



sunshine

2QFY25 Earnings Webinar

Sunshine Holdings PLC

13 November 2024

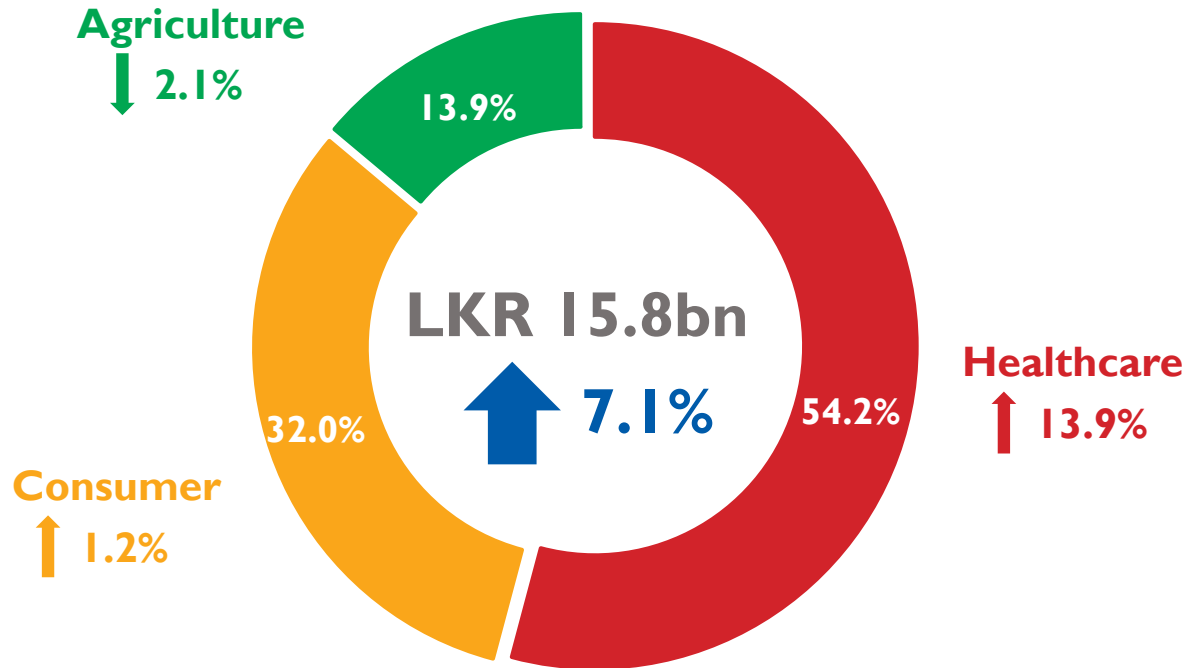
- The webinar will be recorded and later uploaded to our IR website as well as CSE website for future reference (<https://www.sunshineholdings.lk/investor/financial-reports>)
- All participants will be muted during the presentation
- Participants can use the 'Raise Hand' option to ask questions during the Q&A session, and we will unmute them accordingly
- Participants can also raise their questions via the chat box

- 03rd October – Successful completion of the International Finance Corporation's LKR 3.2bn investment in Sunshine Healthcare Lanka Limited (SHL). Following this investment, the Company now holds an 85.27% shareholding in SHL, with the remaining 14.73% held by IFC
- Watawala Plantations PLC has declared a first interim dividend of Rs. 8.00 per share for FY25 (XD date - 21 Nov 2024, Payment date - 10 Dec 2024)
- Sunshine Holdings PLC has declared a first interim dividend of Rs. 1.50 per share for FY25 (XD date - 22 Nov 2024, Payment date - 11 Dec 2024)

Group Performance

Group at a Glance – 2QFY25

Revenue Composition – 2QFY25



LKR 2.6bn
-9.0% YoY
EBIT

LKR 1.5bn
-29.9% YoY
Earnings

LKR 2.5l
-25.2% YoY
EPS

27.8%
+3.8 pts YoY
Gearing

23.4%
+3.4 pts YoY
ROE

LKR 40.23
+12.1% YoY
NBV

LKR 30.5bn
+17.9% YoY
Mkt Cap

7.0x
+39.3% YoY
PER

3.2%
2.2% - FY23
Div Yield

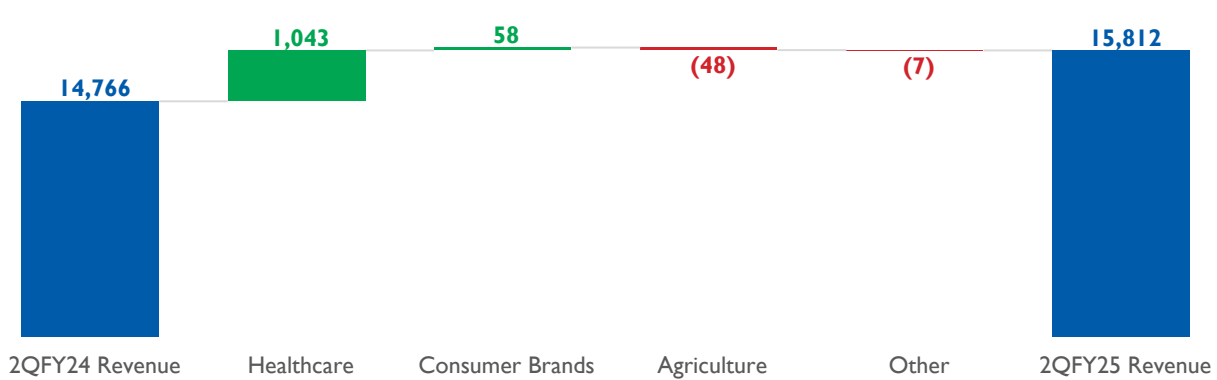
Group – Performance Highlights

LKR mn	2QFY25	2QFY24	YoY %	1QFY25	QoQ %
Revenue	15,812	14,766	7.1%	14,239	11.0%
EBIT	2,557	2,811	-9.0%	2,073	23.3%
<i>EBIT margin</i>	<i>16.2%</i>	<i>19.0%</i>		<i>14.6%</i>	
PAT	1,548	2,208	-29.9%	1,376	12.5%
<i>PAT margin</i>	<i>9.8%</i>	<i>15.0%</i>		<i>9.7%</i>	
PATMI	1,234	1,649	-25.2%	936	31.9%
EPS (LKR)	2.51	3.35	-25.2%	1.90	31.9%

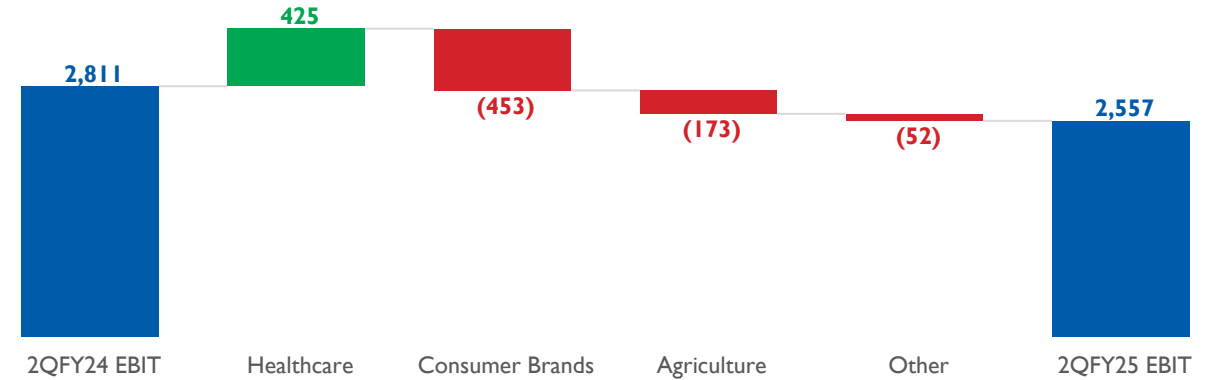
- During 2QFY25, GP margin recorded at 31.7%, reflecting a value improvement of 5.5% YoY, driven by favorable topline and margin expansion in both the pharmaceutical agency and pharmaceutical manufacturing businesses
- The Group reported Profit after tax (PAT) for the period of LKR 1.5 bn, a 29.9% YoY decrease, primarily impacted by the higher taxation in the agribusiness sector and challenges faced in the local Consumer sectors

Movement in Revenue & EBIT

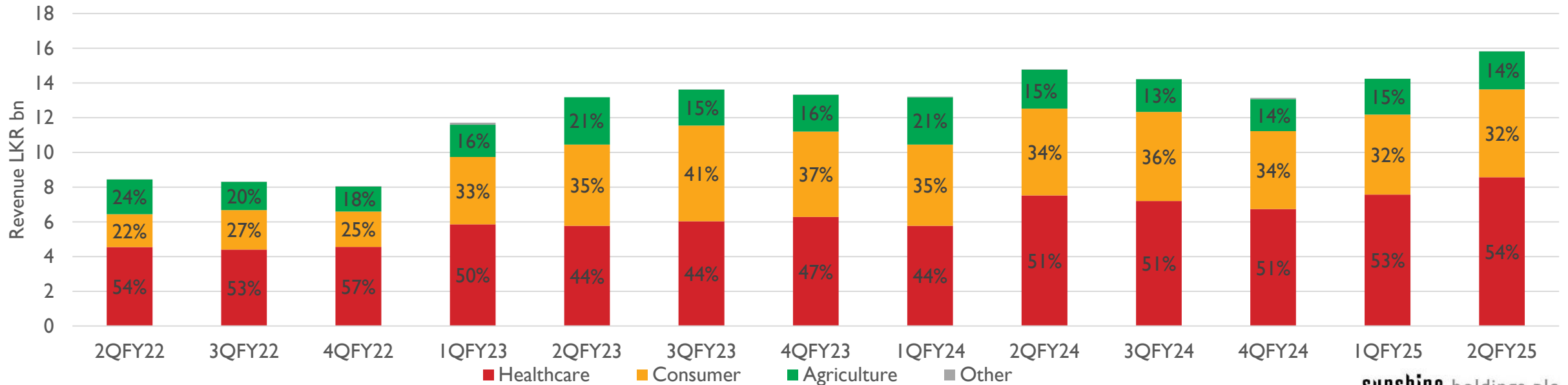
Revenue Movement [LKR Million]



