



**sunshine**

# **IQFY23 Earnings Webinar**

**Sunshine Holdings PLC**

**09 Aug 2022**

# Housekeeping Announcements



- The webinar will be recorded and later uploaded to our IR website for future reference
- All participants will be muted during the presentation.
- Participants can unmute themselves to ask questions in the Q&A session
- Participants can raise their questions via the chat box

# Corporate Announcements



- Acquisition of Tea Export Business - Sunshine Tea (Pvt) Ltd in April 2022. Consolidated under Consumer sector w.e.f. 1<sup>st</sup> April 2022.
- Share swap - SUN shares (8.8% stake) offered to Akbar Brothers at LKR 60 per share in exchange for their stake in the Healthcare business – SUN gained full control of the Healthcare segment

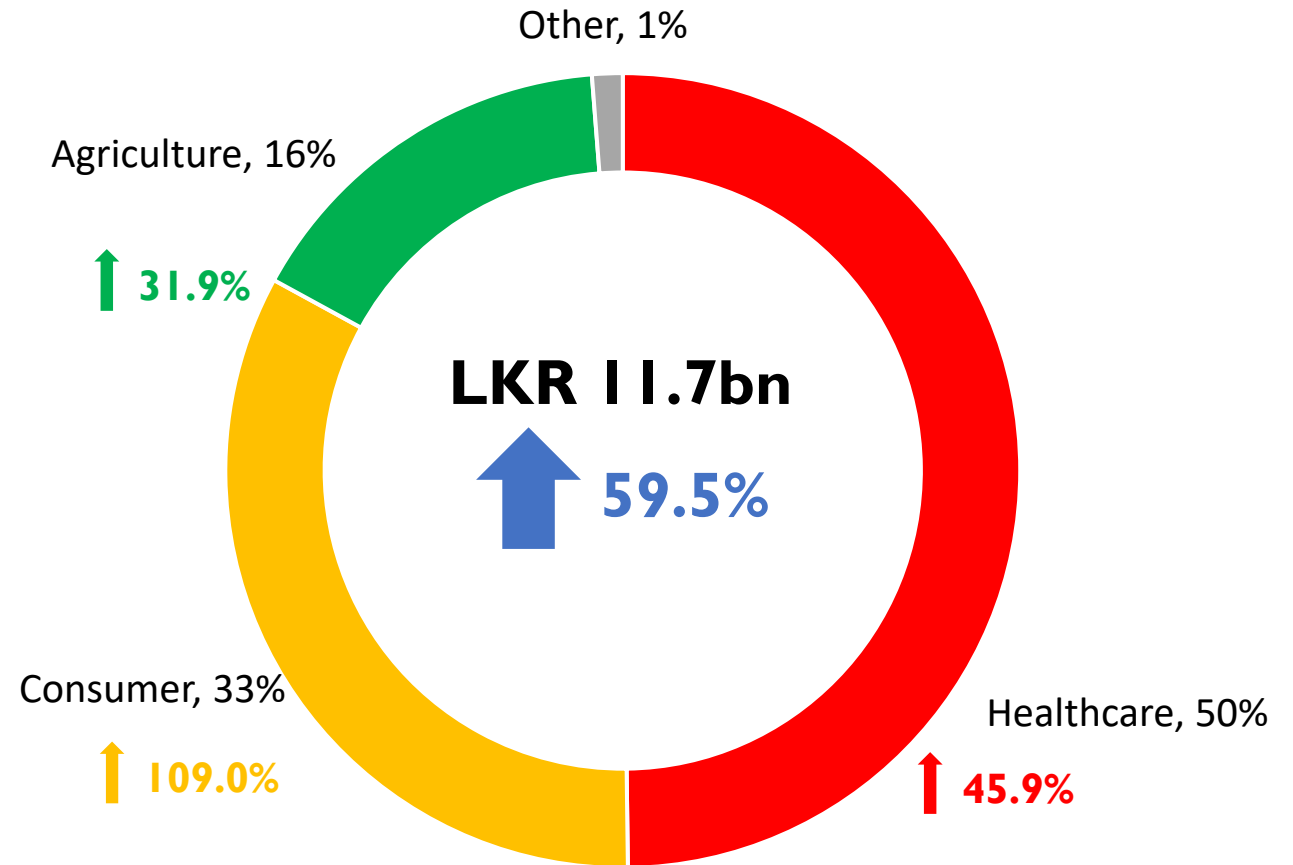
# Group Performance

# Group at a Glance



- **LKR 11.7bn** in Revenue
- **LKR 1.6bn** PAT  
+53.7%YoY
- PATMI of **LKR 1.0bn**  
+84.6%YoY
- ROE of **31.7%** (22.1% LY)
- Leverage at **24.8%** (FY22: 16.3%)

Revenue Composition - 1QFY23



# Group – Performance Highlights

LKR m	IQFY23	IQFY22	Growth %
Revenue	11,719	7,348	59.5%
EBIT	1,995	1,320	51.2%
<i>EBIT margin</i>	<i>17.0%</i>	<i>18.0%</i>	
PAT	1,599	1,040	53.7%
<i>PAT margin</i>	<i>13.6%</i>	<i>14.2%</i>	
PATMI	1,042	564	84.6%
EPS (LKR)	2.12	1.15	84.6%

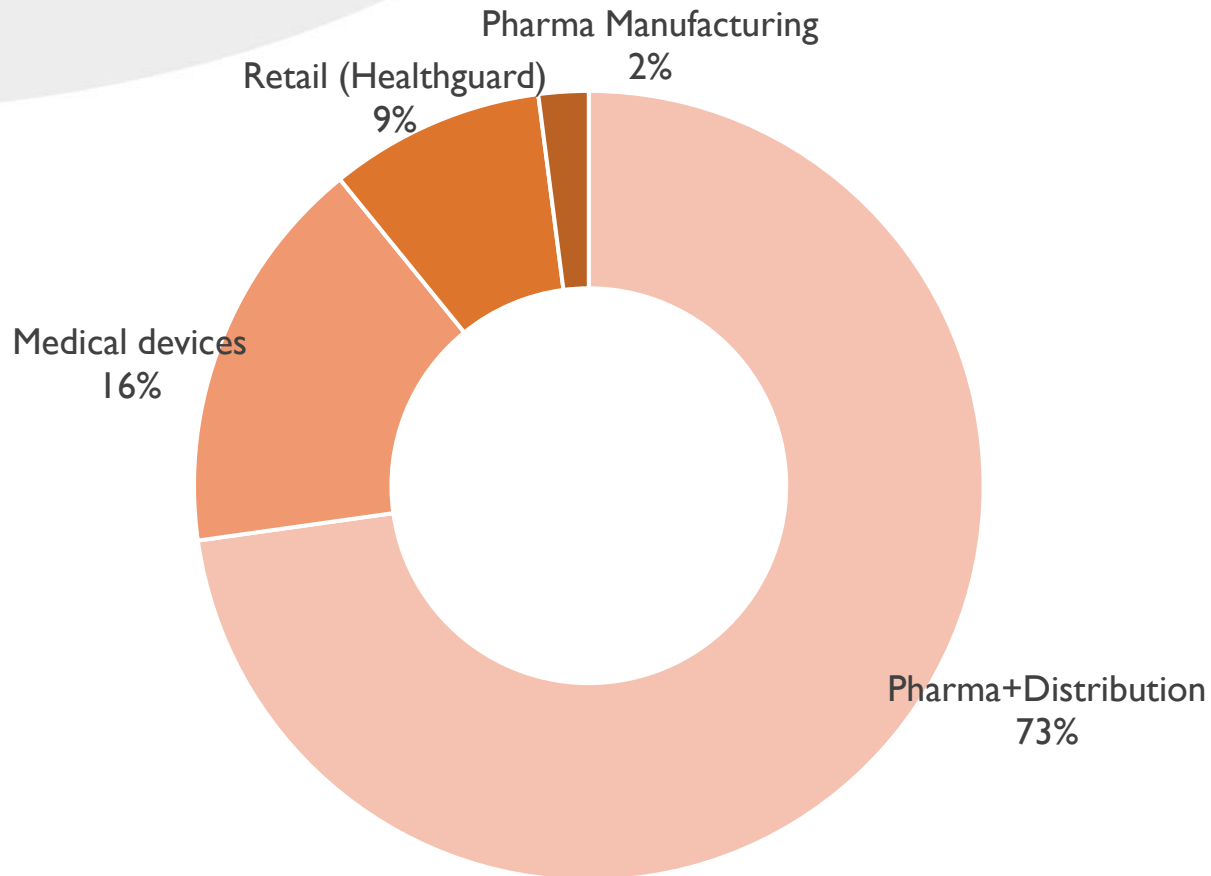
- Group Revenue growth in IQFY23 compared to LY is predominantly driven by acquisition of Sunshine Tea (Pvt) Ltd and improved performance in Healthcare and Agri sectors. Excluding the new addition, YoY growth stood at 33.8%.
- GP margin stood at 29.7% for IQFY23, 392 bps lower than IQFY22 due to margin decrease in Agri and the dilution effect in the Export business
- 51 bps decrease in PAT margin is stemming from challenges faced in Consumer local business and Agri sectors

