Agri sector stemming from the increase in palm oil NSA.

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Segment Performance

Healthcare



LKR m	IHFY22	IHFY21	Growth %	Adj IHFY21	2QFY22	2QFY21	Growth %
Revenue	8,546	5,795	47.5%	6,775	4,546	3,202	42.0%
EBIT	760	646	17.7%	746	359	365	-1.6%
<i>EBIT margin</i>	<i>8.9%</i>	<i>11.1%</i>		<i>11.0%</i>	<i>7.9%</i>	<i>11.4%</i>	
PAT	507	423	19.8%	467	237	252	-6.0%
<i>PAT margin</i>	<i>5.9%</i>	<i>7.3%</i>		<i>6.9%</i>	<i>5.2%</i>	<i>7.9%</i>	

**IHFY21 adjusted to reflect the performance of APL*

Highlights

- 2QFY22 Revenue up by 42.0% YoY backed by the addition of APL business and due to improved performance in key subsectors including Pharma, MDD and Retail
- Increased health and wellness consciousness of consumers
- EBIT Margin contraction is predominantly owing to LKR currency depreciation. Impact was minimized by price increase in gazette products in August 2021

Retail



13

Outlets in Colombo,
and 1 online store

Highlights

- 2QFY22 revenue had increased 44.5% YoY
- Improved digital platform and delivery services
- Increased demand for pharma and wellness products
- Loyalty engagement improvement
- Improve pharma availability
- Adjusting to the new normal with change in shopper buying habits

Consumer

LKR m	IHFY22	IHFY21	Growth %	Adj. IHFY21	2Q FY22	2Q FY21	Growth %
Revenue	3,750	2,772	35.3%	3,634	1,890	1,662	13.7%
EBIT	210	212	-0.7%	364	110	126	-12.3%
EBIT margin	5.6%	7.6%		10.0%	5.8%	7.6%	
PAT	109	128	-14.6%	248	48	58	-16.8%
<i>PAT margin</i>	<i>2.9%</i>	<i>4.6%</i>		<i>6.8%</i>	<i>2.6%</i>	<i>3.5%</i>	

**IHFY21 is adjusted to reflect the performance of Daintee*

Highlights

- Revenue increase 13.7% YoY compared to 2QFY21
 - Volume degrowth of 2.3% YoY in the tea subsector
 - Value growth of 1.8% YoY in the tea subsector
- Daintee Contribution to PAT in 2QFY22 – LKR 7.3m
- Challenges faced in profitability due to
 - Tea - higher RM cost and increased advertising & promotional expenses
 - Confectionery - Increased RM cost and challenges caused by travel restrictions due to dependence on general trade channel

Agri



LKR m	1H FY22	1H FY21	Growth		Growth	
			%	2Q FY22	2Q FY21	%
Revenue	3,406	2,125	60.3%	2,002	1,152	73.8%
<i>EBIT</i>	<i>2,020</i>	<i>1,102</i>	<i>83.3%</i>	<i>1,236</i>	<i>606</i>	<i>104.1%</i>
EBIT margin	59.3%	51.9%		61.8%	52.6%	
PAT	1,889	918	105.9%	1,165	511	127.9%
<i>PAT margin</i>	<i>55.4%</i>	<i>43.2%</i>		<i>58.2%</i>	<i>44.4%</i>	

Highlights

- Revenue increased by 73.8% YoY mainly due to increase in NSA in the palm oil subsector
- Current herd in the Dairy Farm established at 1,670 animals, of which 774 are milking
- Dairy farm reported a PAT of LKR 14.4m in 2QFY22

Additional data for analysts

LKR m	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22
Revenue	5,768	6,006	5,210	5,327	5,280	5,010	4,786	6,164	6,449	6,940	7,348	8,456
PAT	501	-139	573	660	467	133	553	733	602	650	1,040	1,416
PATMI	274	-144	333	398	286	96	320	389	388	431	333	645

Volumes	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22
Branded Tea (kg '000)	1,222	1,147	1,043	1,175	1,242	1,134	1,042	1,351	1,490	1,433	1,271	1,320
Palm Oil (kg 'mn)	2.7	2.9	3.3	3.8	2.8	2.3	3.3	3.2	2.2	2.3	3.6	4.4

Note: the above data is based on reported financials. Results of Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd [APL] are consolidated in September 2020 and February 2021 respectively



Outlook

Outlook for 3Q FY22

Healthcare

- LKR depreciation to impact margins – expected to be offset by recent price increase
- Further development of the pharma manufacturing business
- Further development of online retail platforms

Consumer

- Drive distribution synergies in retail channels
- Focus on brands to scale domestic business
- Recovery of confectionery business in the following months
- Launch of new products

Agri

- Higher palm oil NSA
- Marginal growth in volume expected
- Exploring alternative fertilizer to minimize the impact of ban on chemical fertilizer
- Expansion of the herd
- Expansion of dairy value-added business

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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