EBIT Movement [LKR Million]



Revenue Composition – Revenue QoQ



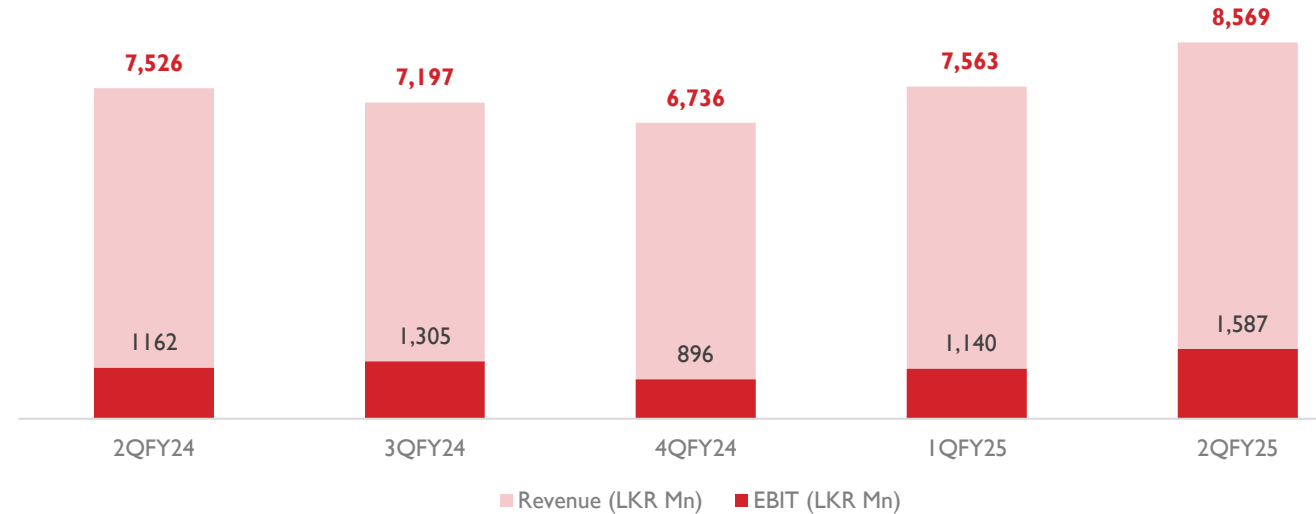
Healthcare

Healthcare Sector – Highlights

Sector Highlights

Healthcare sector revenue for 2QFY25 increased by **13.9%** YoY, driven by topline growth in both the pharmaceutical agency and manufacturing segments

This growth contributed to an improved EBIT margin of 18.5% for 2QFY25, up by **344 bps**, reflecting the overall positive performance across these key areas



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	30.3%	19.2%	19.4%	-4.4%	7.2%	-6.4%	19.8%	12.3%	13.9%	13.3%
EBIT Margin (%)	15.4%		18.1%		13.3%		15.1%		18.5%	
PAT	852		835		349		712		1,059	
PAT Margin (%)	11.3%		11.6%		5.2%		9.4%		12.4%	
ROIC (%)	29.9%		32.9%		24.3%		21.6%		24.7%	

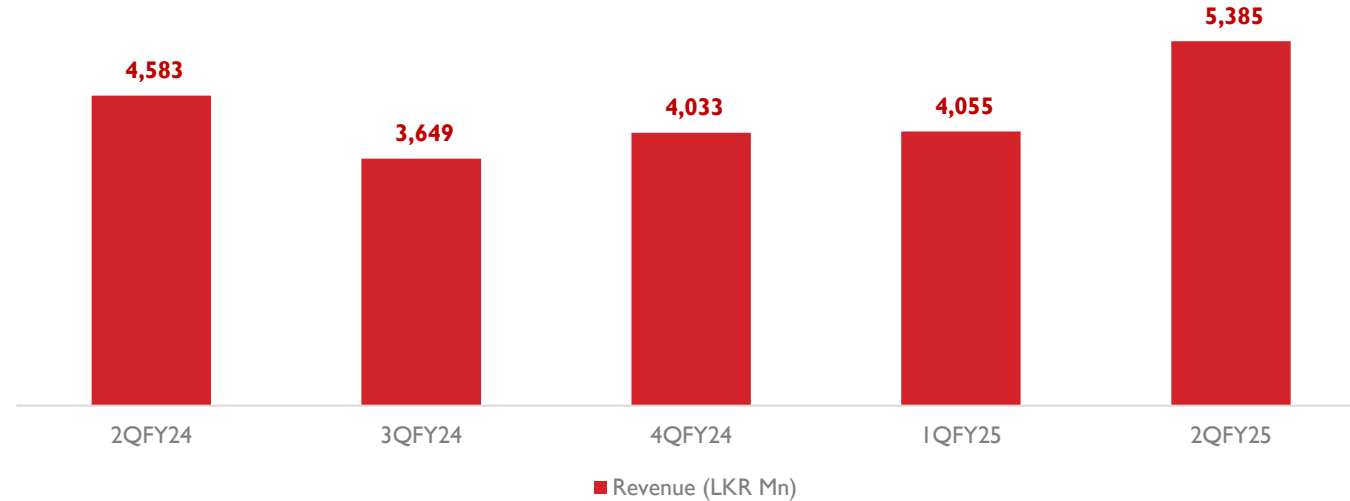
LKR Million unless stated otherwise

Pharmaceutical Agency – Performance Highlights

Business Highlights

The pharmaceutical segment’s revenue grew by **17.5%** YoY, driven by a volume growth of **8.1%** YoY during the period

During 2Q 2024, while the market experienced a growth of **3.1%**, the company’s performance remained stable



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	30.3%	29.0%	4.9%	-20.4%	-9.9%	10.5%	14.1%	0.5%	17.5%	32.8%
Volume Growth (%)*	29.0%		20.6%		18.3%		27.9%		8.1%	
Market Share (%)	13.1%		13.1%		13.1%		12.7%		13.0%	

LKR Million unless stated otherwise

* Volume growth inclusive of Infinity Agencies

Market Dynamics Hyperlink

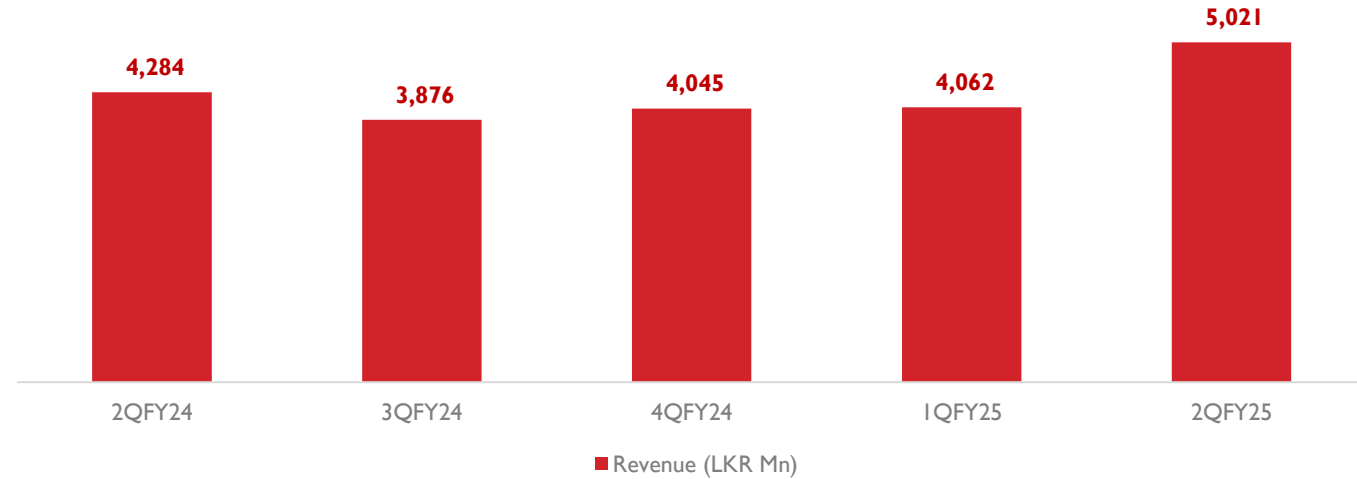


Pharmaceutical Distribution – Performance Highlights

Business Highlights

The distribution segment's revenue grew by **17.2%** YoY, driven by a significant volume growth of **21%** YoY during the quarter

All six distribution centers were fully functional during 2QFY25



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	31.1%	24.4%	15.2%	-9.5%	8.4%	4.4%	18.0%	0.4%	17.2%	23.6%

