



sunshine

Earnings Presentation 3QFY22

3rd February 2022

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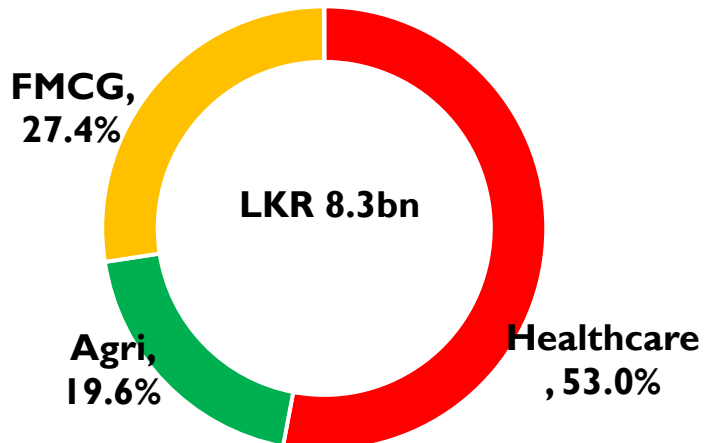
Group Performance

Group at a Glance – 3QFY22

Note: Reported 3QFY21 does not include results of Akbar Pharmaceuticals Ltd (APL)

- **LKR 8.3bn** in Revenue; +28.8% YoY
- **LKR 1.1bn** PAT; +86.0%YoY
- PATMI of **LKR 611m**

Revenue - 3QFY22



- Healthcare revenue; **LKR 4.4bn**; +33.9% YoY
- Agri revenue; **LKR 1.6bn**; +92.3% YoY
 - 3.1m kg of palm oil, +53.2% YoY
- Consumer revenue; **LKR 2.3bn**; +5.1% YoY
 - 1.5m kg of branded tea sold; +0.9% YoY