Healthcare

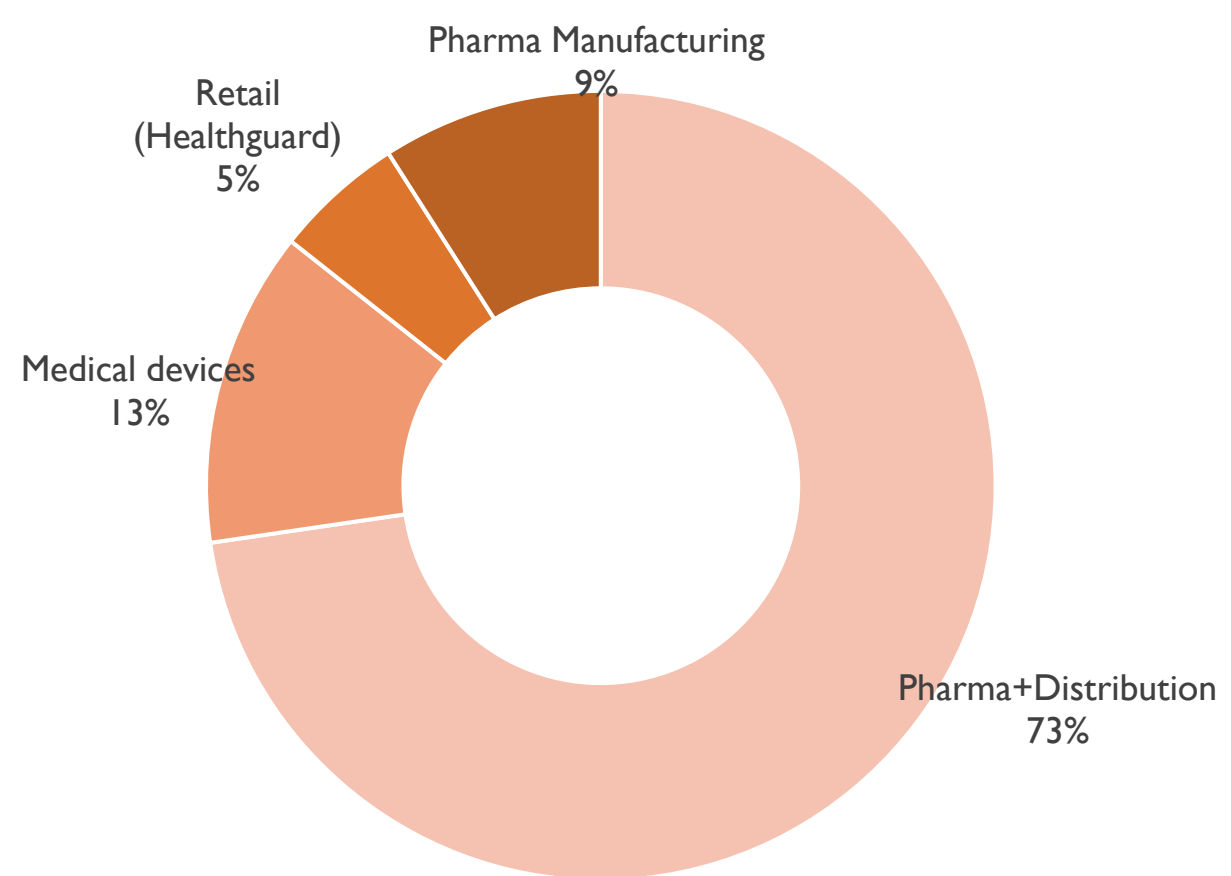
# Healthcare Sector



### Revenue Split [1QFY23]



### Total Asset Split [1QFY23]





# Healthcare – Performance Highlights

LKR m	IQFY23	IQFY22	Growth %
Revenue	5,835	4,000	45.9%
EBIT	743	401	85.5%
<i>EBIT margin</i>	<i>12.7%</i>	<i>10.0%</i>	
PAT	432	270	59.9%
<i>PAT margin</i>	<i>7.4%</i>	<i>6.8%</i>	

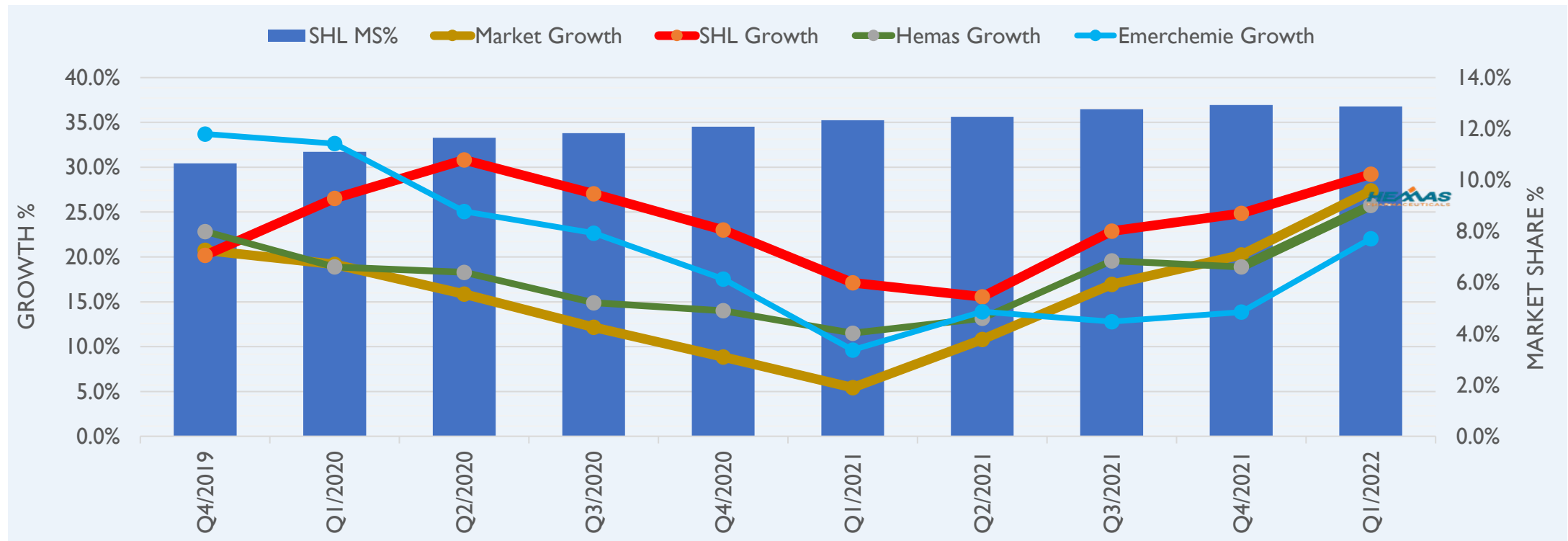
- Margins improved due to MRP price adjustments on all SKUs, due to the devaluation of Rupee against the USD by more than 75%.
- EBIT margin improvement is owing to improved GP margin and OH cost control during the quarter
- NMRA delays continued to interrupt the business.

# Pharmaceuticals



## Pharma Segment Performance

- Fastest growing Pharma company in Sri Lanka

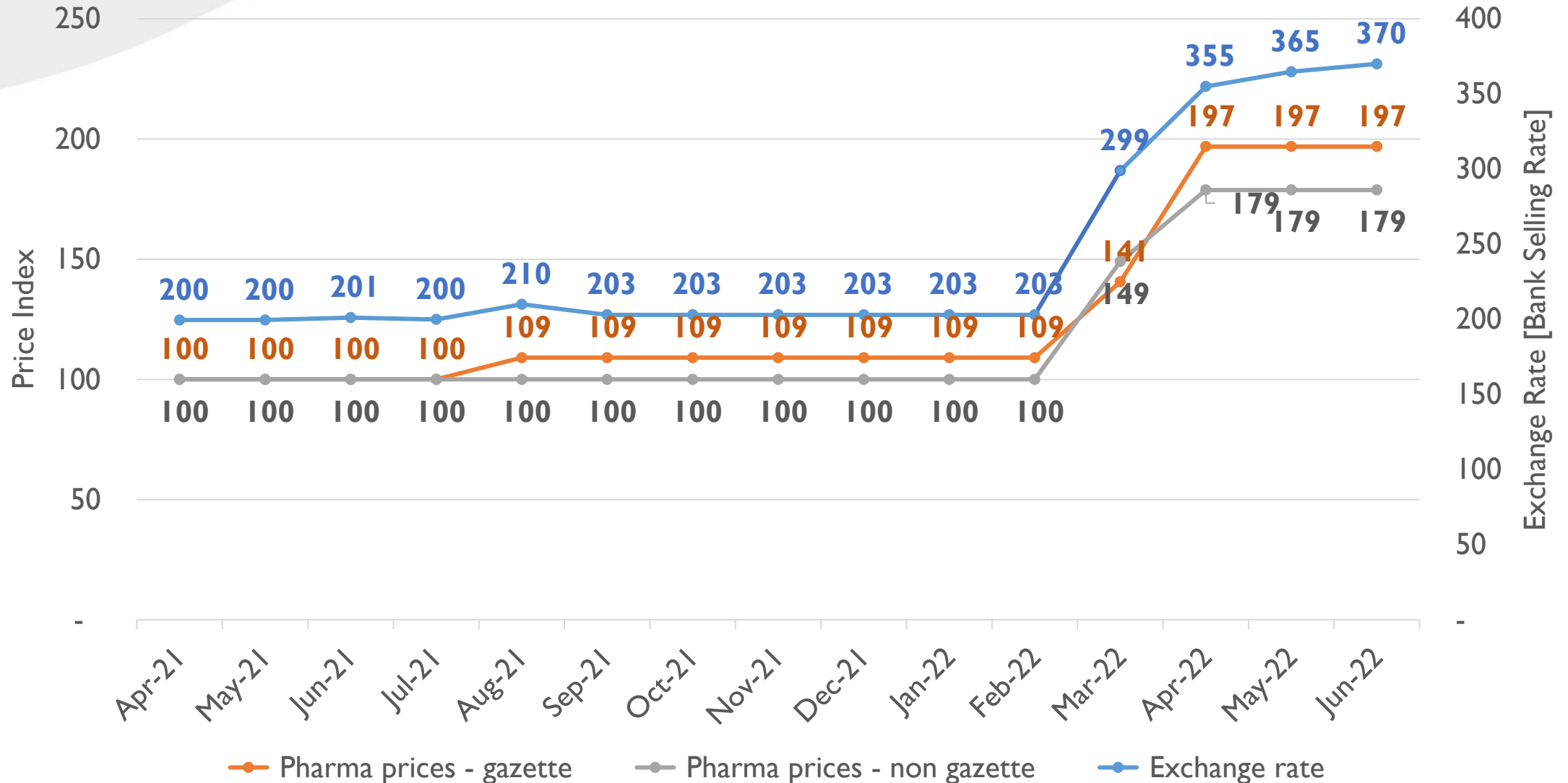


Source : IQVIA MAT

# Pharmaceuticals – Price Increase Index



April 2021 considered as the base (i.e., 100)



