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Earnings Presentation 2QFY17

8th November 2016

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.

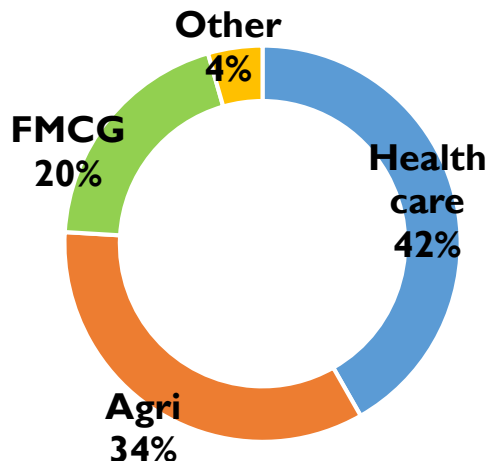
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Group Performance

Group at a Glance – I HFY17

- **LKR 9.6bn** in Revenue; +13.6% YoY
- **LKR 935.4m** PAT; +42.2% YoY
- PATMI of **LKR 433m**; +29% YoY

Revenue - I H17

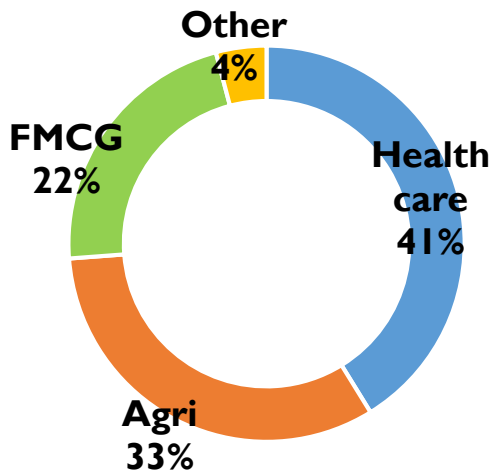


- Healthcare revenue; **LKR 4bn**; +17.9% YoY
- Agri revenue; **LKR 3.3bn**; +1.7% YoY.
 - 6.07m kg of palm oil, +15% YoY.
 - 3.87m kg of tea produced, -18% YoY.
- FMCG revenue; **LKR 1.89bn**; +20.3% YoY
 - 1.89m kg of branded tea sold; +15% YoY

Group at a Glance – 2QFY17

- **LKR 5.05bn** in Revenue; +16.5% YoY
- **LKR 527m** PAT; +53.5% YoY
- PATMI of **LKR 226.7m**; +30.4% YoY

Revenue – 2Q17



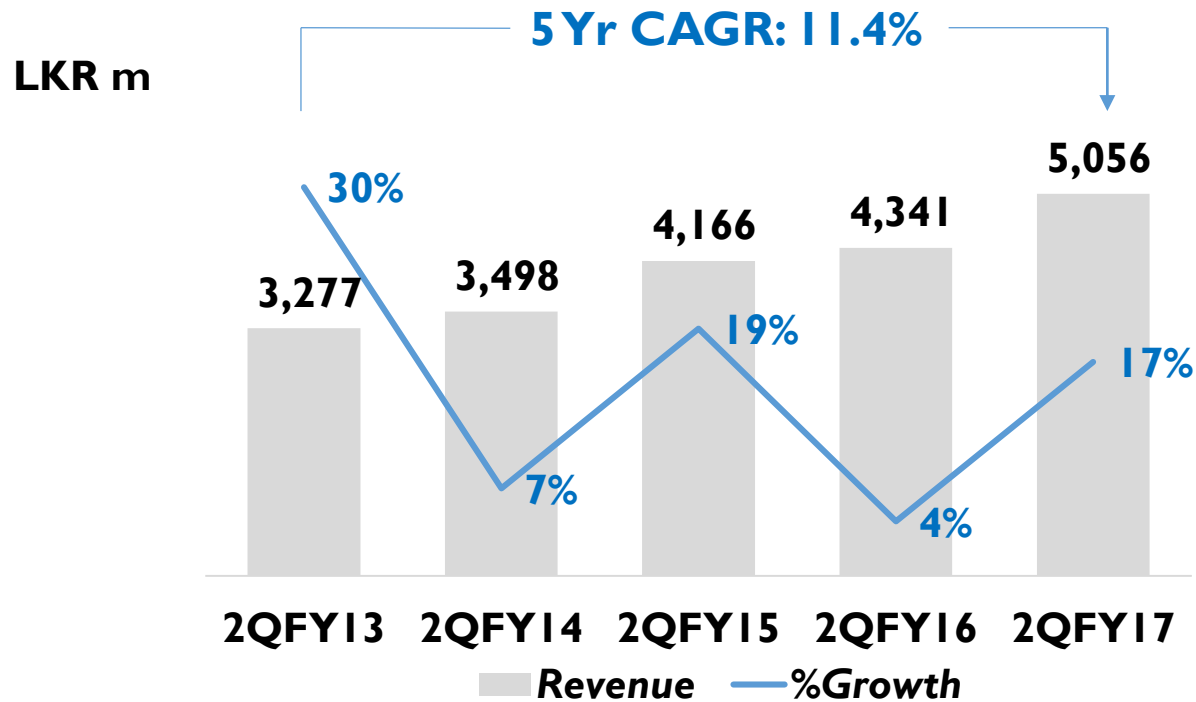
- Healthcare revenue; **LKR 2.08bn**; +18% YoY
- Agri revenue; **LKR 1.65bn**; +5.3% YoY.
 - 3.36m kg of palm oil, +37% YoY.
 - 1.39m kg of tea produced, -35% YoY.
- FMCG revenue; **LKR 1.1bn**; +24.8%YoY
 - 1.1m kg of branded tea sold; 16% YoY

