



sunshine

Earnings Presentation 4QFY22

30th May 2022

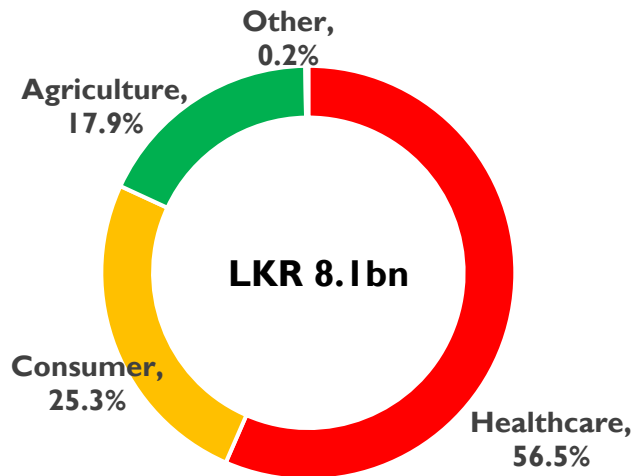
The background is a solid blue color with several overlapping, wavy, ribbon-like shapes in a slightly darker shade of blue. These shapes flow from the left side towards the right, creating a sense of movement and depth. The overall aesthetic is clean and modern.

Group Performance

Group at a Glance – 4QFY22

- **LKR 8.1bn** in Revenue; +16.1% YoY
- **LKR 1.4bn** PAT; +118.8%YoY
- PATMI of **LKR 900m**

Revenue Composition - 4QFY22



- Healthcare revenue; **LKR 4.6bn**; +23.5% YoY
- Agri revenue; **LKR 1.4bn**; +49.8% YoY
 - 2.7m kg of palm oil, +17.4% YoY
- Consumer revenue; **LKR 2.0bn**; -6.6% YoY
 - 1.2m kg of branded tea sold; -15.4% YoY