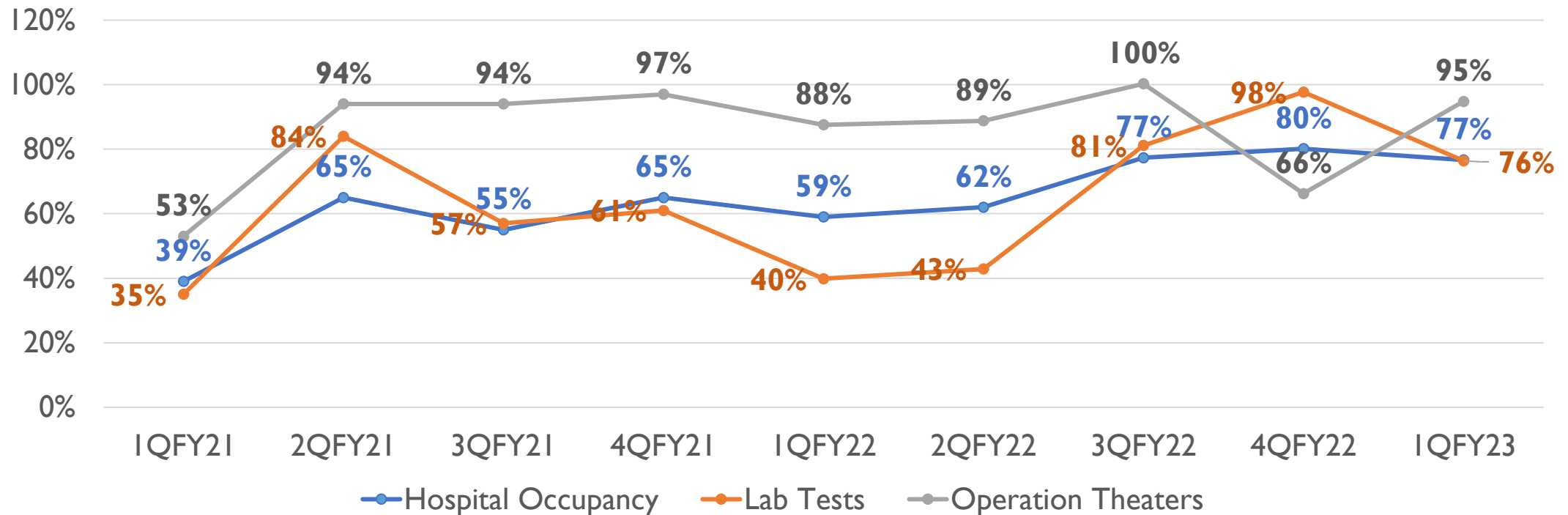
# Sunshine Medical Devices (SMD)



## Sunshine Medical Devices Segment Performance

- 40.2% growth vs IQFY22 in SMD revenue, despite volume contraction
- Stock build up at customer due to low offtake
- Driven by price increases

Market Dynamics



# Pharma Manufacturing



## Pharma Manufacturing Segment Performance

- Revenue contraction of 13.0% YoY compared to 1QFY22 due to lower government sales
- GP margins contracted due to product/ customer mix changes and rupee depreciation
- Lina Spiro received its first government order and the same will be reflected in the 3QFY23 performance

*Lina*  
Manufacturing

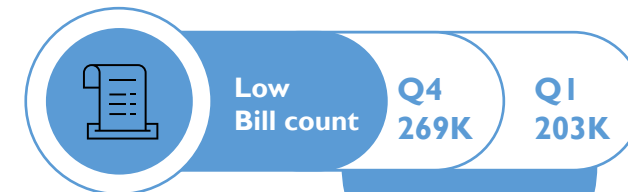
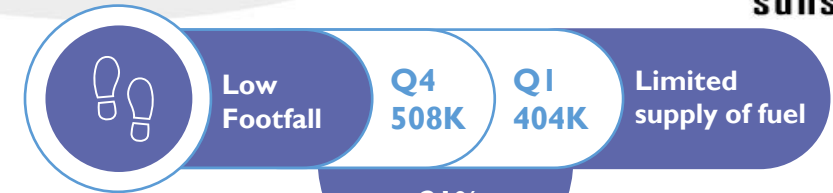


# Retail (Healthguard)



## Retail Segment Performance

- Marginal revenue growth of 0.9% YoY
- Reduced footfall
- Less purchases in wellness products adversely impacted the GP margin
- Loyalty engagement improvement
- Adjusting to the new normal with change in shopper buying habits

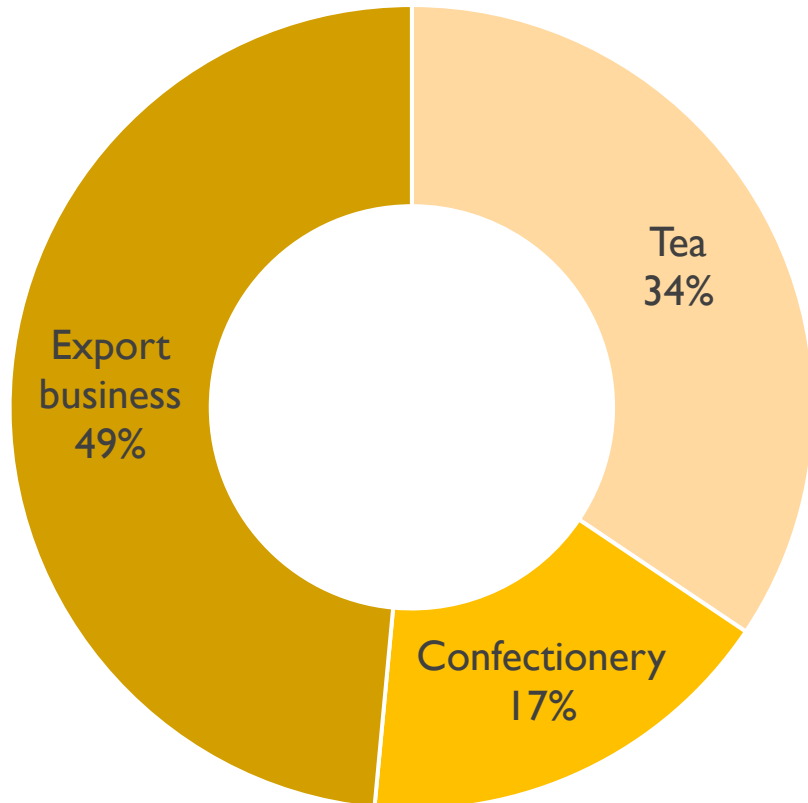


Consumer

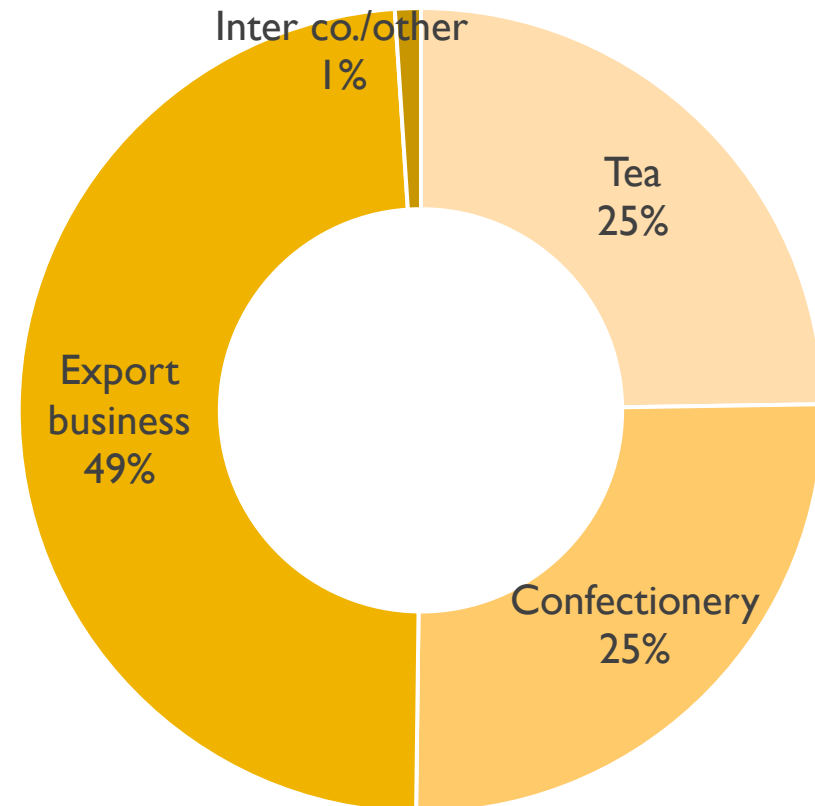
# Consumer Sector



Revenue Split [1QFY23]