LKR Million unless stated otherwise,

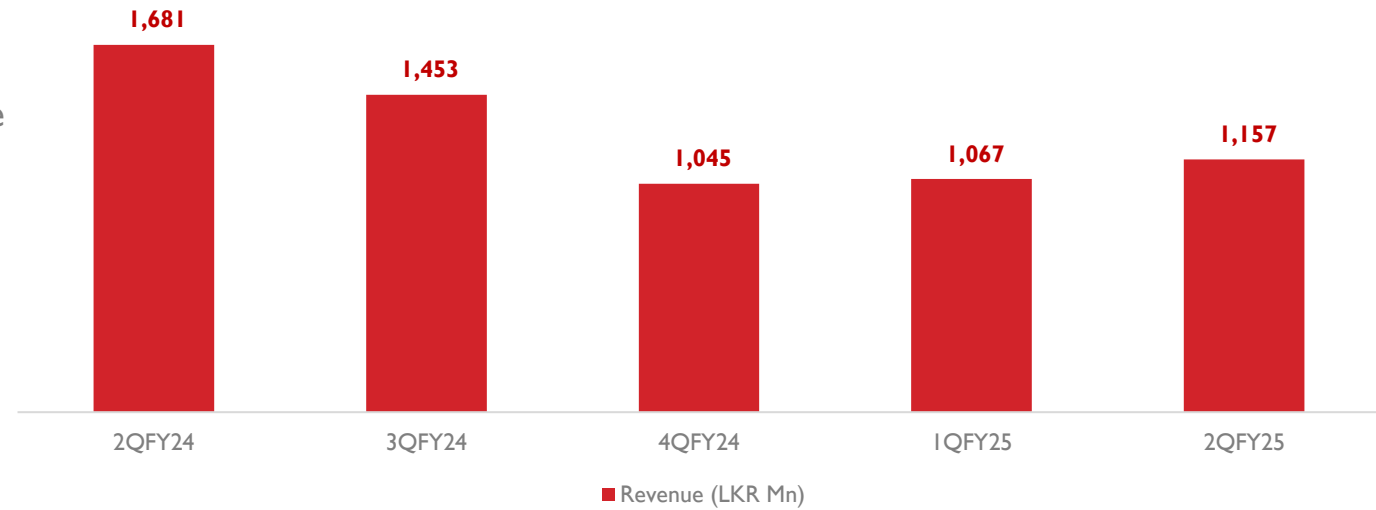
* Approximately 86% of the revenue is generated from internal customers, which are classified as intercompany sales

Medical Devices – Performance Highlights

Business Highlights

The medical devices segment saw a contraction of **31.2%** YoY due to the lack of one-off tender sales in 2QFY25

Excluding tender sales, the segment’s revenue grew **10.8%** YoY



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	60.5%	25.4%	23.5%	-13.6%	-7.4%	-28.0%	-20.4%	2.1%	-31.2%	8.4%

LKR Million unless stated otherwise

Market Dynamics Hyperlink

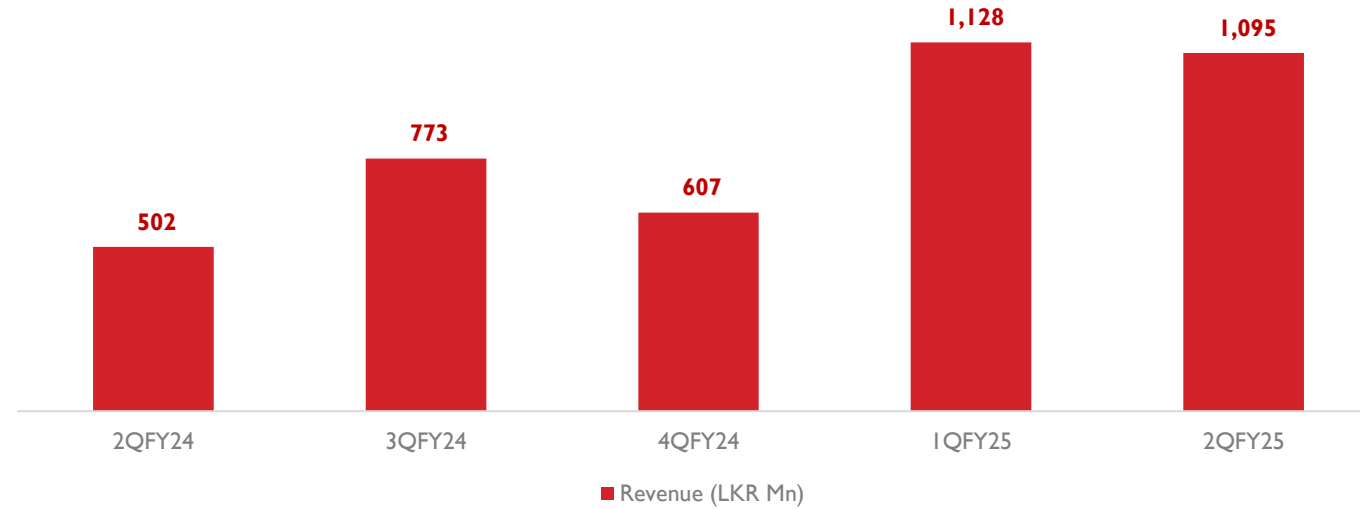


Pharmaceutical Manufacturing – Performance Highlights

Business Highlights

During the 1QFY25, pharmaceutical manufacturing business, achieved a remarkable revenue growth of **118.0%** YoY, driven by increased capacity utilization (75% in 2QFY25) at the Metered Dose Inhaler (MDI) plant

To date, Lina has already supplied more than half of the MDI requirements for the Medical Supplies Division of the Government



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	120.4%	-8.9%	181.2%	53.8%	50.7%	-21.4%	104.4%	85.7%	118.0%	-2.9%
MDI Capacity Utilization (%)*	20%		41%		54%		59%		75%	

LKR Million unless stated otherwise

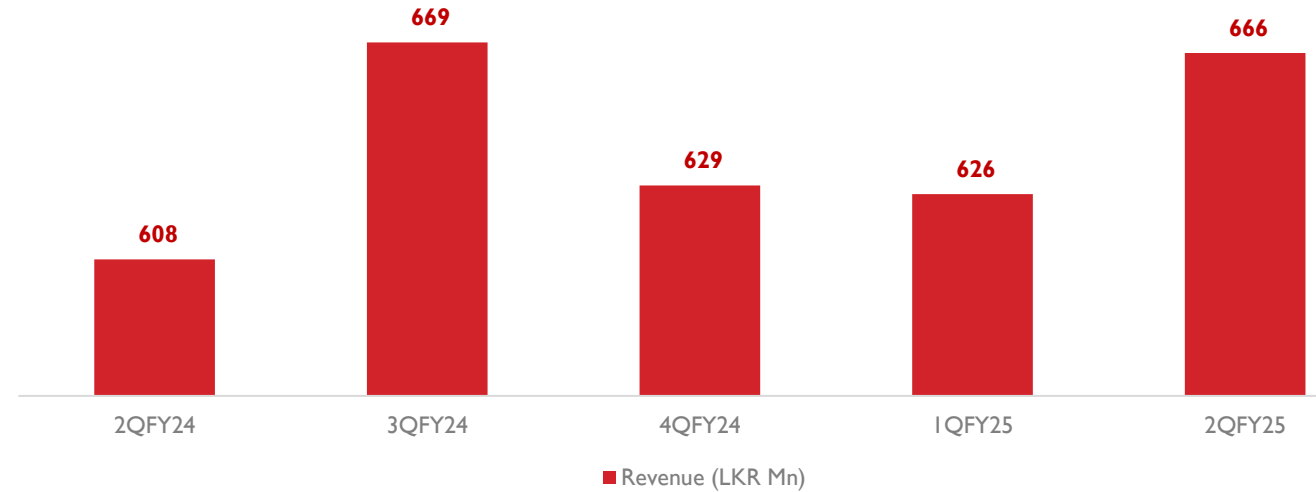
*MDI Capacity Utilization calculation was updated to reflect the 24x7 manufacturing

Retail (Pharmacy) – Performance Highlights

Business Highlights

The retail segment, Healthguard Pharmacy, witnessed a **9.5%** YoY increase in revenue, fueled by improvements in both value and volume

Within retail, the pharmaceutical category recorded growth in both value and volume, the wellness category experienced value growth despite a decline in volume



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	25.1%	7.0%	25.1%	10.0%	16.5%	-6.0%	10.2%	-0.4%	9.5%	6.3%
Same store sales (SSS) growth (%)	24.1%		17.2%		8.9%		4.1%		4.5%	
Bill count growth (SS) (%)	20.5%		13.6%		5.0%		-0.7%		1.0%	
Average Basket Value growth (SS) (%)	3.7%		2.4%		6.8%		4.9%		4.1%	
Availability (Top 1,750 SKUs) (%)	84%		84%		86%		83%		85%	

LKR Million unless stated otherwise

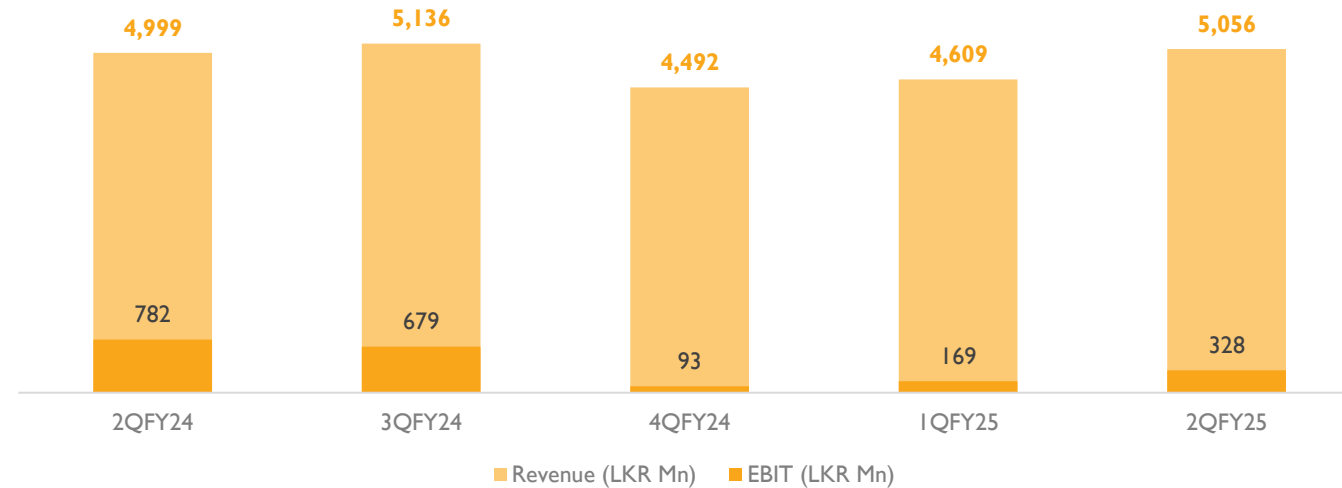
Consumer Brands

Consumer Sector – Highlights

Sector Highlights

The Consumer Brands sector, including both export and domestic businesses, posted a modest **1.1%** YoY revenue growth, with stronger momentum quarter-over-quarter, increasing by **9.7%**