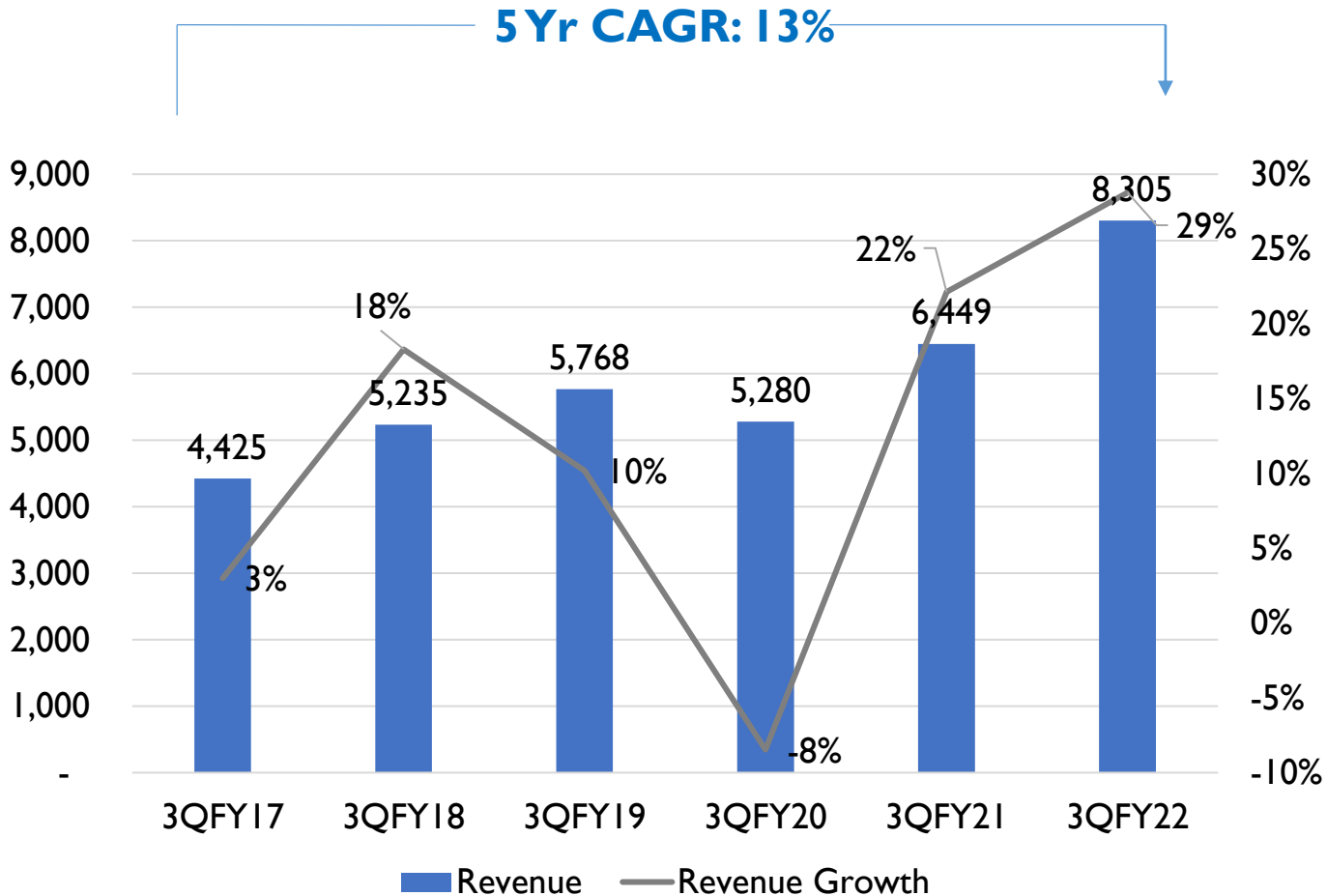
Group Financial Highlights

LKR m	9MFY22	9MFY21	Growth %	Adj. 9MFY21	Growth % vs Adj 9MFY21	3QFY22	3QFY21	Growth %
Revenue	24,109	17,400	38.6%	19,808	21.7%	8,305	6,449	28.8%
EBIT	4,451	2,906	53.2%	3,167	40.5%	1,471	939	56.6%
<i>EBIT margin</i>	<i>18.5%</i>	<i>16.7%</i>		<i>16.0%</i>		<i>17.7%</i>	<i>14.6%</i>	
PAT	3,577	1,888	89.5%	2,038	75.5%	1,120	602	86.0%
<i>PAT margin</i>	<i>14.8%</i>	<i>10.8%</i>		<i>10.3%</i>		<i>13.5%</i>	<i>9.3%</i>	
PATMI	1,820	1,091	66.8%			611	387	58.0%
EPS (LKR)	4.06	2.43	66.8%			1.36	0.86	58.0%

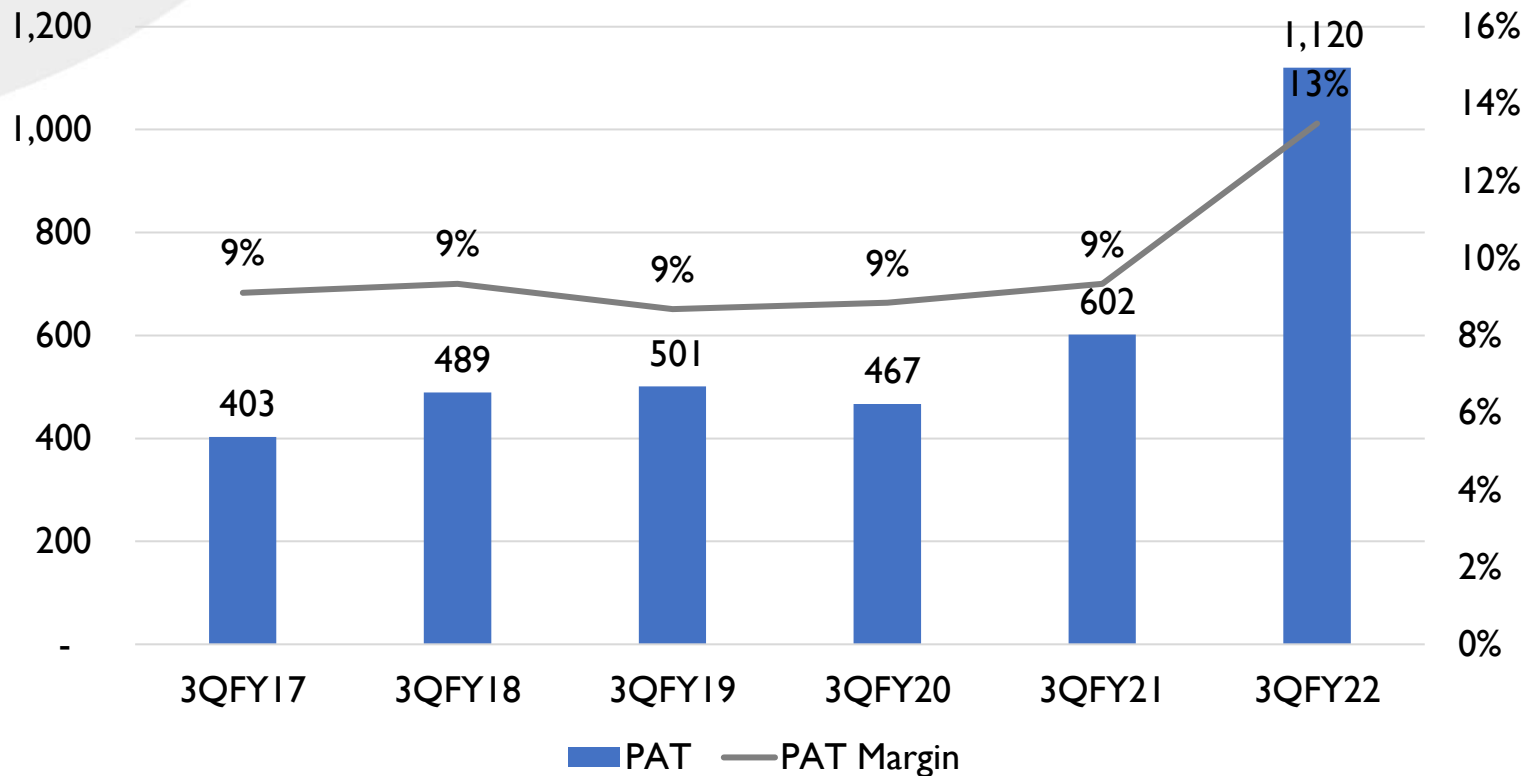
*9MFY21 is adjusted to reflect Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd performance.