Group Financial Highlights

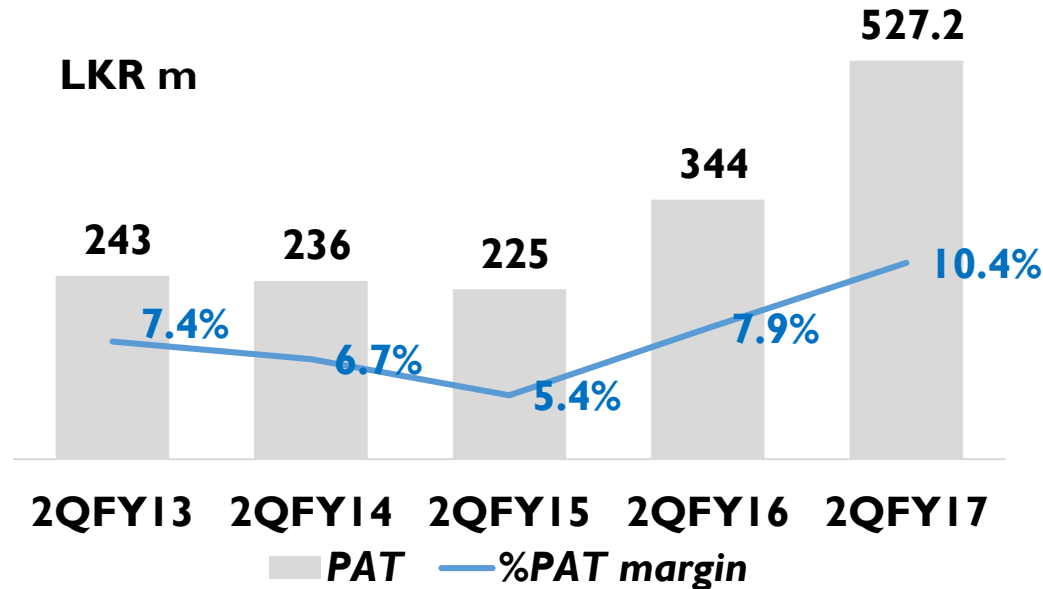
LKRm	1H	1H	Growth	2Q	2Q	Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	9,676	8,520	13.6	5,056	4,341	16.5
EBIT	1,178	894	31.7	658	494	33.0
<i>EBIT Margin</i>	<i>12.2%</i>	<i>10.5%</i>		<i>13.0%</i>	<i>11.4%</i>	
Profit for the period	935	658	42.2	527	344	53.5
<i>PAT Margin</i>	<i>9.7%</i>	<i>7.7%</i>		<i>10.4%</i>	<i>7.9%</i>	
<u>Profit Attributable to</u>						
Equity owners	433	336	29.0	226.7	173.8	30.4
EPS (LKR)	3.21	2.49	29.0	1.68	1.29	30.4