EBIT margins in 2QFY25 continued to face pressure due to weakened consumer sentiment post-VAT implementation and normalization from last year's favorable conditions. However, margins improved QoQ, reaching **6.5%**



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	6.8%	6.4%	-7.0%	2.7%	-8.7%	-12.5%	-1.9%	2.6%	1.1%	9.7%
EBIT Margin (%)	15.6%		13.2%		2.1%		3.7%		6.5%	
PAT	472		401		90		91		154	
PAT Margin (%)	9.4%		7.8%		2.0%		2.0%		3.0%	
ROIC (%)	16.8%		24.4%		22.0%		18.1%		13.2%	

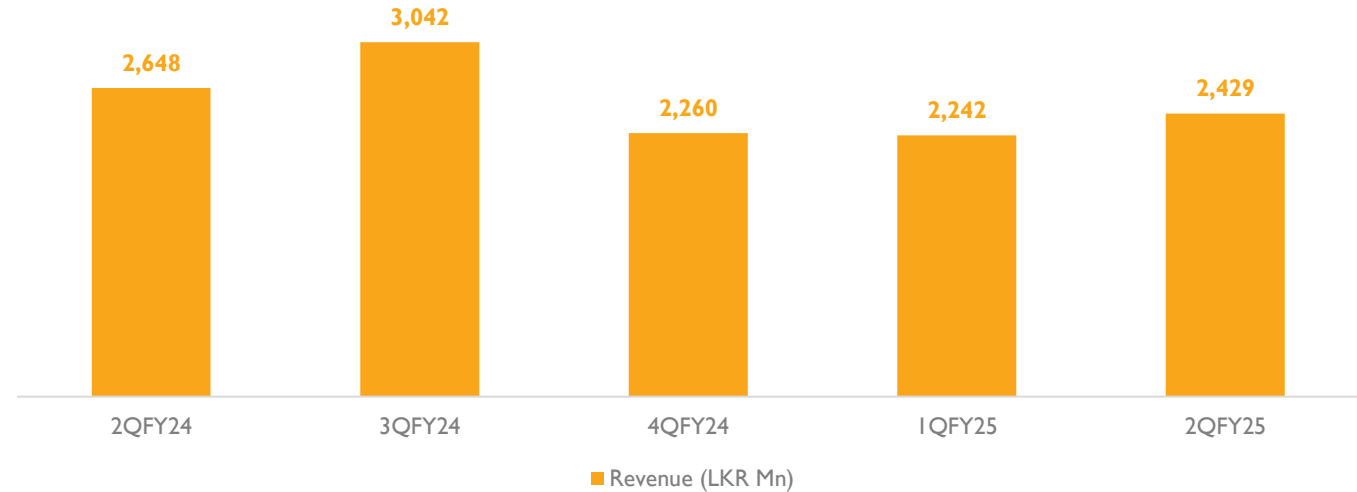
LKR Million unless stated otherwise

Tea – Performance Highlights

Business Highlights

Revenue from the Branded Tea businesses declined **8.3%** YoY to LKR 2,249 mn in 2QFY25

Despite challenging consumer sentiment, the tea brands Watawala Thei and Ran Kahata demonstrated resilience with volume growth YoY, despite Zesta experiencing a volume contraction during the quarter



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	74.3%	4.8%	31.3%	14.9%	-7.4%	-25.7%	-11.3%	-0.8%	-8.3%	8.4%
Volume (kgs '000)	1,157		1,361		1,201		1,150		1,224	
Volume Growth % (YoY) (QoQ)	18.8%	9.9%	8.0%	17.6%	9.7%	-11.8%	9.2%	-4.2%	5.8%	6.4%
Market Share (%) – Quarter Average	47.8%		45.8%		44.9%		45.0%		47.5%	

LKR Million unless stated otherwise

Market Dynamics Hyperlink

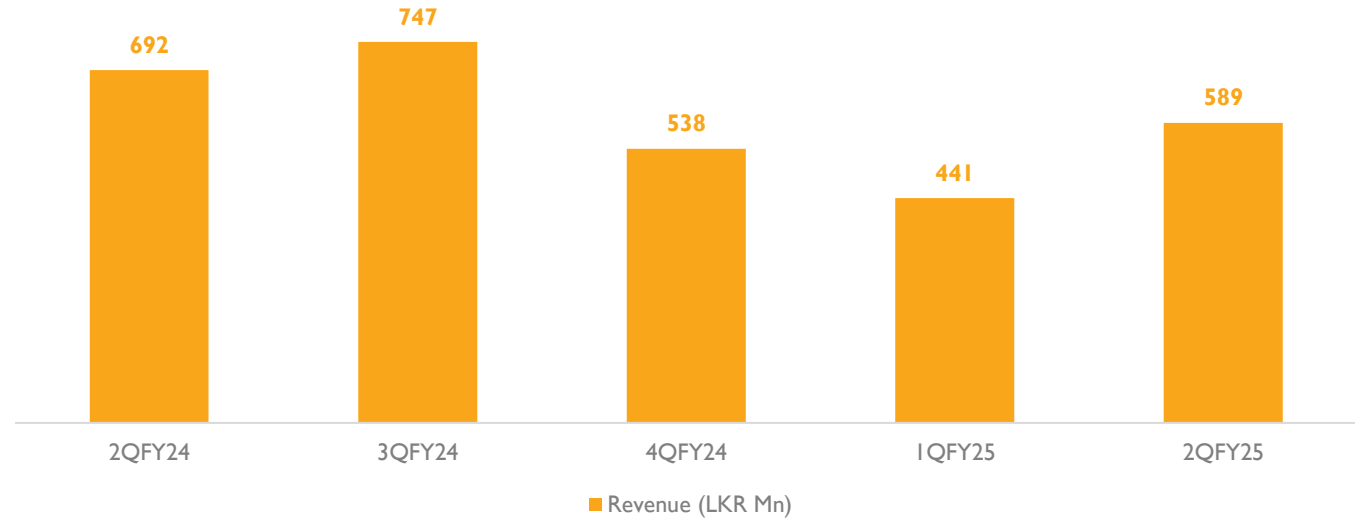


Confectionery – Performance Highlights

Business Highlights

Revenue from the Confectionery businesses declined by **14.9%** YoY, due to a drop in sales volume during the period.

While the Confectionery segment saw a YoY volume contraction due to weakened consumer sentiment post-VAT increases, volumes grew **36.2%** QoQ



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	-32.8%	-1.3%	-26.1%	8.0%	-27.5%	-28.1%	-37.1%	-17.9%	-14.9%	33.5%
Volume (kgs '000)	603		657		507		384		523	
Volume Growth % (YoY) (QoQ)	-34.6%	0.5%	-27.4%	9.0%	-20.7%	-22.8%	-36.0%	-24.3%	-13.3%	36.2%
Market Share (%) – Quarter Average	23.0%		21.3%		21.7%		20.7%		20.1%	

LKR Million unless stated otherwise

Market Dynamics Hyperlink

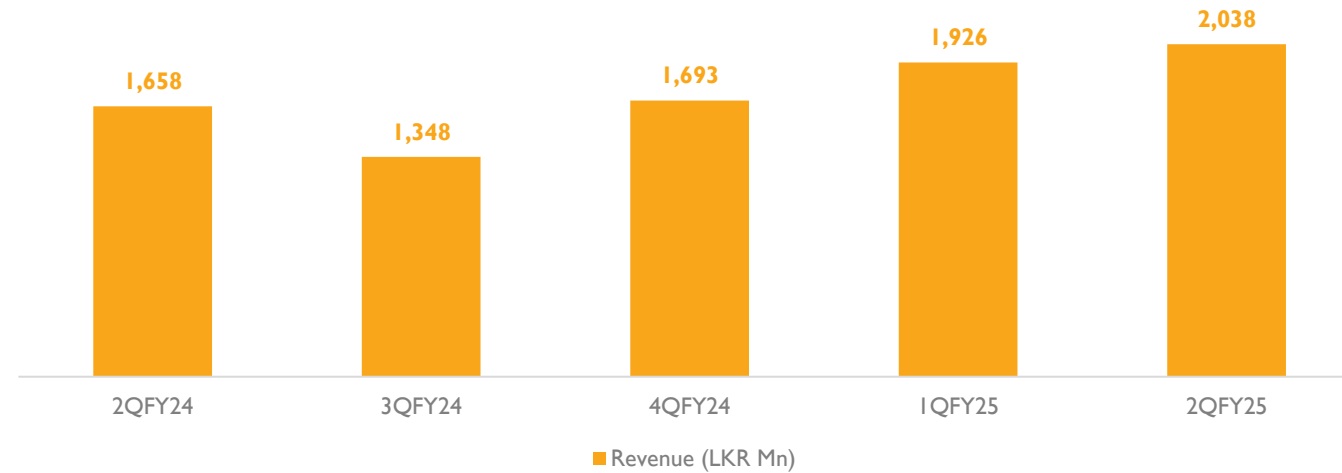


Exports – Performance Highlights

Business Highlights

The export business recorded a revenue growth of **22.9%** YoY to reach LKR 2,038mn

