



sunshine

Earnings Presentation 4QFY19

30th May, 2019

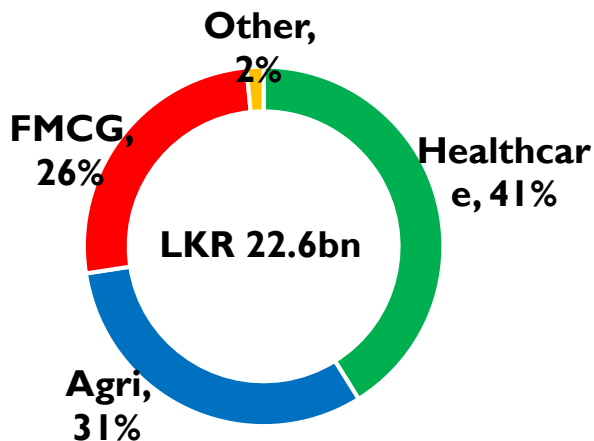
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Group Performance

Group at a Glance – FY19 [Apr-Mar]

- **LKR 22.6bn** in Revenue; +6.9% YoY
- **LKR 1.1bn** PAT; -36.5% YoY
- PATMI of **LKR 553m**; -16.7% YoY

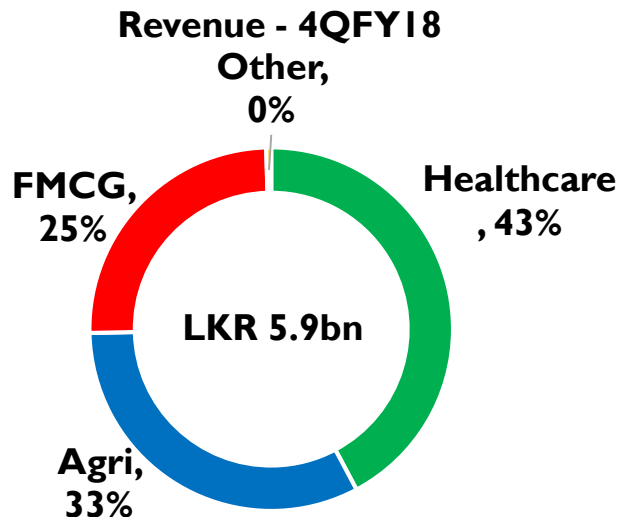
Revenue - FY19



- Healthcare revenue; **LKR 9.3bn**; +14.1% YoY
- Agri revenue; **LKR 7.1bn**; -2.0% YoY
 - 11.8m kg of palm oil, +9.6% YoY
 - 7.0m kg of tea produced, -11.2% YoY
- FMCG revenue; **LKR 5.9bn**; +8.9% YoY
 - 4,645 kg of branded tea sold; +3.8YoY

Group at a Glance – 4QFY19 [Jan-Mar]

- **LKR 5.9bn** in Revenue; +5.6 YoY
- **LKR (163m)** PAT
- PATMI of **LKR (147m)**



- Healthcare revenue; **LKR 2.5bn**; +17.9% YoY
- Agri revenue; **LKR 1.9bn**; +2.4% YoY
 - 2.9m kg of palm oil, +26.1% YoY
 - 1.5m kg of tea produced, -30.0% YoY
- FMCG revenue; **LKR 1.5bn**; -3.5% YoY
 - 1,147 k kg of branded tea sold; +3.9% YoY