Revenue Growth Trend

- 5 Year CAGR of 11.4%



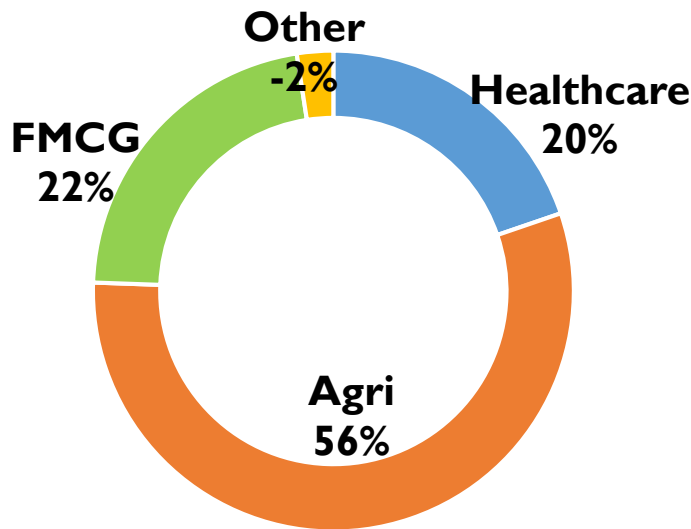
Profitability



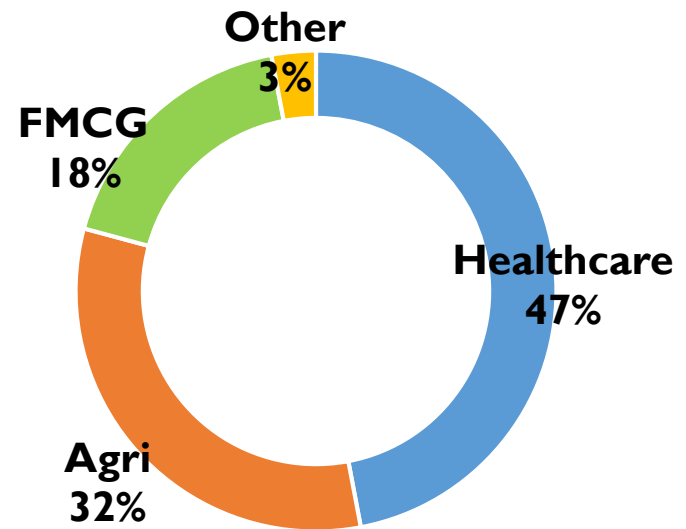
- Top line growth and margin expansion drive growth in profitability
- Margins improved in Agri business due to reduction in Tea losses and better profits for Palm Oil.
- Healthcare and FMCG margins have contracted in 2Q resulting in lower profitability in those segments

Earnings Contribution

PAT – 2QFY17



PATMI – 2QFY17



- Lower impact of Agri sector at PATMI level. Effecting holding is 25%.
- Healthcare contributed 47% of total PATMI 2Q

*Other includes= Packaging + Power + Inter company dividend + Interest income

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Segment Performance

2Q FY17

Healthcare

LKRm	1H	1H	Growth	2Q	2Q	Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	4,040	3,427	17.9	2,083	1,765	18.0
EBIT	284	272	4.4	158	147	7.3
<i>EBIT Margin</i>	<i>7.0%</i>	<i>7.9%</i>		<i>7.6%</i>	<i>8.3%</i>	
Profit for the period	189	180	5.2	110	95	15.3
<i>PAT Margin</i>	<i>4.7%</i>	<i>5.3%</i>		<i>5.3%</i>	<i>5.4%</i>	

Highlights

- IH FY17 Revenue growth of 18% YoY: Driven by Pharma growing 15.4% and Retail growing at 42% YoY
- Other Segments growth: IH FY17 Surgical (+22% YoY), Diagnostics stayed flat (+2.6% YoY), Wellness (+30% YoY)
- Rupee depreciation led to margin contraction