Group Financial Highlights

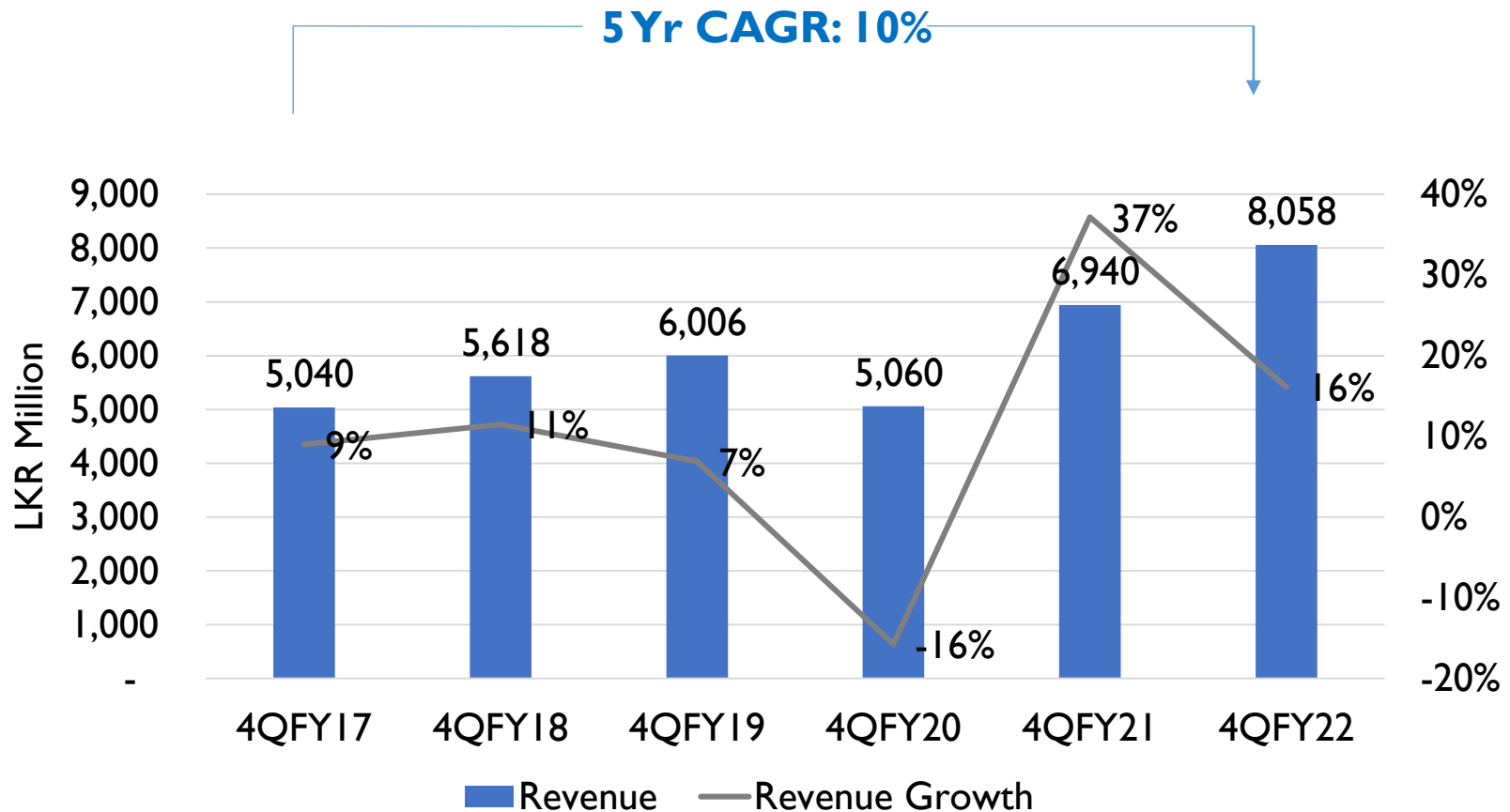
LKR m	FY22	FY21	Growth %	4QFY22	4QFY21	Growth %
Revenue	32,166	24,339	32.2%	8,058	6,940	16.1%
EBIT	5,706	3,525	61.9%	1,256	619	102.7%
<i>EBIT margin</i>	<i>17.7%</i>	<i>14.5%</i>		<i>15.6%</i>	<i>8.9%</i>	
PAT	4,997	2,538	96.9%	1,419	650	118.4%
<i>PAT margin</i>	<i>15.5%</i>	<i>10.4%</i>		<i>17.6%</i>	<i>9.4%</i>	
PATMI	2,721	1,522	78.7%	900	431	109.0%
EPS (LKR)	6.06	3.39	78.7%	2.01	0.96	109.0%

On reported financials, results of Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd [APL] are consolidated in September 2020 and February 2021 respectively. Accordingly, the contribution of acquisitions during FY22 and the comparative period is as follows