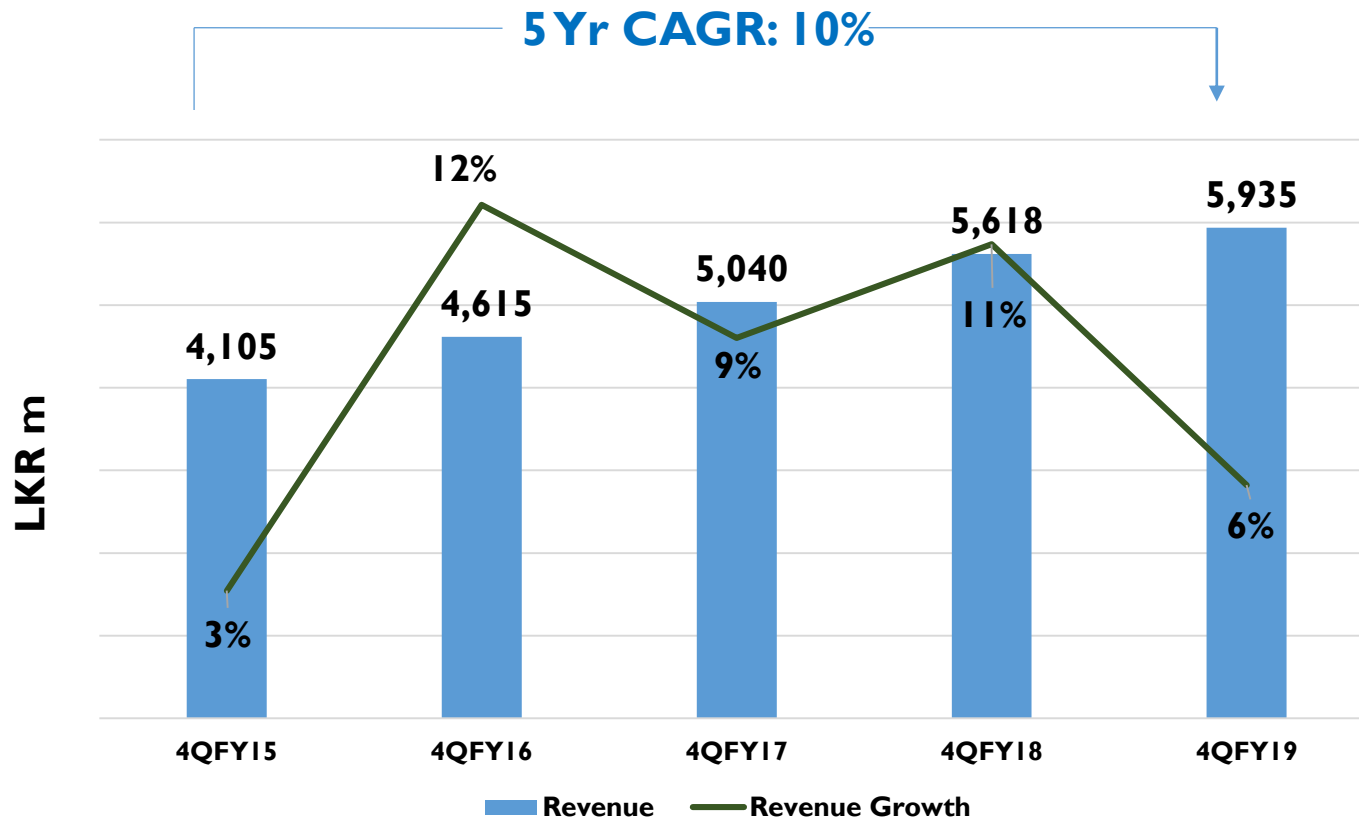
Group Financial Highlights

LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	22,642	21,181	6.9%	5,935	5,618	5.6%
EBIT	2,218	2,580	-14.0%	148	591	-75.0%
<i>EBIT Margin</i>	<i>9.8%</i>	<i>12.2%</i>		<i>2.5%</i>	<i>10.5%</i>	
PAT	1,146	1,805	-36.5%	(163)	166	n/m
<i>PAT Margin</i>	<i>5.1%</i>	<i>8.5%</i>		<i>-2.7%</i>	<i>3.0%</i>	
PATMI	553	664	-16.7%	(147)	153	n/m
EPS (LKR)	4.43	6.08	-27.1%	(0.59)	0.85	n/m
Adj. PAT*	1,499	1,795	-16.4%	1	321	-99.7%