Total Asset Split [1QFY23]





# Consumer – Performance Highlights



LKR m	IQFY23	IQFY22	Growth %
Revenue	3,886	1,860	109.0%
EBIT	366	100	266.1%
<i>EBIT margin</i>	<i>9.4%</i>	<i>5.4%</i>	
PAT	296	61	384.0%
<i>PAT margin</i>	<i>7.6%</i>	<i>3.3%</i>	

IQFY23 Export Contribution	LKR m
Revenue	1,885
EBIT	265
PAT	224

*\*\*Performance is consolidated under Consumer sector w.e.f. 1<sup>st</sup> April 2022*

- Growth was mainly driven by the acquisition of the Export business. Excluding the new addition, growth stood at 7.6% YoY.
- Export revenue contribution in dollar terms stood at **USD 5.3m in IQ**
- EBIT and PAT margins were supported by the addition of tea export business.
- PAT includes exchange gain of LKR 145m predominantly stemming from the Export Business

# Local Business



## TEA

**-3.3%**

IQFY23

**-20.6%** Volume Growth

**22.2%** Price Growth

- Challenged in volumes due to low consumer sentiment
- First in the market to take price increase

## CONFECTIONERY

**41.2%**

IQFY23

**-36.5%** Volume Growth

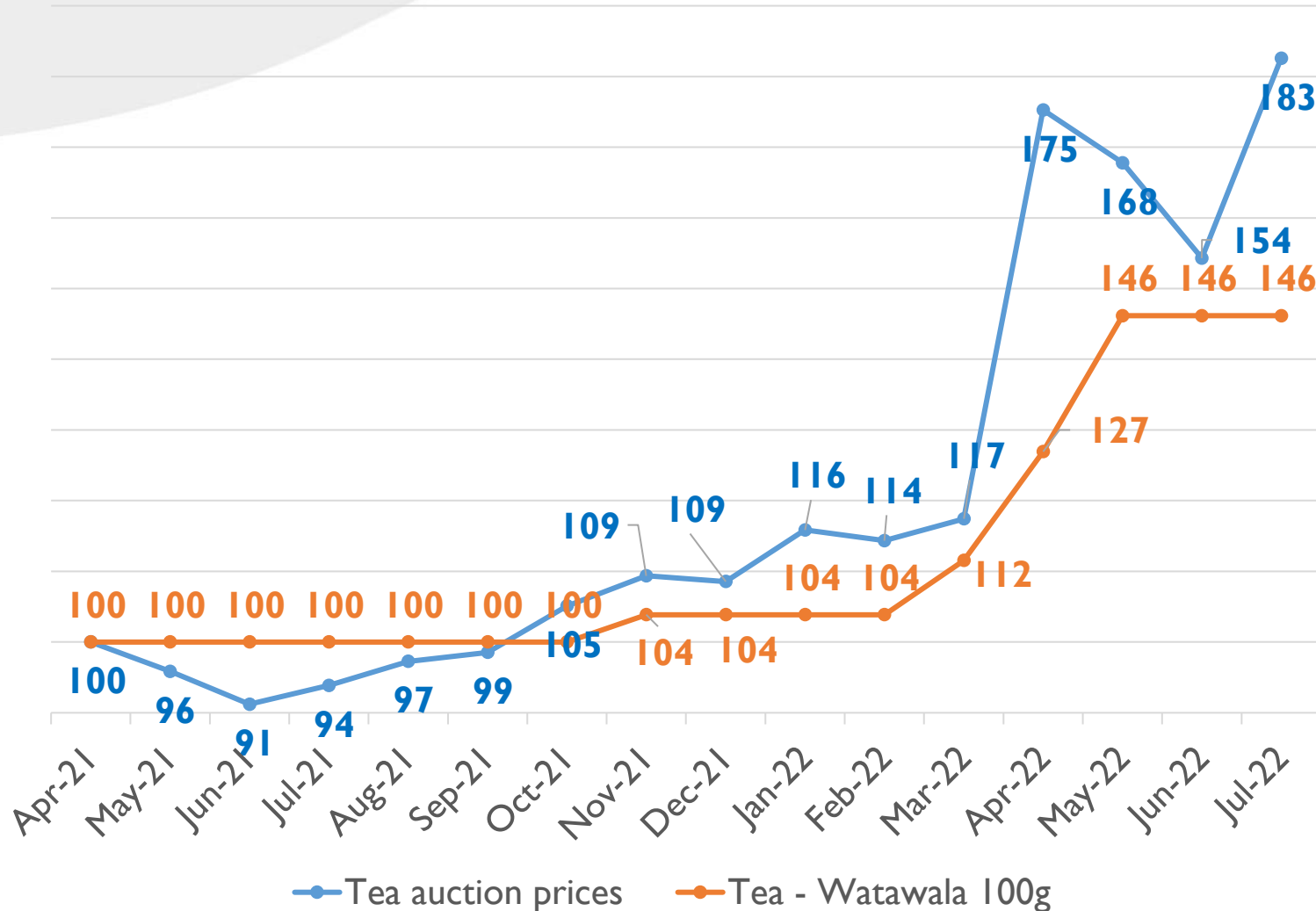
**122.4%** Price Growth

- Increase in input cost owing to global price increase and rupee depreciation

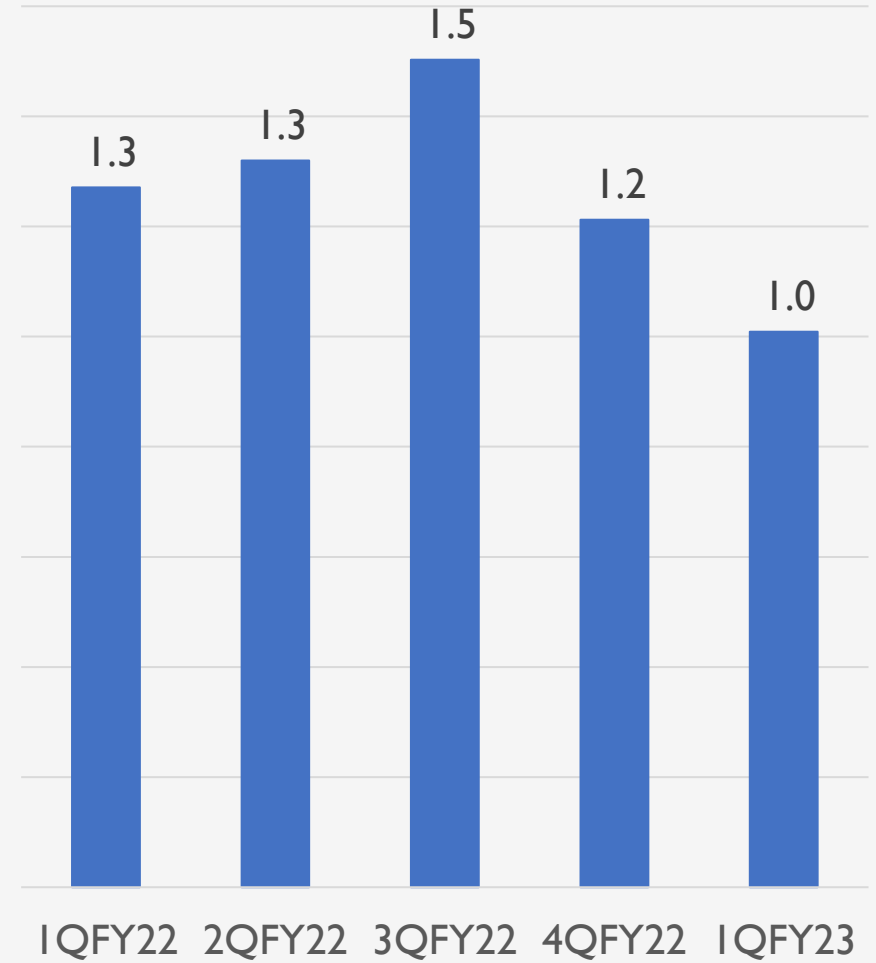
# Tea – Price Index



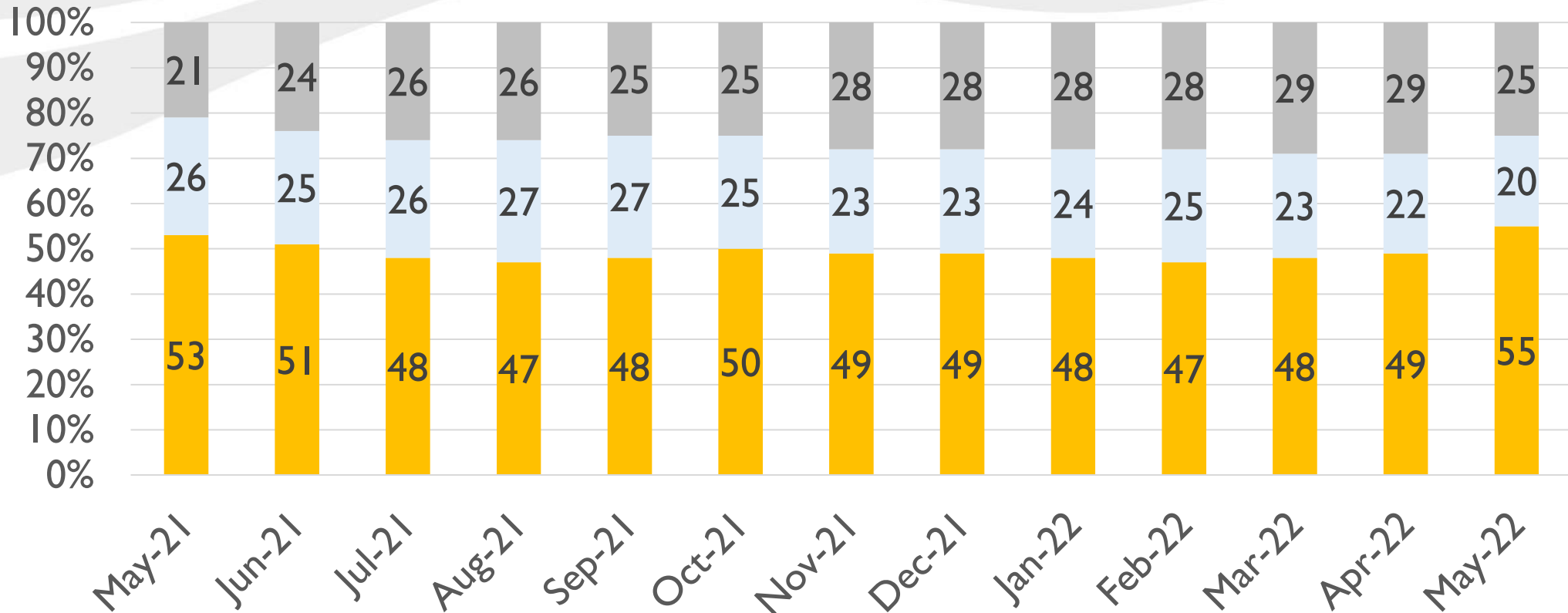
April 2021 considered as the base (i.e., 100)