The export business continued to perform strongly, with the recovery in export volumes driven by increased demand from key clients



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	-22.2%	12.9%	-38.6%	-18.7%	-3.0%	25.7%	31.1%	13.8%	22.9%	5.8%
Volume (kgs '000)	791		599		800		904		841	
Volume Growth % (YoY) (QoQ)	-18.6%	8.5%	-36.3%	-24.3%	4.3%	33.6%	24.0%	13.0%	6.3%	-7.0%

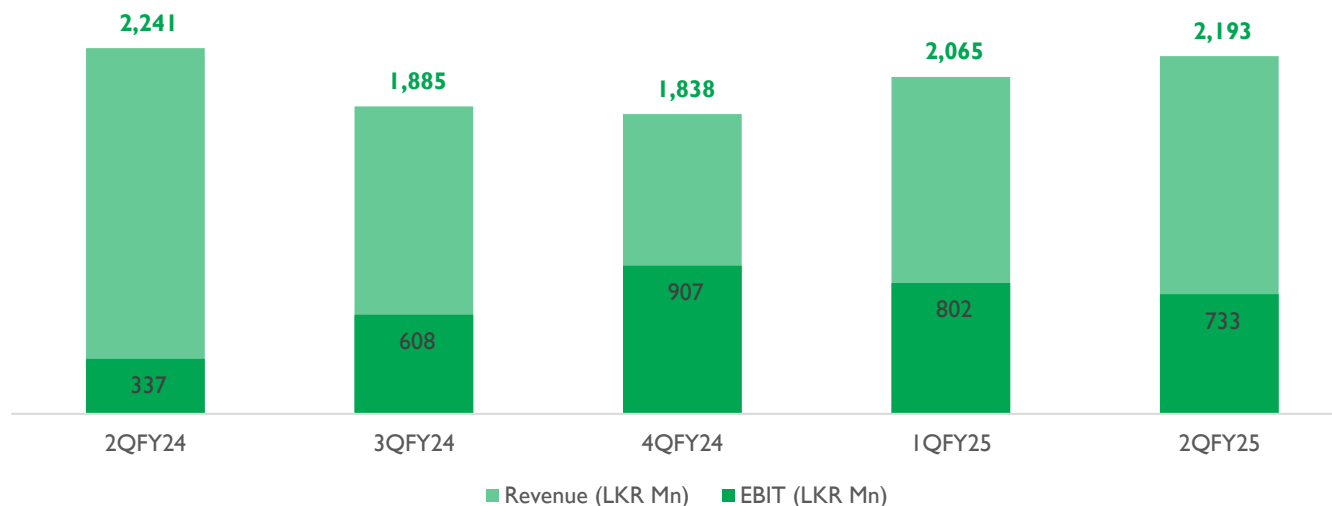
LKR Million unless stated otherwise

Agribusiness

Sector Highlights

The Agribusiness sector reported revenue of LKR 2.2bn in 2QFY25, reflecting a **2.2%** YoY contraction, stemming from a **13.8%** YoY contraction in the palm oil business

GP margin for 2QFY25 improved to 52.1% from 45.5% last year



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	-17.8%	-4.9%	-8.9%	-15.9%	-13.3%	-2.5%	-12.4%	12.4%	-2.2%	6.2%
EBIT Margin (%)	15.0%		32.3%		49.3%		38.8%		33.4%	
PAT / PAT Margin (%)	878	39.2%	574	30.5%	142	7.7%	582	28.2%	402	18.4%
ROIC (%)	30.8%		27.3%		25.3%		27.0%		28.1%	

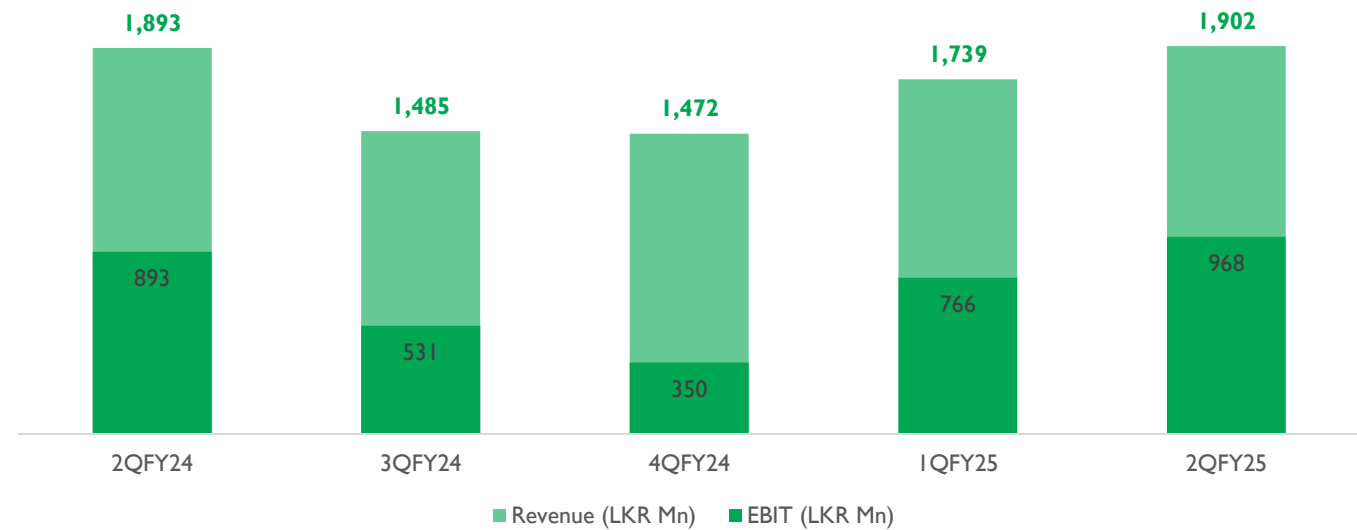
LKR Million unless stated otherwise

Palm Oil – Performance Highlights

Business Highlights

The palm oil segment maintained similar revenue levels compared to last year, supported by marginal price increases despite a decline in sales volume

The business achieved a net profit margin of 34.4% for the period ending 2QFY25, reflecting a 1,229 bps decrease compared to the same period last year due to the change into applicable taxation rates



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	-21.5%	-6.2%	-13.8%	-21.5%	-18.6%	-0.9%	-13.8%	18.1%	0.5%	9.3%
EBIT Margin (%)	47.2%		35.7%		23.8%		44.0%		50.9%*	
PAT / PAT Margin (%)	883	46.7%	516	34.7%	332	22.6%	556	32.0%	654	34.4%
CPO Production Growth (YoY %)	9%		-1%		-4%		-21%		-5%	
Average palm oil price Growth (YoY %)	-28%		-4%		-12%		-12%		1%	

LKR Million unless stated otherwise

* Excluding Impairment on Investment in subsidiary of LKR 139m

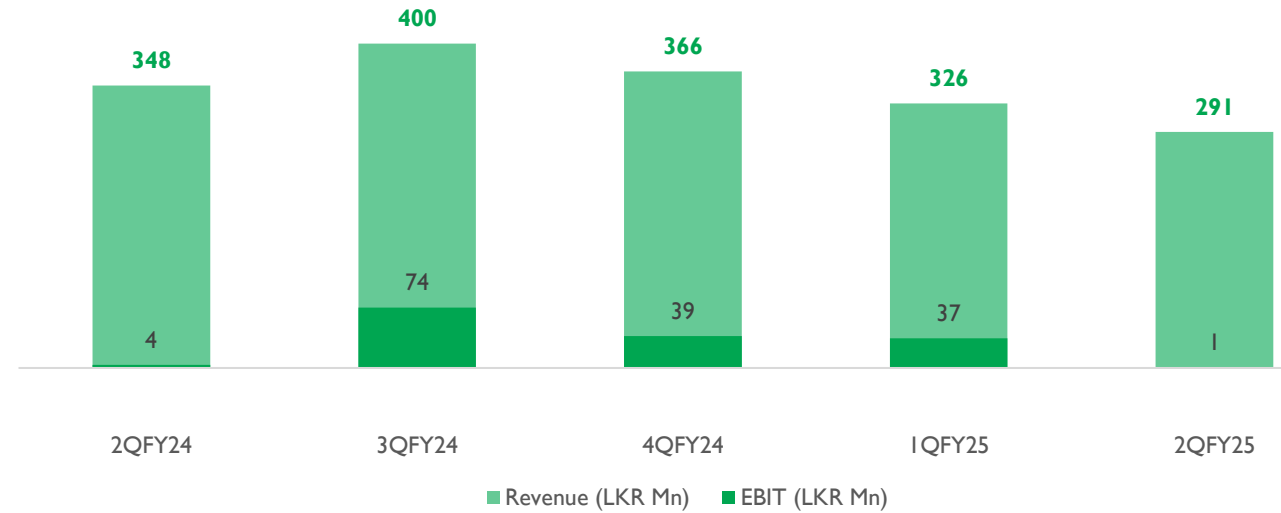
Dairy – Performance Highlights

Business Highlights

The dairy business recorded a revenue of LKR 291m cf. LKR 400m in the same period last year

During 2QFY25, topline and profitability were impacted by lower milk selling prices and a decline in milk sales volume