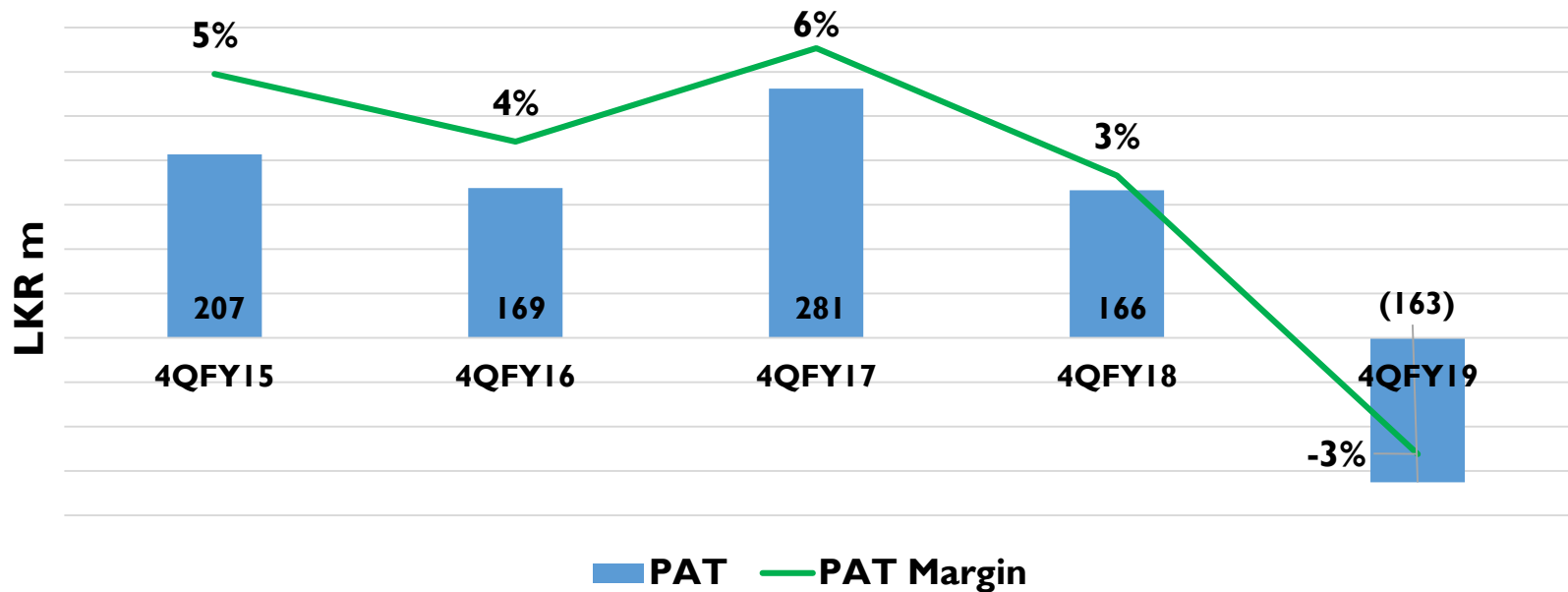
* Adjusted for the one-off gains/loss, gratuity impact due to wage increase in Agri