## Tea Volume (million Kg)



# Tea - Brand Value Market Share



Source: CHP, Kantar

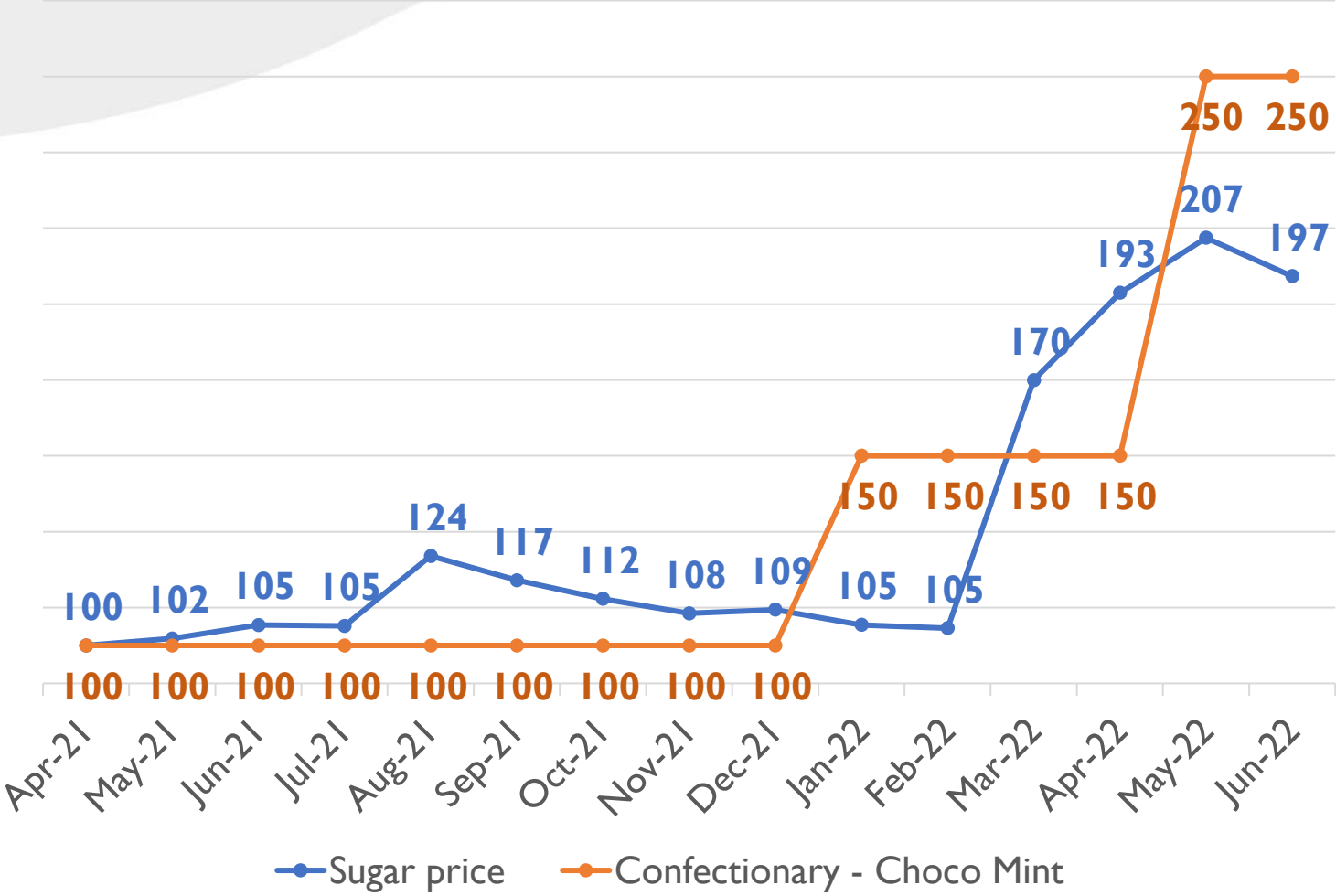
■ SCL ■ USL ■ Other

- Improvement in value market share in May 2022 is predominantly owing to price increases. The market share is expected to taper down once other players follow such price increases. Volume share improvement is marginal.