The farm had a herd strength of 1,683 of which 696 were milking cows at end September 2024



Investor Metrics

	2QFY24		3QFY24		4QFY24		1QFY25		2QFY25	
Revenue Growth % (YoY) (QoQ)	10.1%	2.3%	15.4%	14.8%	18.0%	-8.6%	-4.2%	-10.8%	-16.4%	-10.8%
EBIT Margin (%)	1.1%		18.6%		10.8%		11.2%		0.3%*	
PAT / PAT Margin (%)	-12	-3.5%	58	14.6%	-142	-38.8%	27	8.2%	-11*	-3.8%
Milk Production Growth (YoY %)	4%		5%		10%		-1%		-16%	
Average milk price Growth (YoY %)	15%		3%		4%		1%		-10%	

LKR Million unless stated otherwise

* Adjusted for the fair value loss in Biological Assets of LKR 253m

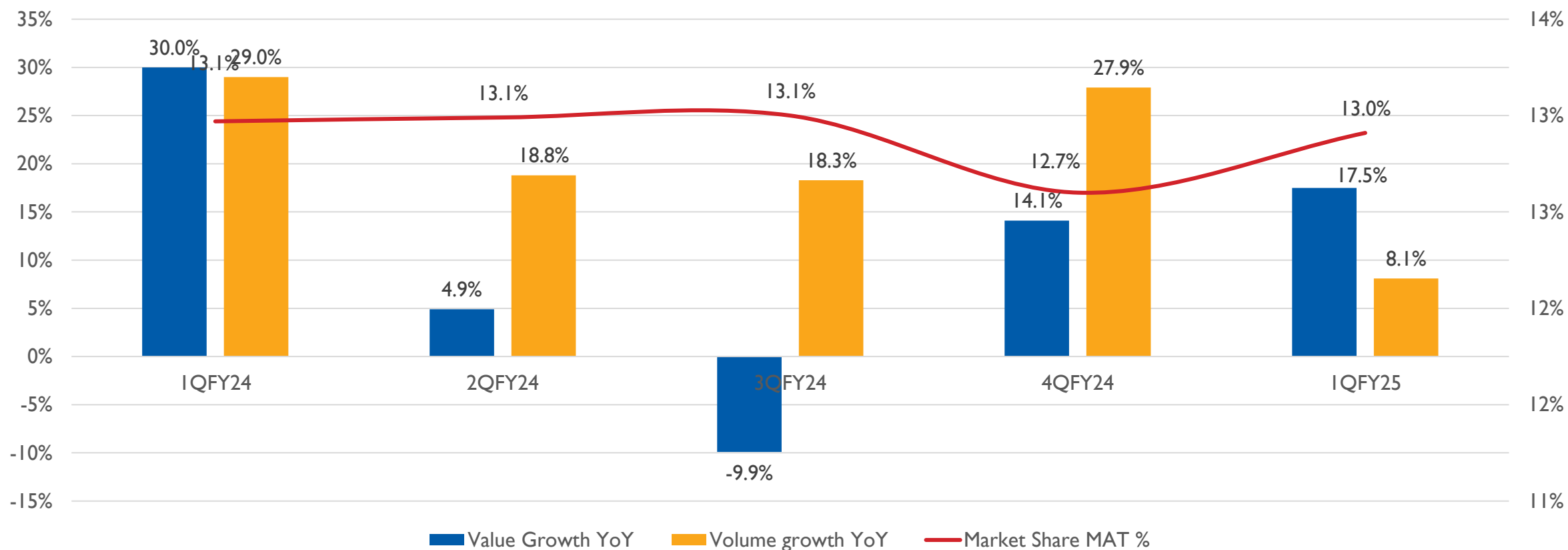
Q&A

Appendix

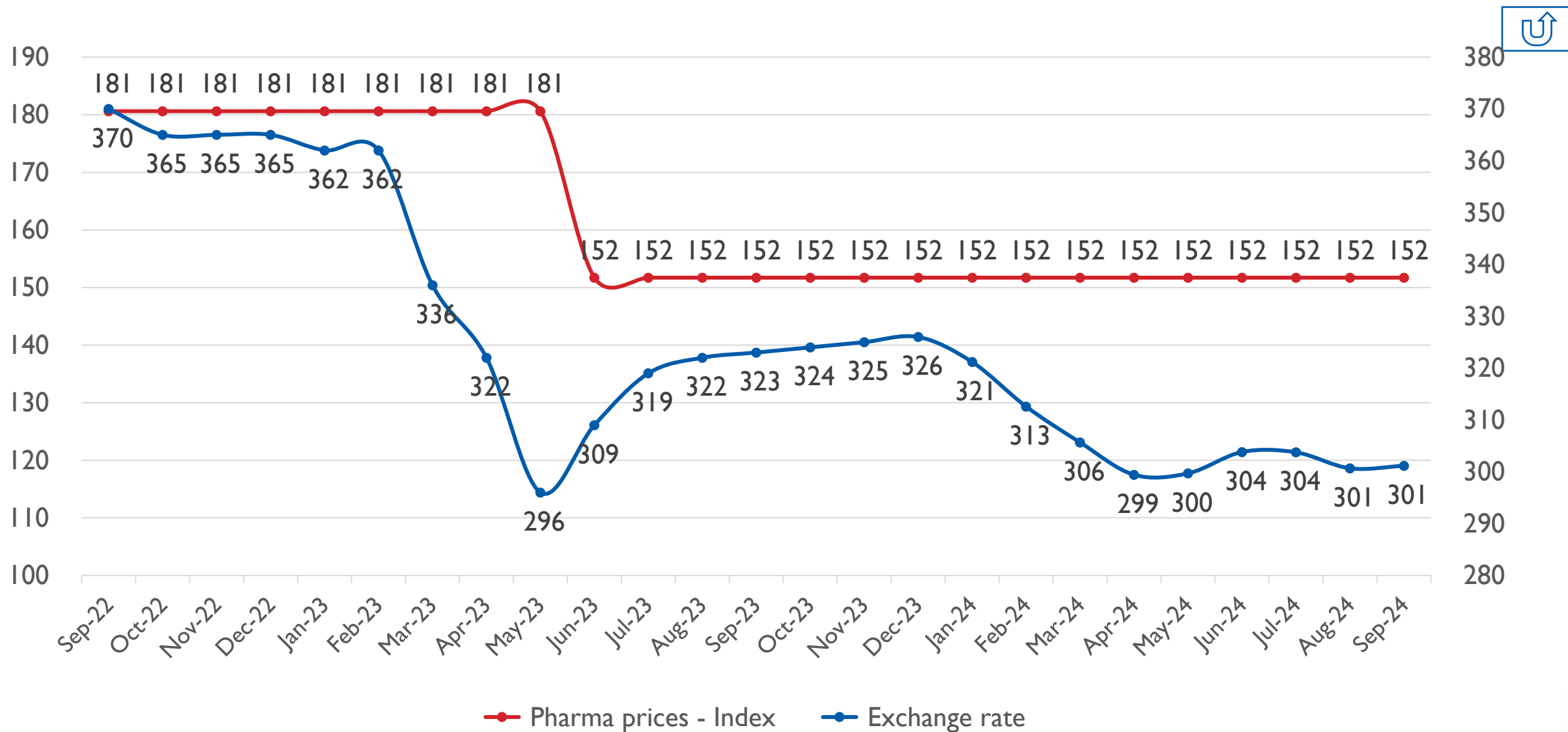
Sunshine Pharmaceuticals – Market Dynamics



During 2Q2024, while the market experienced a growth of 3.1%, the company's performance remained stable