Healthcare Retail



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Outlets existing
outlets in Colombo,
including 12 express
outlets

Highlights

- Continued emphasis on margin expansion with higher Beauty and wellness sales
- Hill Street outlet launched in 2Q, Castle Street closed down.
- Consumer spending continued to be sluggish in 2Q
- Recalibrating store expansion plans due to market uncertainty
- New Distribution Centre opened to optimize inventory flow

FMCG

LKRm	1H FY17	1H FY16	Growth %	2Q FY17	2Q FY16	Growth %
Revenue	1,899	1,579	20.3	1,116	894	24.8
EBIT	180	253	(28.8)	133	164	(19.1)
<i>EBIT Margin</i>	<i>9.5%</i>	<i>16.0%</i>		<i>11.9%</i>	<i>18.4%</i>	
Profit for the period	164	228	(28.2)	122	146	(16.4)
<i>PAT Margin</i>	<i>8.6%</i>	<i>14.4%</i>		<i>10.9%</i>	<i>16.3%</i>	

Highlights

- 1H FY17 Revenue growth driven by branded tea sales in Domestic markets (+16% YoY) and expansion of International Sales (+153% YoY)
- 1H FY17 Branded tea volumes grew at 15% driven by 13% growth in Watawala. WTCL maintained volume and value leadership in SL [Value 34.1% in 2Q FY17] (Nielson)
- Contraction in EBIT margin due to investments in scaling export business and rising tea prices

Agri

LKRm	1H FY17	1H FY16	Growth %	2Q FY17	2Q FY16	Growth %
Revenue	3,307	3,251	1.7	1,648	1,566	5.3
EBIT	664	343	93.6	372	176	111.6
<i>EBIT Margin</i>	<i>20.1%</i>	<i>10.5%</i>		<i>22.6%</i>	<i>11.2%</i>	
Profit for the period	548	262	109.4	309	131	136.0
<i>PAT Margin</i>	<i>16.6%</i>	<i>8.0%</i>		<i>18.8%</i>	<i>8.4%</i>	

Highlights

- Revenue growth in line with strategy of focusing on quality v/s quantity in tea
- Margin growth driven by stellar Palm Oil segment performance
- Reduction in tea loss by LKR 9m (LKR -211m in 1HFY17 Vs. LKR -220m in 1HFY16)
- Dairy Farm construction underway
- New Wage hike impact estimated to be over LKR 220m for this financial year

Other

Energy

- Revenue of **LKR 44.6m** for IH FY17 against LKR 62m last year due to change in weather patterns
- LKR **0.765m** PAT for IHFY17 against LKR 21.3m last year
- Upper Waltrim commissioned on 18 Oct 2016 with capacity of 2.6 MW.

Packaging

- The packaging division reported revenues of **LKR 192m**, up 12.6% YoY in IH FY17
- Export revenue up 3x from last year.
- Slowdown in local tea can sales due to rising tea prices
- PAT of **6.9m** in IHFY17 against LKR 6.8m last year.

Additional Data

LKR m

	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17
Revenue	3,984	4,166	4,072	4,105	4,179	4,341	4,288	4,615	4,621	5055
PAT	326	225	289	207	314	344	391	169	408	527
PATMI	147	158	104	76	162	171	175	78	207	227

Volumes

	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17
Branded Tea (kg '000)	648	838	809	863	703	948	1016	997	798	1100
Tea (kg 'mn)	3.44	1.85	2.566	2.454	2.58	2.123	2.489	2.221	2.48	1.39
Palm Oil (kg 'mn)	2.08	2.54	2.32	1.92	2.80	2.46	1.84	1.92	2.70	3.36



Outlook

Outlook for 3Q FY17

Healthcare

- Price control will have negative impact on industry
- Impact on inventory value and revenue for 2H
- 1 new FS store in Thimbirigasyaya

FMCG

- Strengthen market leadership in tea
- Minimize impact of high tea prices
- Evaluate expansion opportunities in HoReCa segment

Agri

- Tea prices expected to be firm
- Focus on quality teas
- Focus on OP Crop performance
- Wage impact for 2H

Packaging

- Grow Export segment with new orders
- Focus on efficient operations

Energy

- Upper Waltrim commenced operations

Thank you

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