4Q Revenue Growth Trend

- 5 Year CAGR of 10%

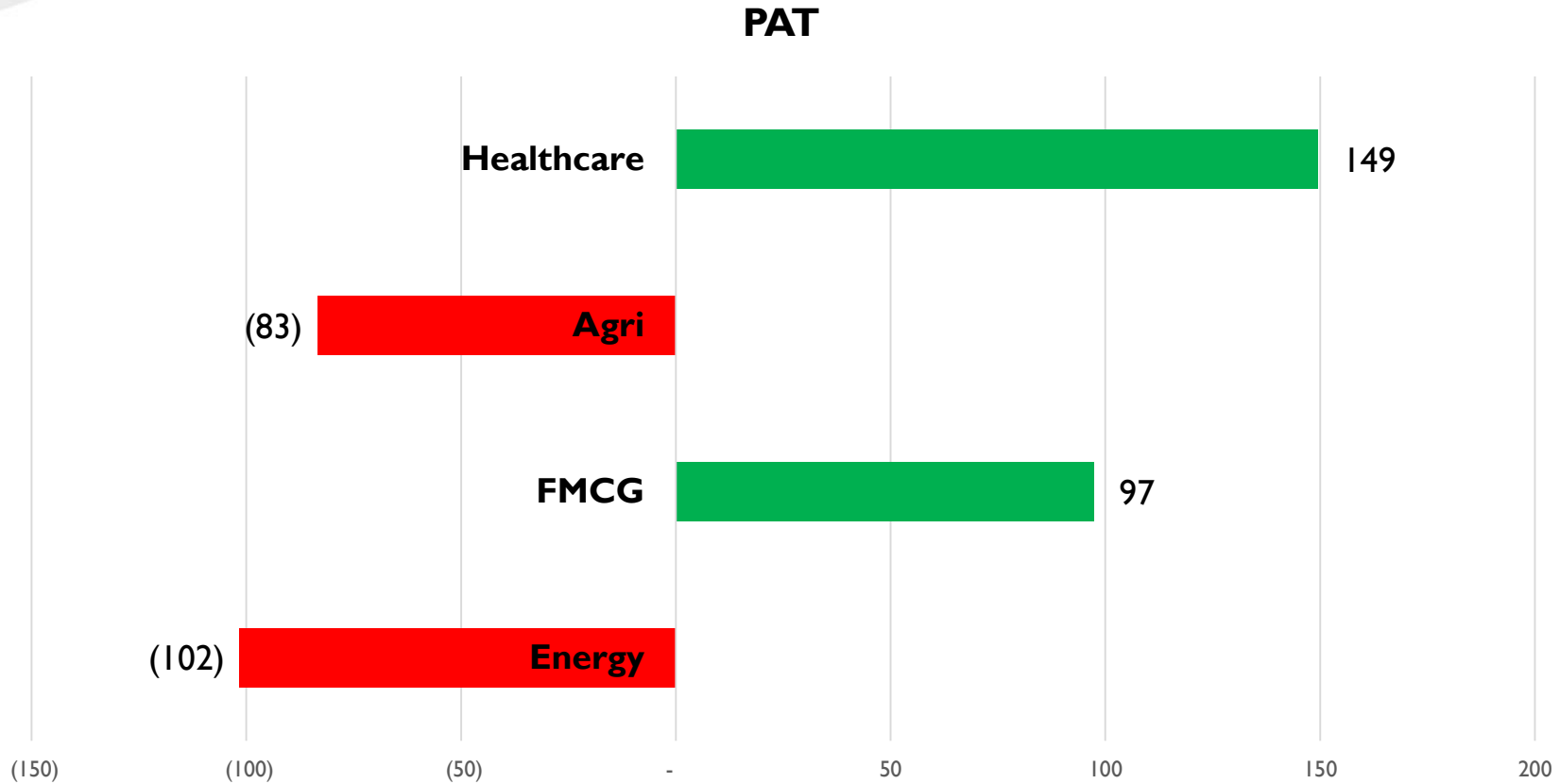


4Q Profitability



- Net loss of LKR (163m) compared to a profit of LKR 166m last year – Differed tax LKR89m and impairment of packaging machine LKR75m
- Agri margins decrease as a result of lower performance in Tea segment under HPL
- Healthcare recoded a slight increase in margins due to higher sales volumes
- FMCG margins expanded due to reduction in tea prices

Earnings Contribution 4QFY19



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Segment Performance

Healthcare



LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	9,315	8,162	14.1%	2,528	2,144	17.9%
EBIT	531	416	27.8%	200	92	118.0%
<i>EBIT Margin</i>	<i>5.7%</i>	<i>5.1%</i>		<i>7.9%</i>	<i>4.3%</i>	
PAT	368	258	42.4%	149	57	161.7%
<i>PAT Margin</i>	<i>3.9%</i>	<i>3.2%</i>		<i>5.9%</i>	<i>2.7%</i>	

Highlights

- 4QFY19 Revenue up by 17.9% YoY due to higher sales volume in pharma sub-sector, acquisition of agencies in Medical devices, and footfall growth in Retail sub-sector
- EBIT margin increased in 4QFY19 due to;
 - Increase in sales volumes and price
 - Appreciation of LKR

Healthcare Retail



23

Outlets existing
outlets in Colombo,
including 11 express
outlets

Highlights

- Continued focus on Wellness helped EBIT margin expansion - 113 bps compared to same period last year
- Strong growth in customer footfall and loyalty engagement
- Improve operational efficiency
- Improve online presence