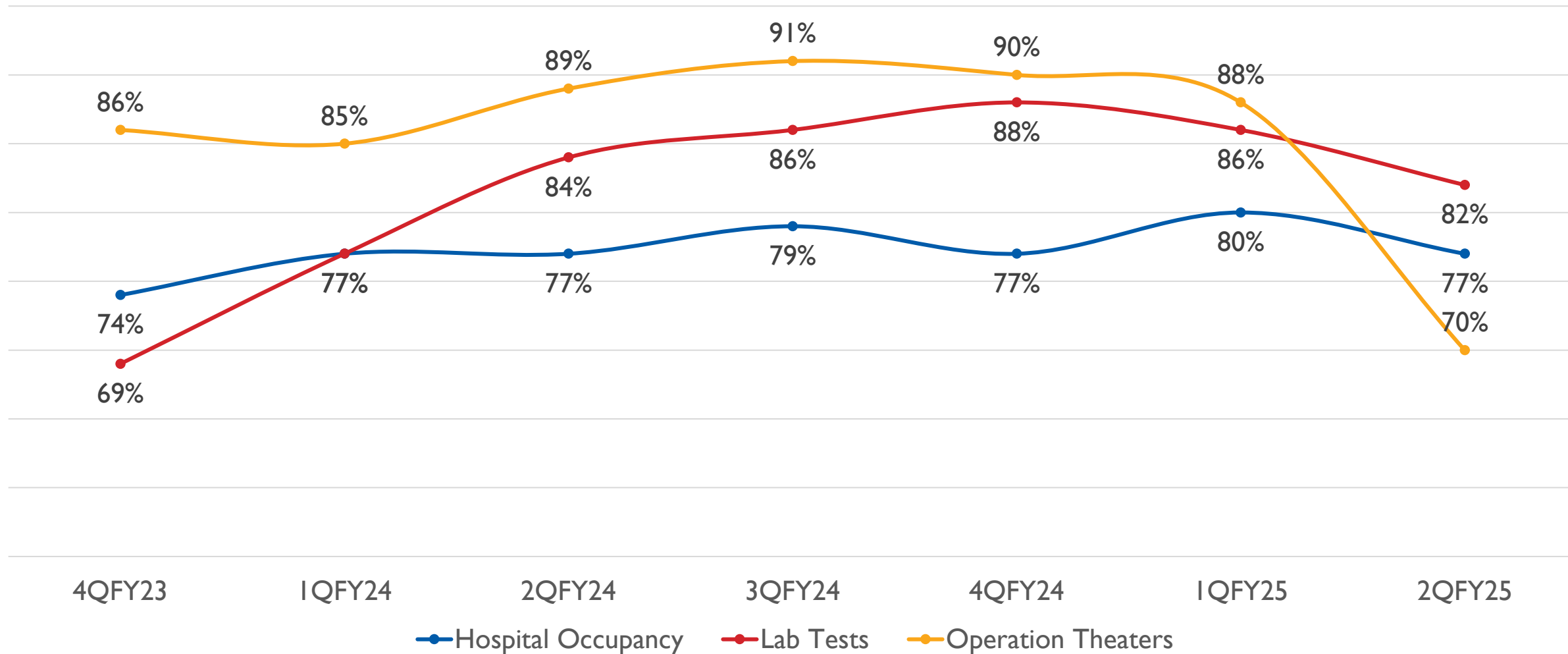
Pharmaceuticals – Price Increase Index



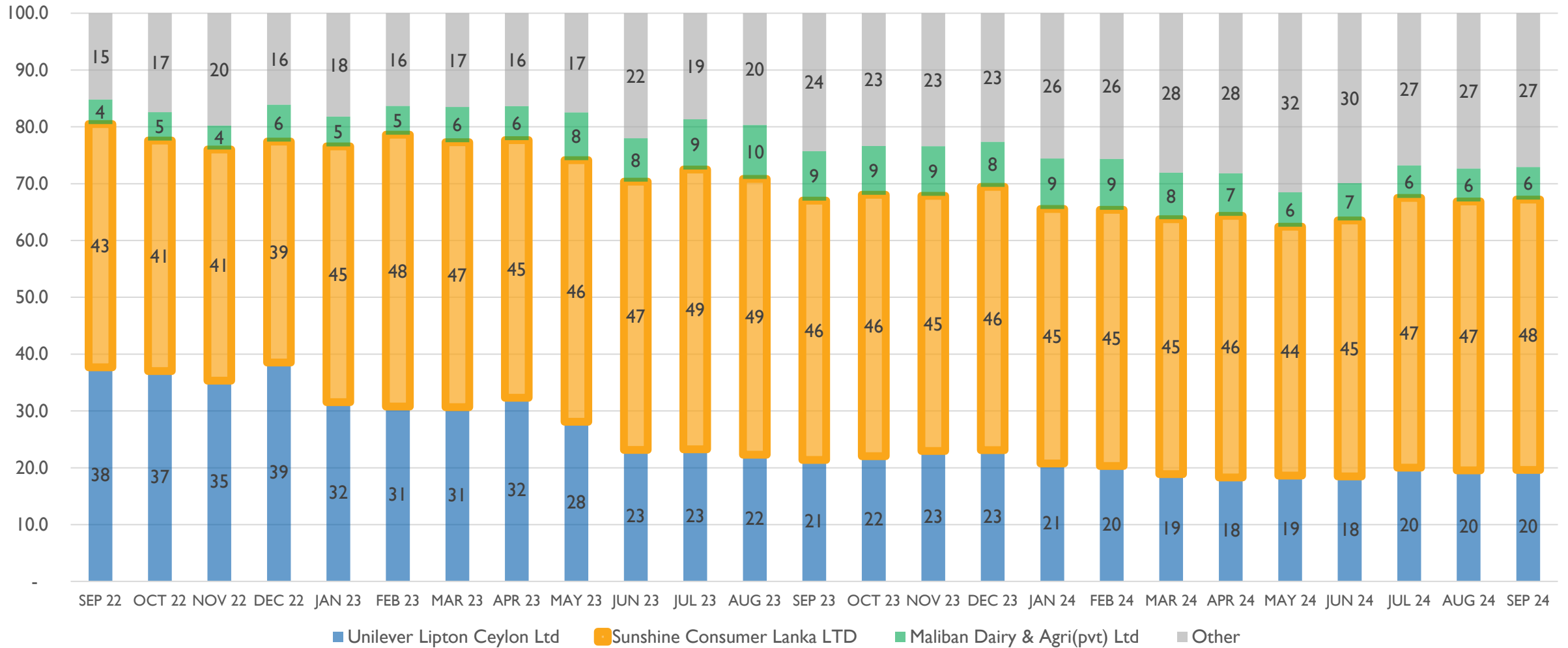
Dec 2021 considered as the base (i.e., 100)

Source – Management Information

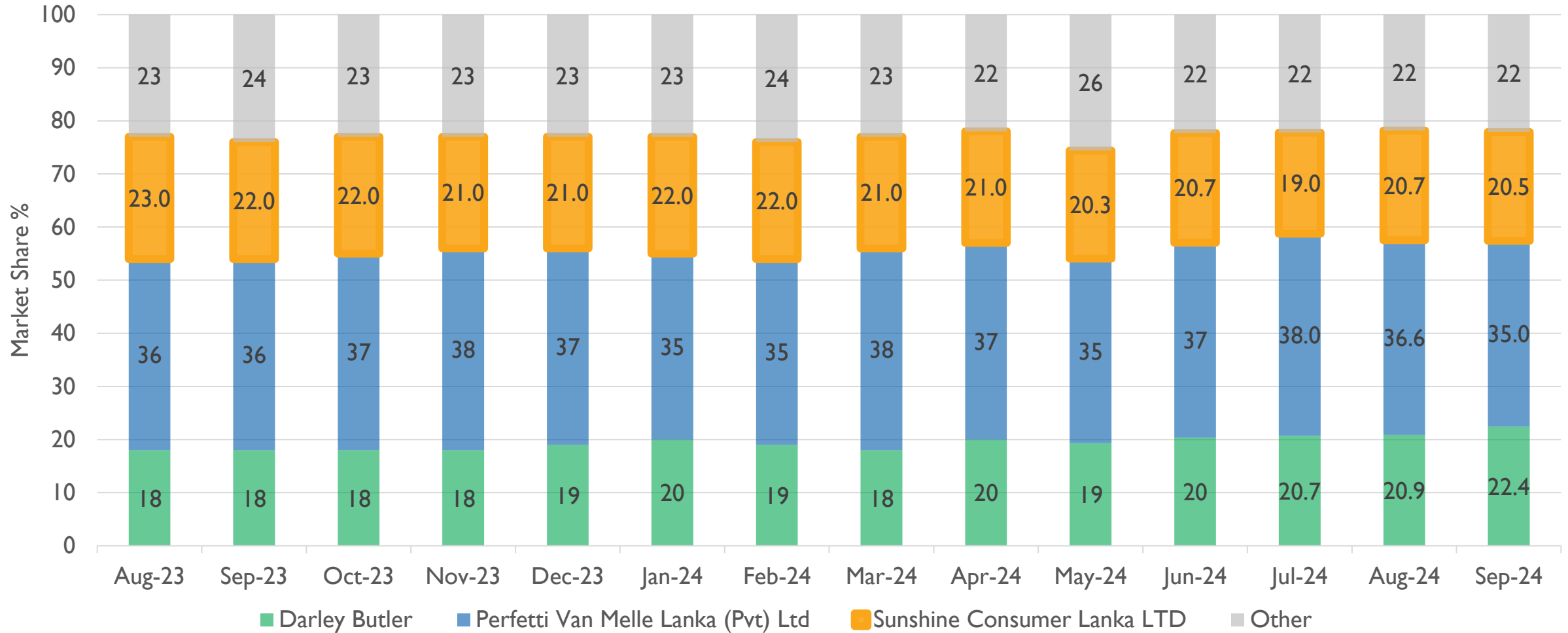
Sunshine Medical Devices – Market Dynamics