3Q Revenue Growth Trend

- 5 Year CAGR of 13%



3Q Profitability



- Net profit growth of 86.0% 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	9MFY22	9MFY21	Growth %	Adj 9MFY21	3Q FY22	3Q FY21	Growth %
Revenue	12,946	9,080	42.6%	10,579	4,400	3,285	33.9%
EBIT	1,253	925	35.5%	1,009	493	279	77.0%
<i>EBIT margin</i>	<i>9.7%</i>	<i>10.2%</i>		<i>9.5%</i>	<i>11.2%</i>	<i>8.5%</i>	
PAT	846	593	42.8%	601	339	169	100.2%
<i>PAT margin</i>	<i>6.5%</i>	<i>6.5%</i>		<i>5.7%</i>	<i>7.7%</i>	<i>5.2%</i>	

**9MFY21 adjusted to reflect the performance of APL*

Highlights

- 3QFY22 Revenue up by 33.9% 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

Consumer

LKR m	9MFY22	9MFY21	Growth %	Adj. 9MFY21	3Q FY22	3Q FY21	Growth %
Revenue	6,027	4,937	22.1%	5,847	2,276	2,166	5.1%
EBIT	398	420	-5.1%	596	188	208	-9.5%
EBIT margin	6.6%	8.5%		10.2%	8.3%	9.6%	
PAT	231	303	-23.9%	445	121	175	-30.6%
<i>PAT margin</i>	<i>3.8%</i>	<i>6.1%</i>		<i>7.6%</i>	<i>5.3%</i>	<i>8.1%</i>	

**9MFY21 is adjusted to reflect the performance of Daintee*

Highlights

- Revenue increase 5.1% YoY compared to 3QFY21
 - Volume degrowth of 0.9% YoY in the tea subsector
 - Value growth of 6.6% YoY in the tea subsector
- Daintee Contribution to PAT in 3QFY22 – LKR 5m
- Challenges faced in profitability due to
 - Tea - higher RM cost – impact minimized through increase in selling prices
 - Confectionery - Increased RM and freight cost and challenges caused by travel restrictions due to dependence on general trade channel

LKR m			Growth			Growth
	9MFY22	9MFY21	%	3Q FY22	3Q FY21	%
Revenue	5,033	2,972	69.4%	1,627	846	92.3%
<i>EBIT</i>	<i>2,824</i>	<i>1,497</i>	<i>88.7%</i>	<i>804</i>	<i>394</i>	<i>103.9%</i>
EBIT margin	56.1%	50.4%		49.4%	46.6%	
PAT	2,670	1,263	111.4%	781	346	126.1%
<i>PAT margin</i>	<i>53.0%</i>	<i>42.5%</i>		<i>48.0%</i>	<i>40.8%</i>	

Highlights

- Revenue increased by 92.3% YoY mainly due to increase in NSA in the palm oil subsector
- The average herd was 1,764 during 3QFY22 with 750 milking cows
- 127 pregnant heifers imported in November 2021
- Dairy farm reported a PAT loss of LKR 2m in 3QFY22 due to higher feed cost

Additional data for analysts

LKR m	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22
Revenue	6,006	5,210	5,327	5,280	5,010	4,786	6,164	6,449	6,940	7,348	8,456	8,305
PAT	-139	573	660	467	133	553	733	602	650	1,040	1,416	1,120
PATMI	-144	333	398	286	96	320	389	388	431	333	645	611

Volumes	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22
Branded Tea (kg '000)	1,147	1,043	1,175	1,242	1,134	1,042	1,351	1,490	1,433	1,271	1,320	1,503
Palm Oil (kg 'mn)	2.9	3.3	3.8	2.8	2.3	3.3	3.2	2.2	2.3	3.6	4.4	3.1

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
- LKR depreciation to impact margins
- Launch of new products

Agri

- Higher palm oil NSA
- Marginal growth in volume expected
- Expansion of the herd
- Expansion of dairy value-added business
- Dairy subsector margins to be impacted due to increasing feed cost

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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