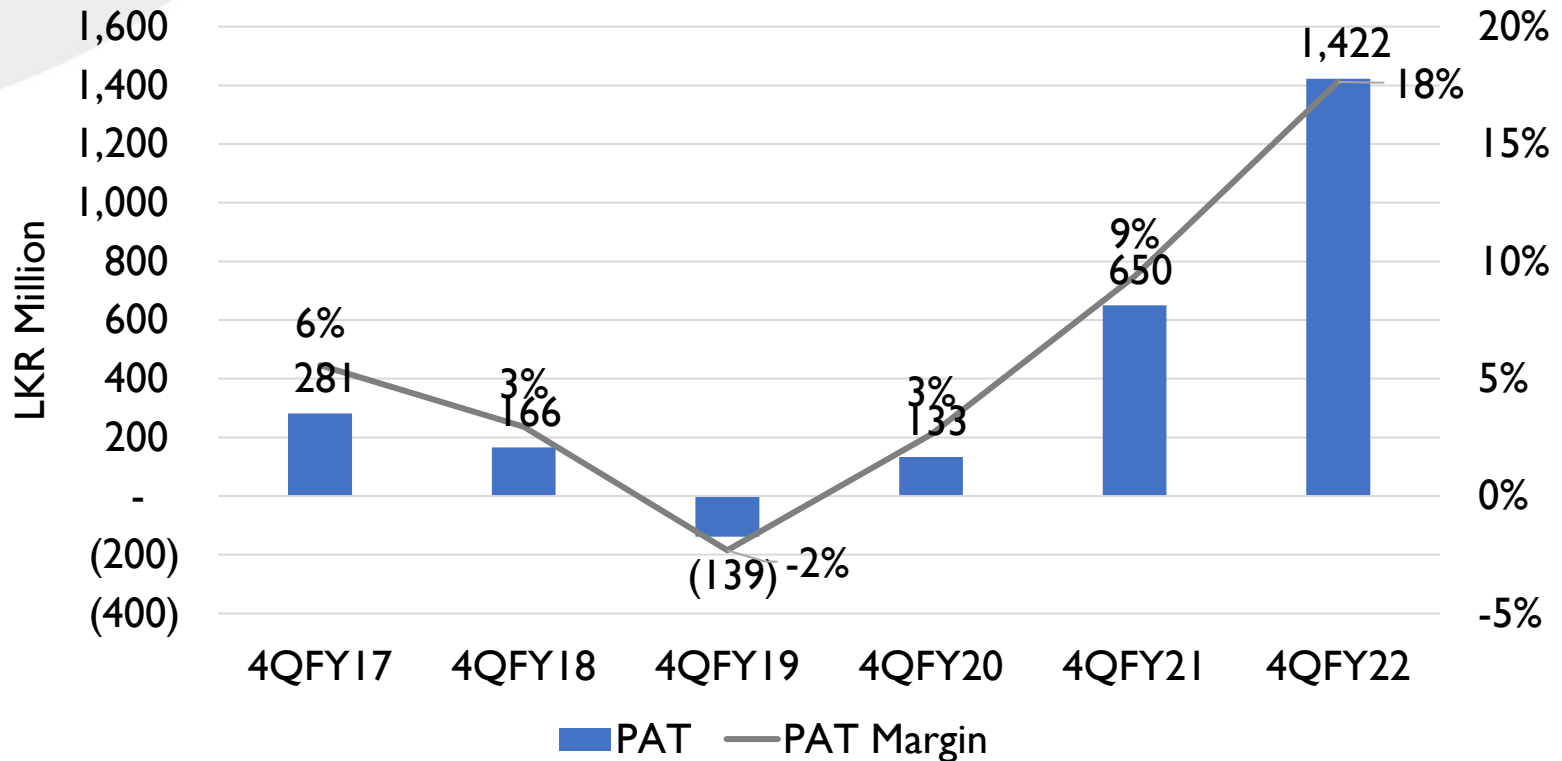
LKR m	APL Consol		Daintee	
	FY22	FY21	FY22	FY21
Revenue	1,496	643	2,195	1,508
EBIT	(40)	47	184	174
PAT	(157)	26	168	226

4Q Revenue Growth Trend

- 5 Year CAGR of 10%



4Q Profitability



- Net profit growth of 118.8% YoY predominantly driven by the profit contribution of Agri sector stemming from the increase in palm oil NSA.

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.