Brand Value Market Share (%) – Tea

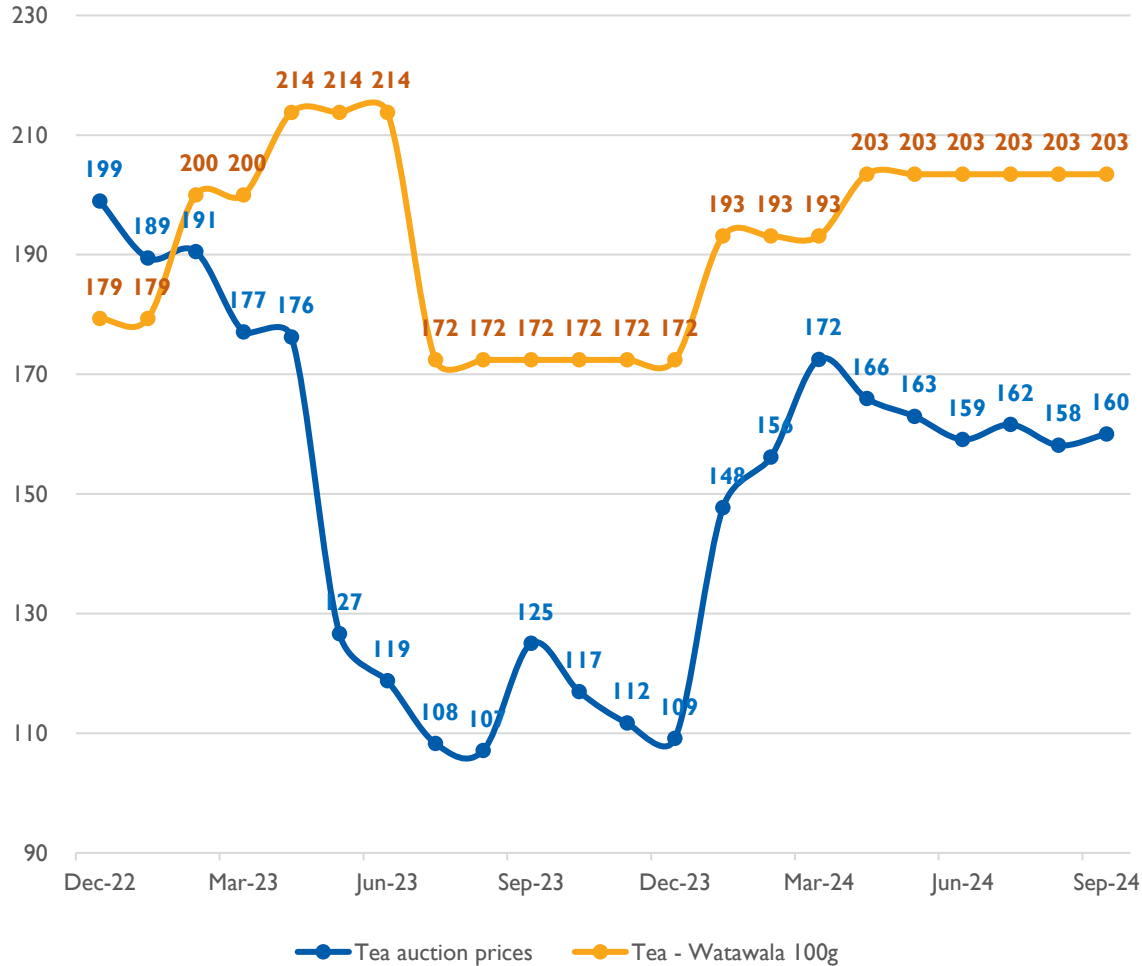


Brand Value Market Share (%) – Confectionary



Price Index – Tea and Confectionary

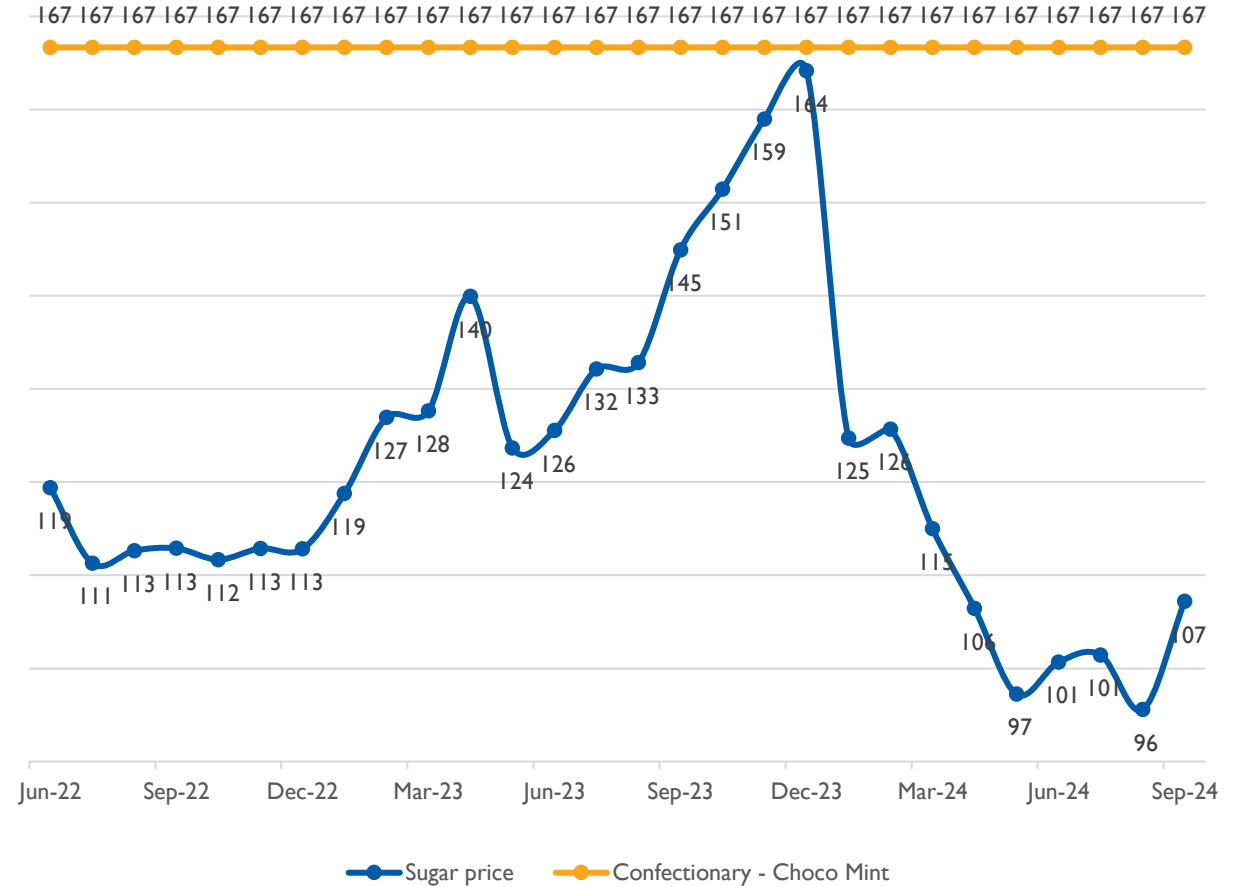
Tea Price Index



March 2022 considered as the base (i.e., 100)

Source – Management Information

Confectionery Price Index



Source – Global price of Sugar, No. 11, World, Management Information **sunshine** holdings plc

Agribusiness – Price Movement

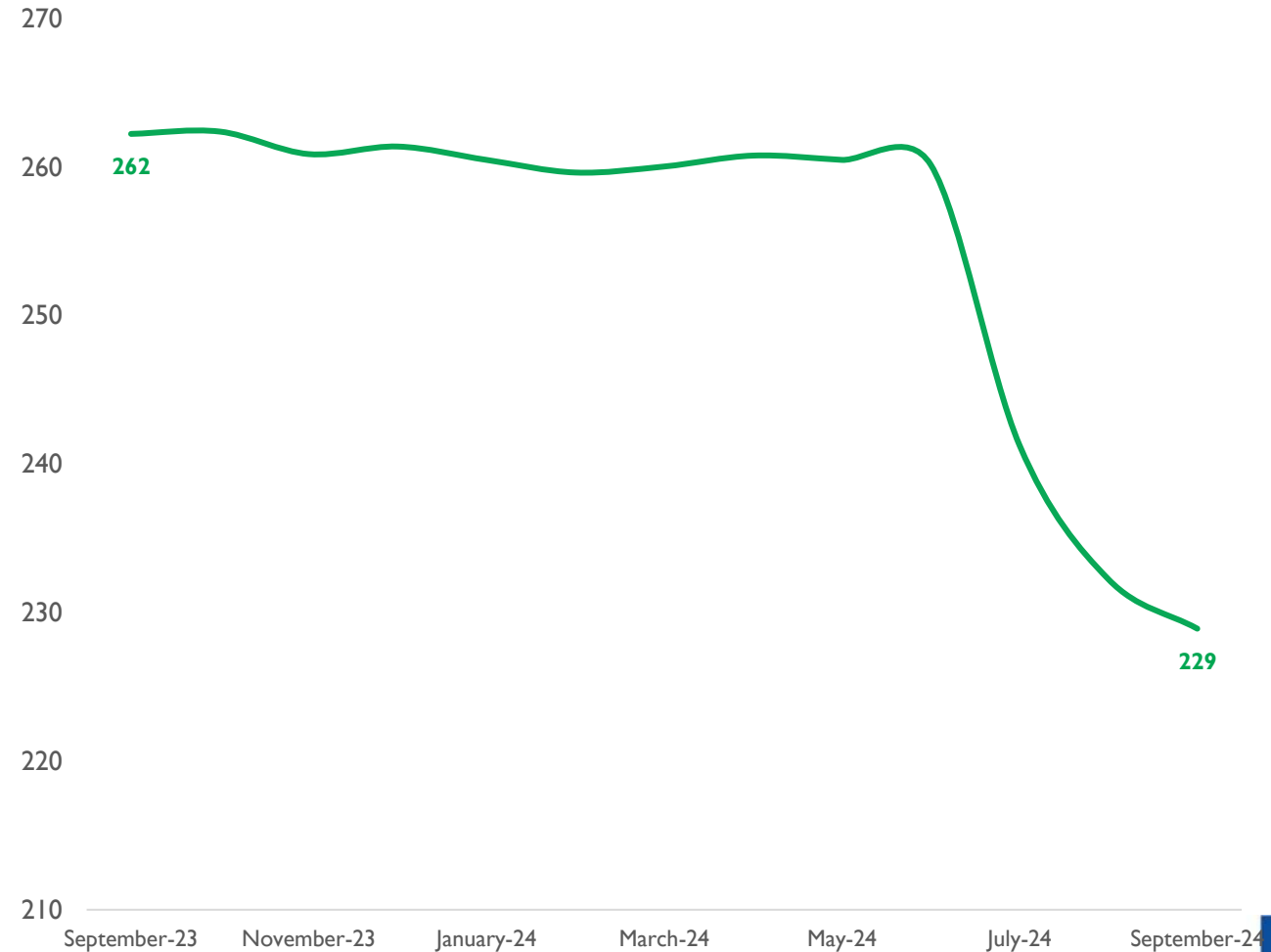


Settlement Price (RM)



Source - Malaysian contract price

WDL's Avg Milk Price (LKR)



Source – Management Information

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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