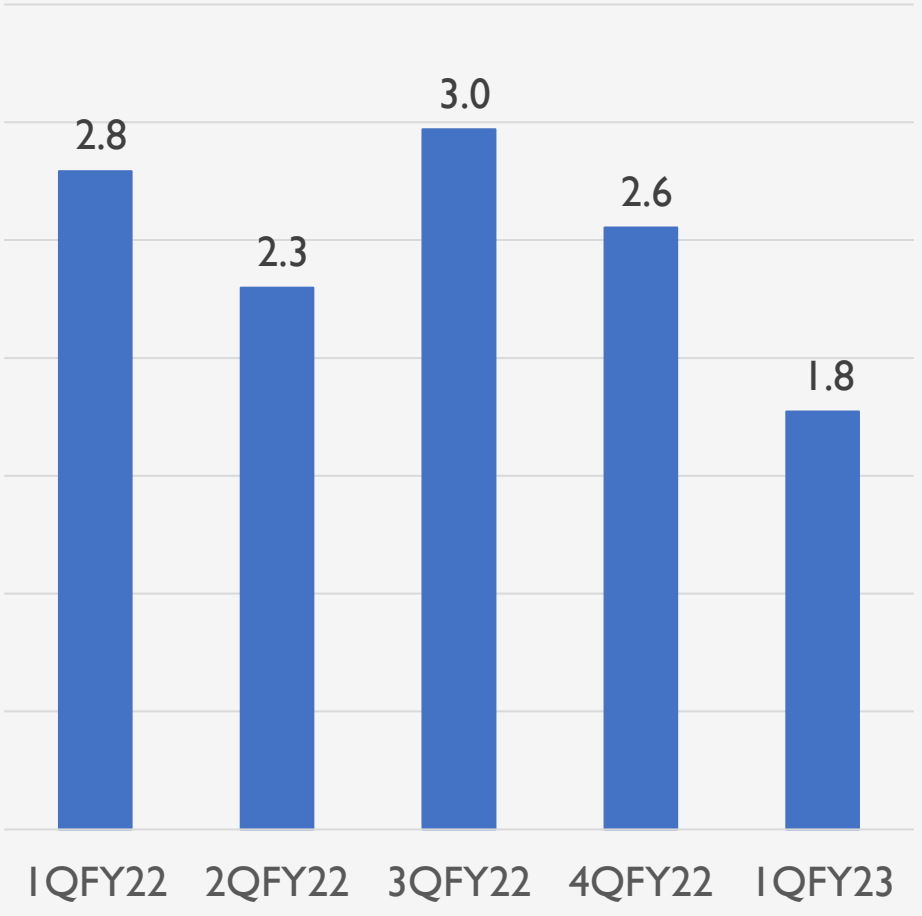
# Confectionery – Price Index



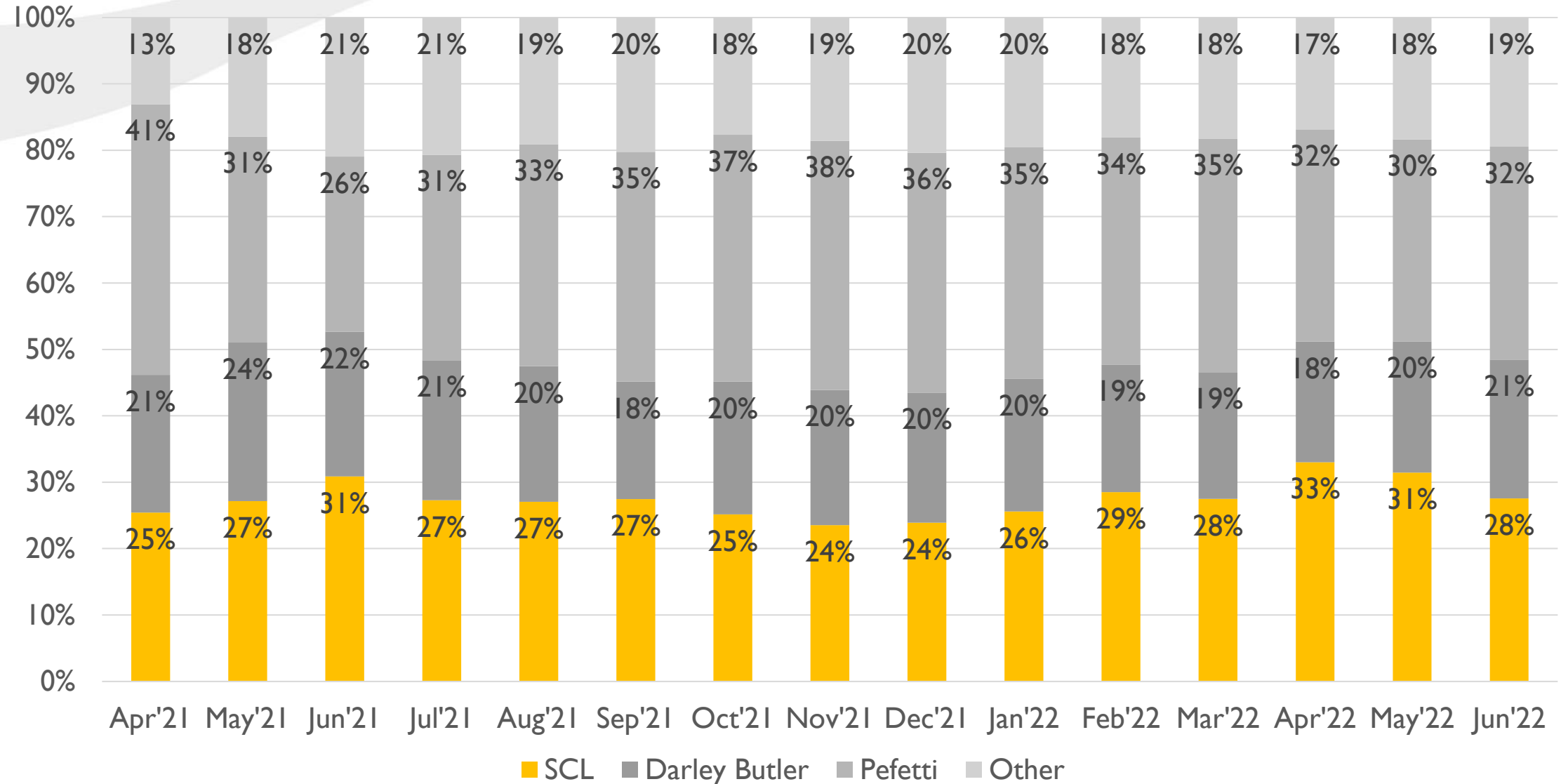
April 2021 considered as the base (i.e., 100)



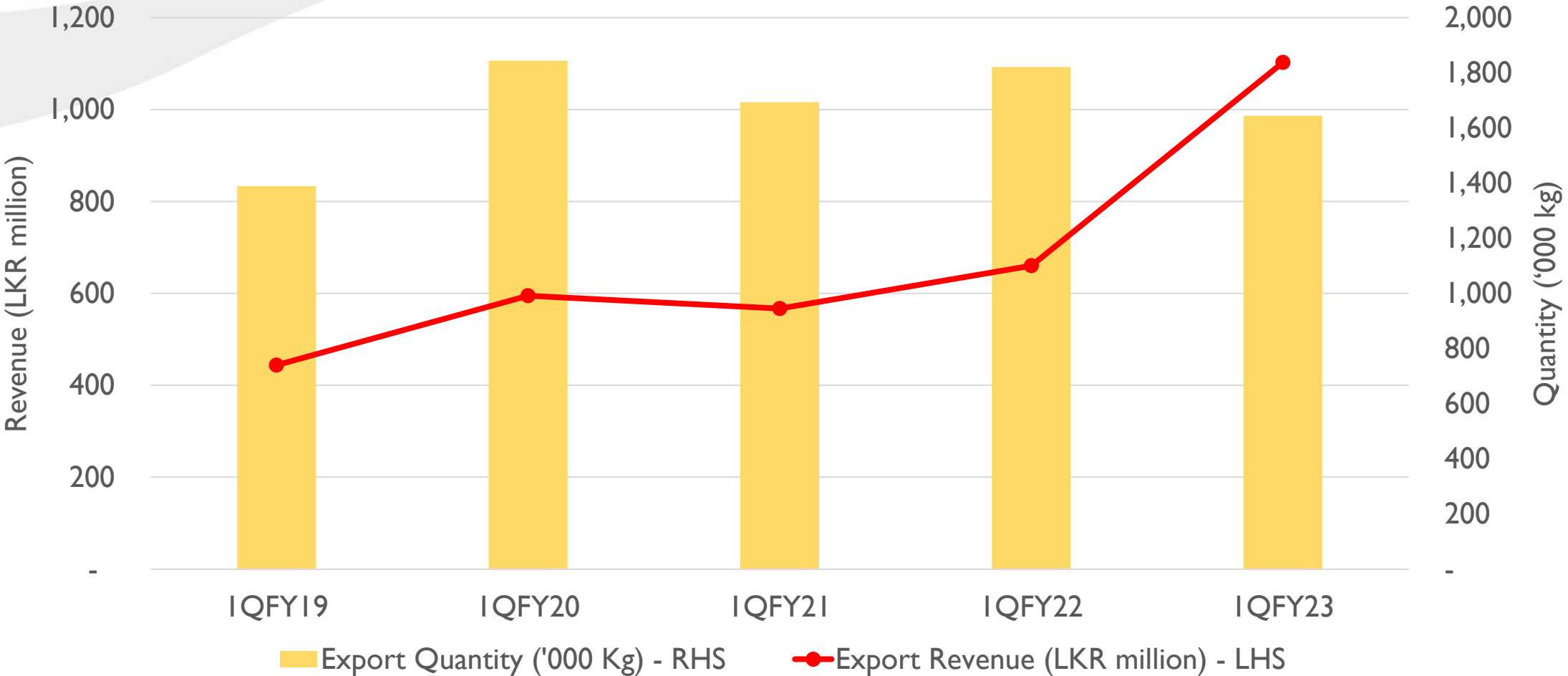
Confectionery - number of units sold in millions