Segment Performance

Healthcare



LKR m	FY22	FY21	Growth %	4QFY22	4QFY21	Growth %
Revenue	17,501	12,770	37.1%	4,555	3,689	23.5%
EBIT	1,631	1,197	36.2%	378	273	38.5%
<i>EBIT margin</i>	<i>9.3%</i>	<i>9.4%</i>		<i>8.3%</i>	<i>7.4%</i>	
PAT	1,070	824	29.9%	223	231	-3.2%
<i>PAT margin</i>	<i>6.1%</i>	<i>6.4%</i>		<i>4.9%</i>	<i>6.3%</i>	

Highlights

- 4QFY22 Revenue up by 23.5% 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	FY22	FY21	Growth %	4QFY22	4QFY21	Growth %
Revenue	8,069	7,125	13.2%	2,042	2,187	-6.6%
EBIT	578	581	-0.6%	179	161	11.2%
<i>EBIT margin</i>	<i>7.16%</i>	<i>8.15%</i>		<i>8.8%</i>	<i>7.4%</i>	
PAT	479	467	2.6%	248	164	51.8%
<i>PAT margin</i>	<i>5.9%</i>	<i>6.6%</i>		<i>12.2%</i>	<i>7.5%</i>	

Highlights

- Revenue decreased by 6.6% YoY compared to 4QFY21
 - Volume degrowth of 15.4% YoY in the tea subsector
 - Value degrowth of 8.2% YoY in the tea subsector
- Daintee Contribution to PAT in 4QFY22 – LKR 95m
- Challenges faced in profitability due to
 - Tea - higher RM cost – impact minimized through increase in selling prices
 - Confectionery - Increased RM and freight cost together with challenges caused by travel restrictions due to dependence on general trade channel
- 4QFY22 PAT is after considering an expected tax benefit of LKR 65m from gazette notification "2258/18 - Marketing and communication expenses"

LKR m	FY22	FY21	Growth %	4QFY22	4QFY21	Growth %
Revenue	6,475	3,934	64.6%	1,441	962	49.8%
EBIT	3,347	1,818	84.1%	523	321	62.6%
<i>EBIT margin</i>	<i>51.7%</i>	<i>46.2%</i>		<i>36.3%</i>	<i>33.4%</i>	
PAT	3,458	1,663	107.9%	788	400	97.0%
<i>PAT margin</i>	<i>53.4%</i>	<i>42.3%</i>		<i>54.6%</i>	<i>41.6%</i>	

Highlights

- Revenue increased by 49.8% YoY in 4QFY22 mainly due to increase in NSA in the palm oil subsector
- The average herd was 1,837 during 4QFY22 with 723 milking cows
- 127 pregnant heifers imported in November 2021
- Dairy farm reported a PAT loss of LKR 10m in 4QFY22 due to higher feed cost

Additional data for analysts

LKR m	4Q FY19	1Q FY20	2Q FY20	4Q FY20	4Q FY20	1Q FY21	2Q FY21	4Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q 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	8,058
PAT	-139	573	660	467	133	553	733	602	650	1,040	1,416	1,120	1,422
PATMI	-144	333	398	286	96	320	389	388	431	333	645	611	889

Volumes	4Q FY19	1Q FY20	2Q FY20	4Q FY20	4Q FY20	1Q FY21	2Q FY21	4Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q 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	1,212
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	2.7

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

The background is a solid blue color with several overlapping, wavy, ribbon-like shapes in a slightly darker shade of blue. These shapes originate from the left side and curve towards the right, creating a sense of movement and depth. The word "Outlook" is centered in the right half of the image.

Outlook

Outlook for IQ FY23

Healthcare

- LKR depreciation to impact margins – expected to be offset by recent price increase
- With price increases, consumer spending power is going to be a key challenge over the next few quarters as volumes are expected to drop

Consumer

- Drive distribution synergies in retail channels
- Volume to contract due to poor consumer sentiment
- LKR depreciation and rising global commodity prices to impact margins

Agri

- Higher palm oil NSA
- Marginal growth in volume expected
- Expansion of the herd
- Expansion of dairy value-added business
- Dairy margins to be impacted due to increasing feed cost
- Focused on backward integration in securing adequate feed supply

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.

Thank you

For more information, Please visit our Investor Relations page



<https://www.sunshineholdings.lk/investor/financial-reports>