# Confectionery – Value Market share



# Export Business



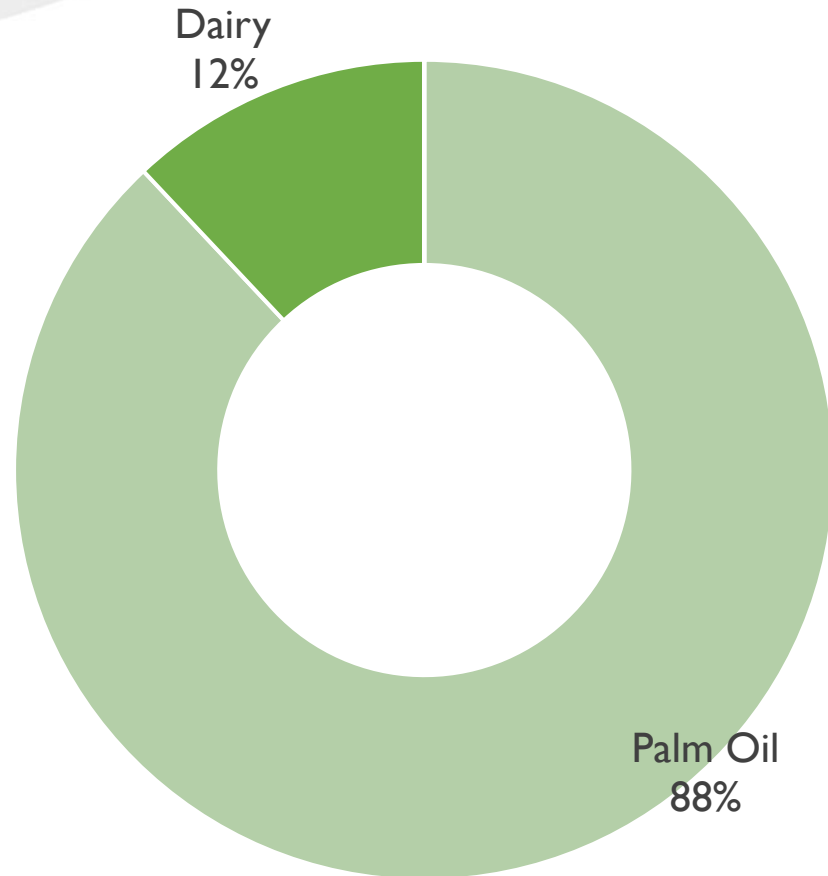
# Agribusiness



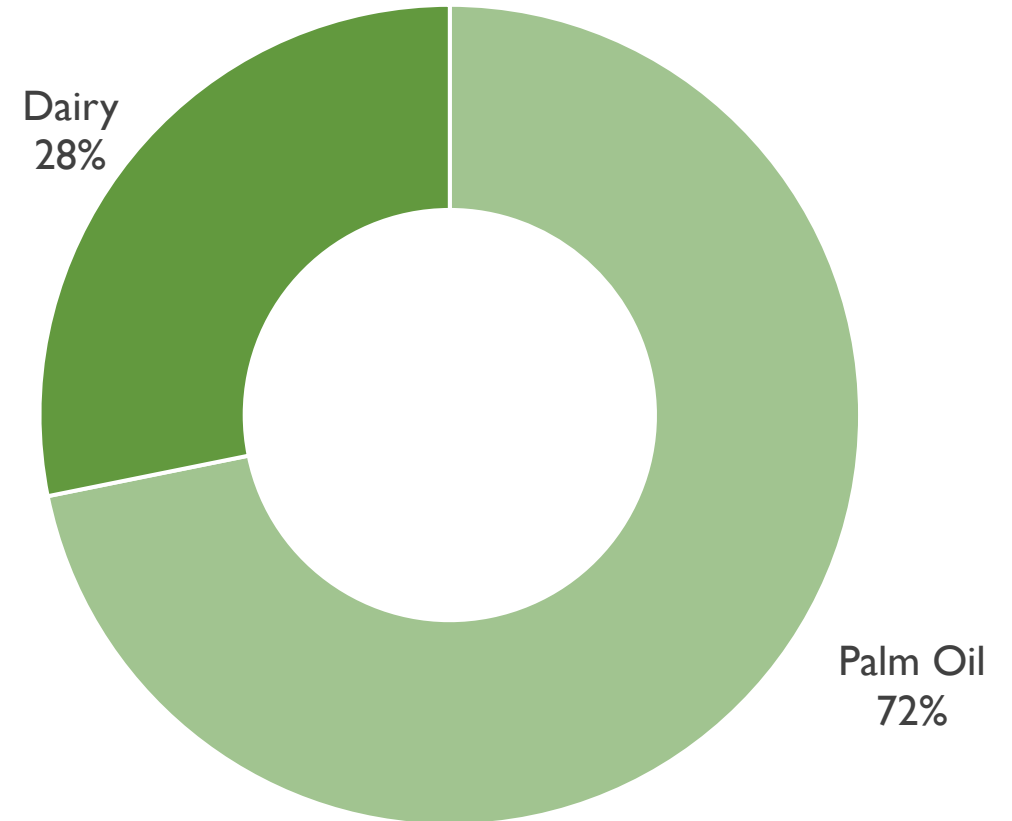
# Agri Sector



Revenue Split [1QFY23]



Total Asset Split [1QFY23]



# Agri – Performance Highlights

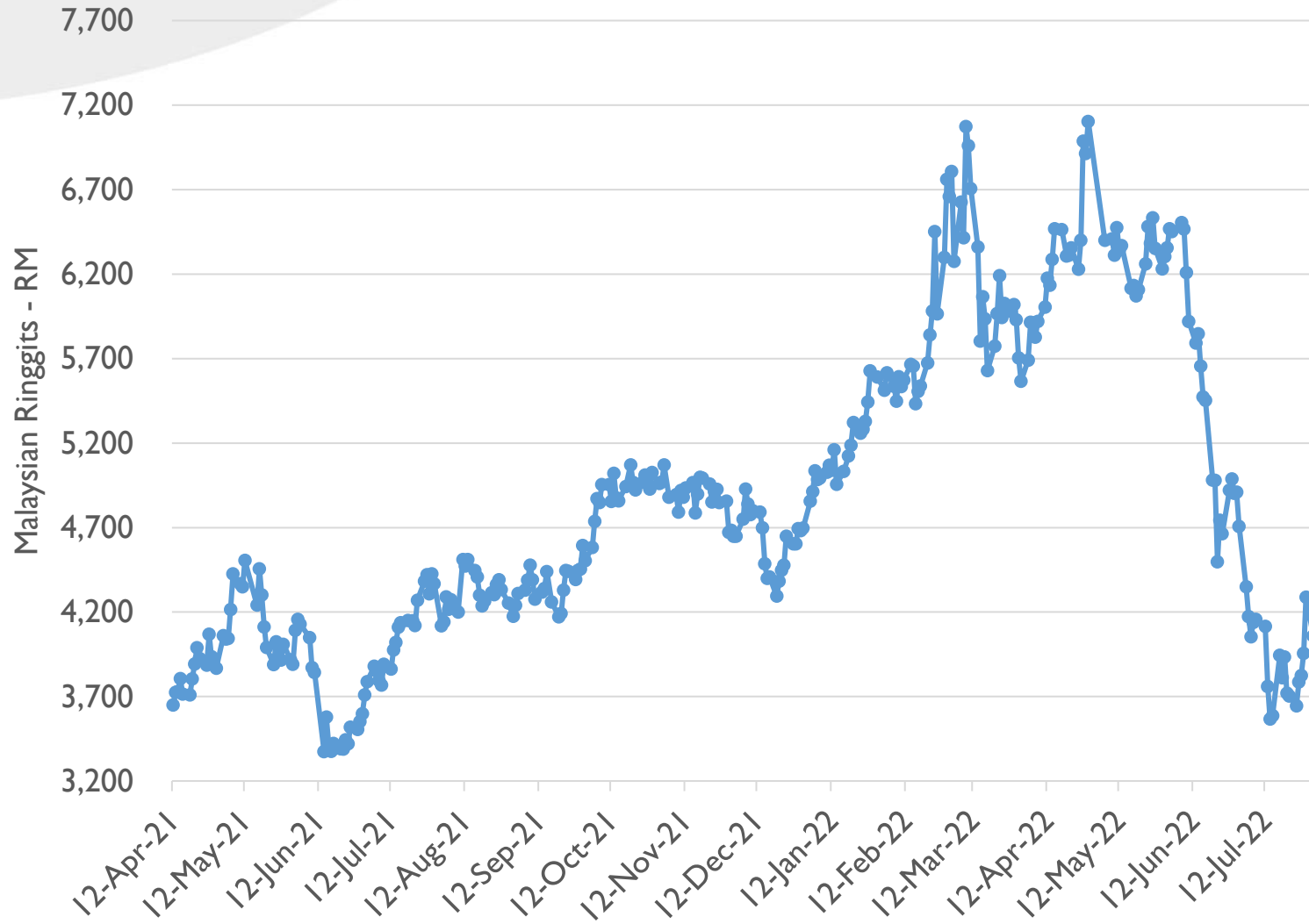
LKR m	I QFY23	I QFY22	Growth %
Revenue	1,852	1,404	31.9%
EBIT	757	784	-3.5%
<i>EBIT margin</i>	<i>40.9%</i>	<i>55.8%</i>	
PAT	734	724	1.4%
<i>PAT margin</i>	<i>39.6%</i>	<i>51.5%</i>	

- Significant revenue growth YoY is driven by the palm oil segment recording higher NSA for palm oil
- Segment revenue growth I QFY23 vs I QFY22
  - Palm Oil: 32%
  - Dairy: 34%
- Profitability of Dairy segment was adversely affected due to increase in feed cost. Dairy business recorded a net loss of LKR 40m in I QFY23 compared to a net profit of LKR 18m during the same quarter last year

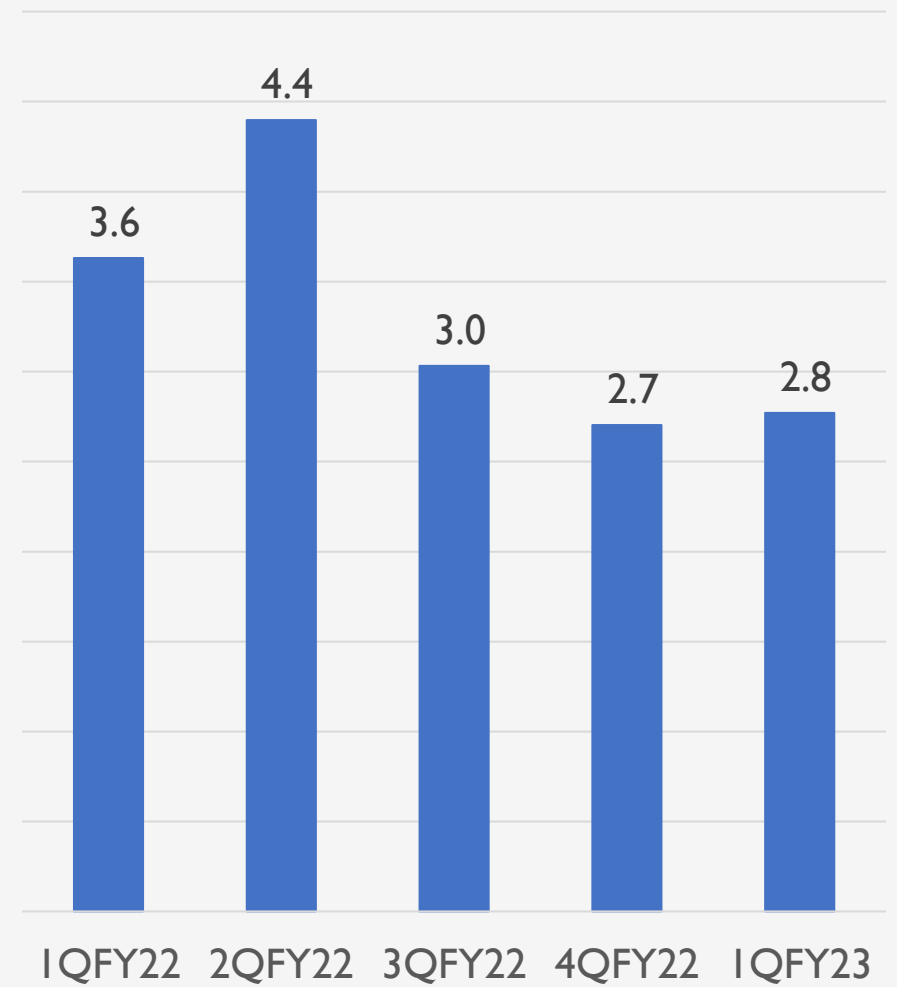
# Palm Oil



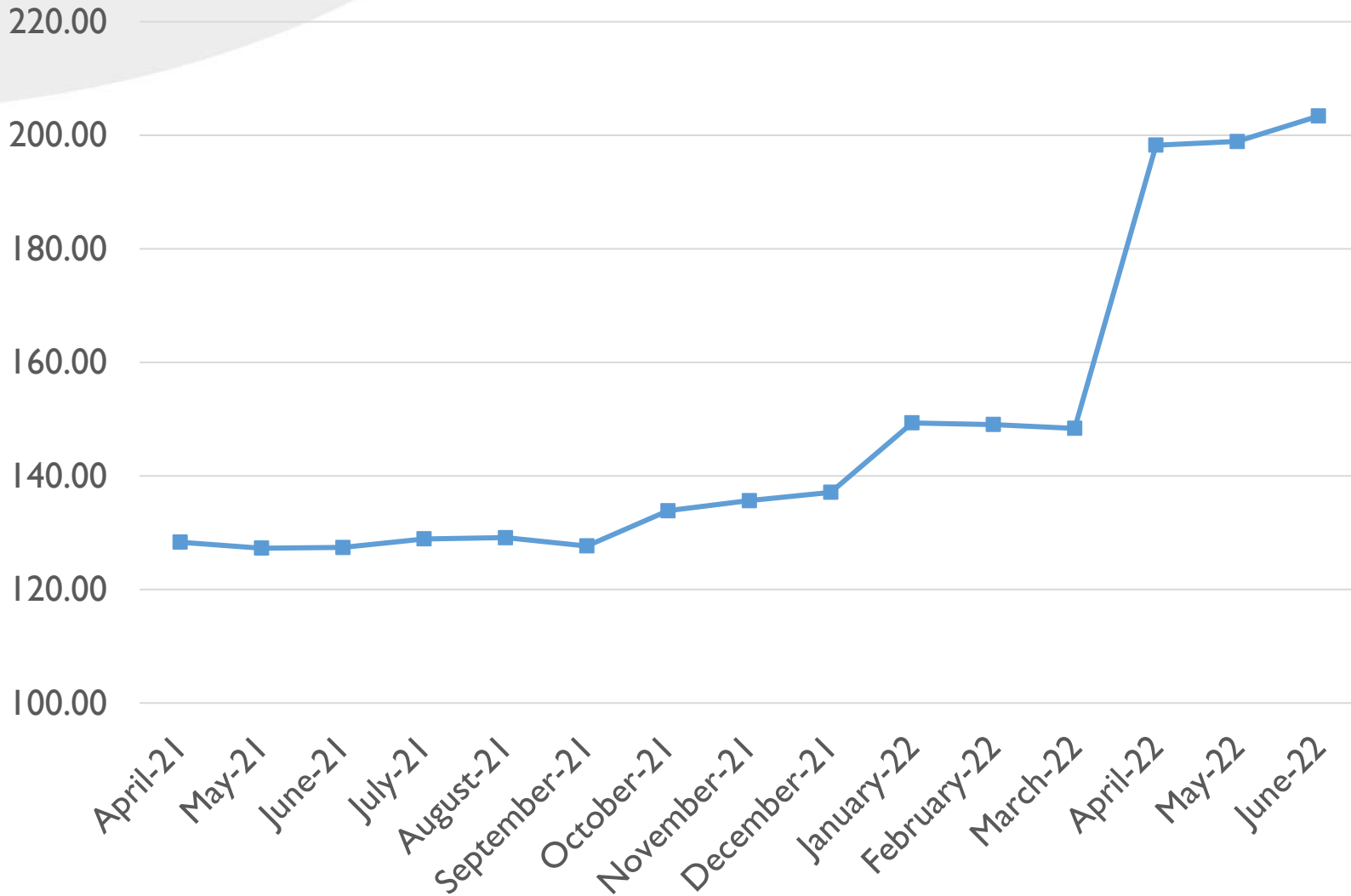
Global Settlement Price (RM)



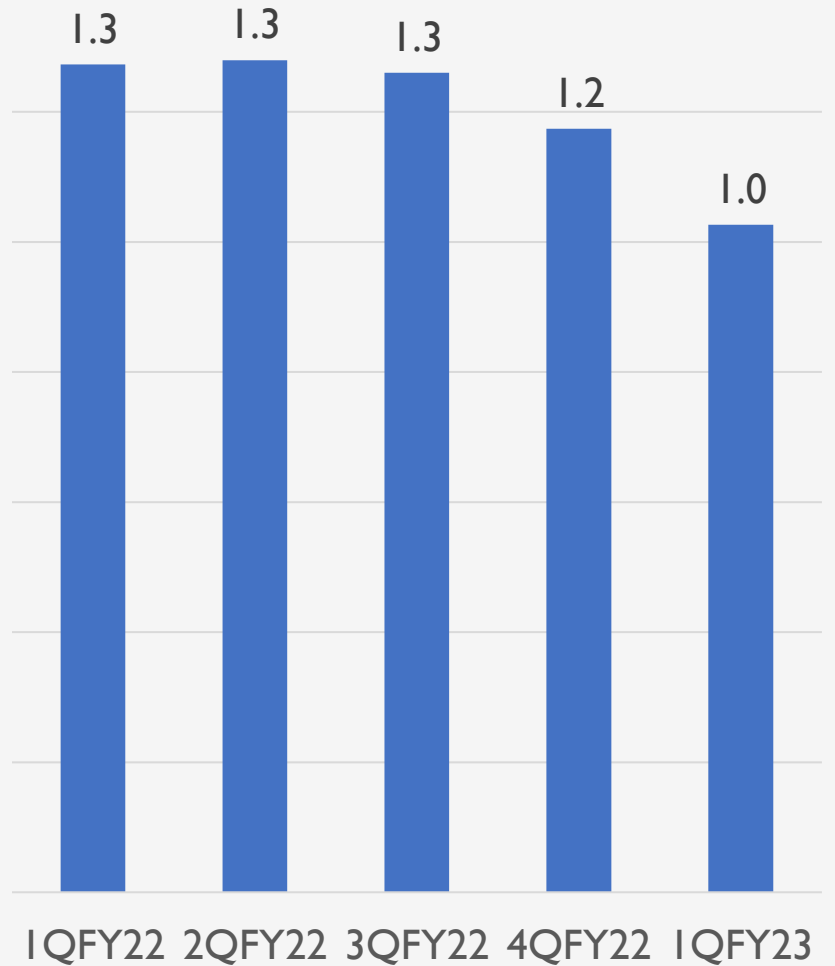
WATA Palm Oil Production (million kg)



### WDL's Avg Milk Price



### WDL's Milk Sales Volume (million litres)



Q&A

# 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!

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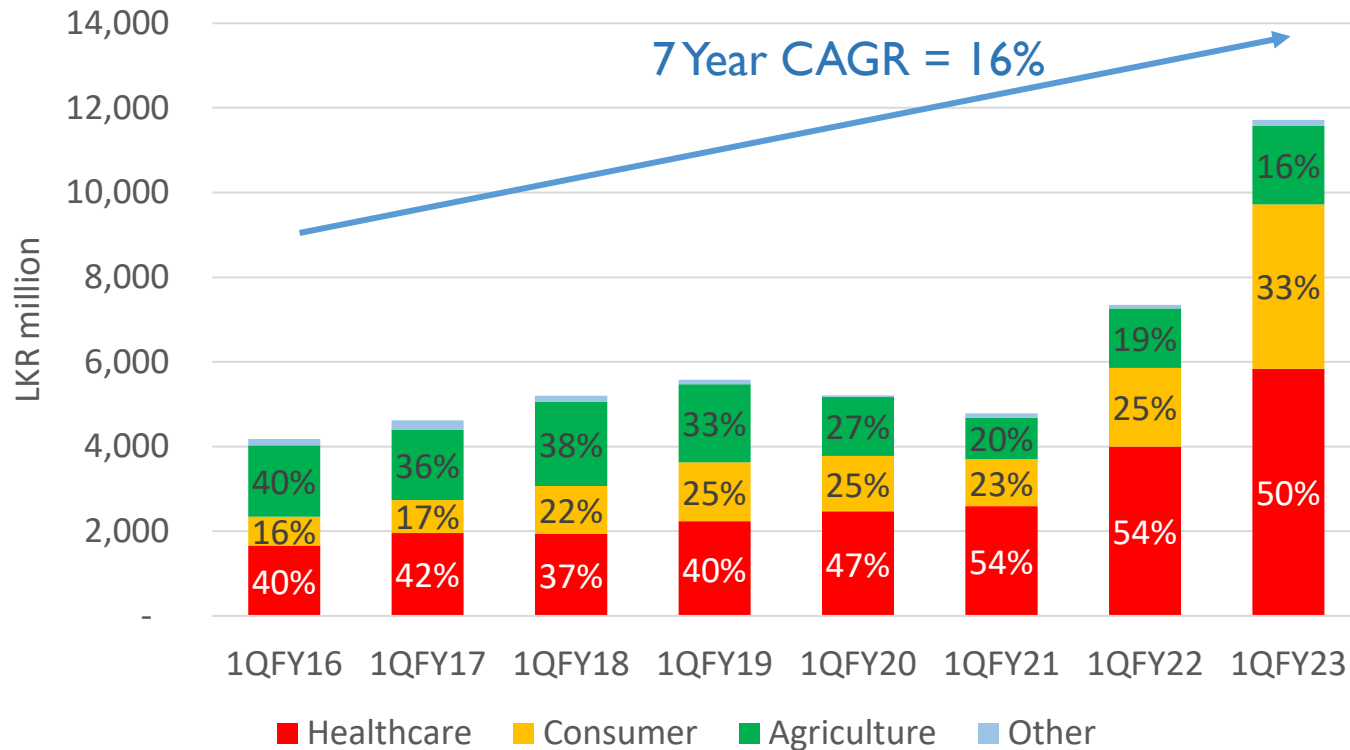
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# Appendix



# Historical Trend

## Revenue Growth and Composition [1QFY16 – 1QFY23]



## Profit After Tax [1QFY16 – 1QFY23]