FMCG

LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	5,859	5,381	8.9%	1,491	1,546	-3.5%
EBIT	683	395	73.2%	119	102	17.0%
<i>EBIT Margin</i>	<i>11.7%</i>	<i>7.3%</i>		<i>8.0%</i>	<i>6.6%</i>	
PAT	489	294	66.4%	97	88	10.5%
<i>PAT Margin</i>	<i>8.3%</i>	<i>5.5%</i>		<i>6.5%</i>	<i>5.7%</i>	

Highlights

- 4QFY19 Revenue degrowth of 3.5% YoY due to lower consumer buying power
- EBIT margin expanded to 8.0% from 6.6% due to lower tea prices resulting in lower input cost

Agri – Sector Results



LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	7,122	7,266	-2.0%	1,943	1,898	2.4%
EBIT	981	1,566	-37.4%	(61)	403	-115.0%
<i>EBIT Margin</i>	<i>13.8%</i>	<i>21.6%</i>		<i>-3.1%</i>	<i>21.3%</i>	
PAT	650	1,179	-44.9%	(83)	140	-159.6%
<i>PAT Margin</i>	<i>9.1%</i>	<i>16.2%</i>		<i>-4.3%</i>	<i>7.4%</i>	

Highlights

- Revenue increased by 2.4% YoY due to strong Palm oil segment (+34%)
- Tea sub segment is below the expected performance (-11%) due to unfavorable weather condition and labor strikes
- Current herd in the Dairy Farm established at 1,285 animals, of which 851 are milking

Agri - WATA



LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	3,082	2,601	18.5%	760	566	34.1%
EBIT	1,036	919	12.7%	126	172	-26.9%
<i>EBIT Margin</i>	<i>33.6%</i>	<i>35.3%</i>		<i>16.6%</i>	<i>30.4%</i>	
PAT	763	660	15.5%	90	(6)	-1591.3%
<i>PAT Margin</i>	<i>24.8%</i>	<i>25.4%</i>		<i>11.8%</i>	<i>-1.1%</i>	

Highlights

- Revenue LKR 760m higher 34.1% YoY coupled with the price and yield increase
- Crop had increased by 26.1% YoY in 4QFY19 to 2.9m Kg of palm oil
- Reduction in PAT margin due to start-up cost in the dairy sub sector

Agri - HPL



LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	4,040	4,665	-13.4%	1,183	1,331	-11.2%
EBIT	(55)	647	-108.6%	(187)	231	-180.9%
<i>EBIT Margin</i>	<i>-1.4%</i>	<i>13.9%</i>		<i>-15.8%</i>	<i>17.3%</i>	
PAT	(113)	519	-121.7%	(173)	147	-217.6%
<i>PAT Margin</i>	<i>-2.8%</i>	<i>11.1%</i>		<i>-14.6%</i>	<i>11.0%</i>	

Highlights

- Revenue reduced by 11.2% YoY for 4Q mainly due to unfavorable weather and labor disruptions
- 30.2% YoY decrease in crop
- Tea NSA down 8% YoY due to weak market

Energy



LKR m	FY19	FY18	Growth %	4Q FY19	4Q FY18	Growth %
Revenue	356	248	43.2%	44	44	0.1%
EBIT	205	122	68.4%	9	11	-18.8%
<i>EBIT Margin</i>	<i>57.7%</i>	<i>49.1%</i>		<i>20.2%</i>	<i>25.0%</i>	
PAT	63	48	32.3%	(102)	(9)	1084.6%
<i>PAT Margin</i>	<i>17.8%</i>	<i>19.3%</i>		<i>-228.3%</i>	<i>-19.3%</i>	

Highlights

- Revenue flat due to lower rainfall in catchment areas
- Elgin Plant commissioned in end January 2019
- Differed tax charge of LK89m in 4Q
- Commissioned 0.5MW of roof top solar in 4QFY19. Another 0.4MW to come online in 1QFY20

Additional data for analysts

LKR m	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19
Revenue	4,105	4,179	4,341	4,288	4,615	4,621	4,864	4,425	5,115	5,164	5,128	5,235	5,618	5,578	5,337	5,792	5,935
PAT	207	314	344	391	169	408	517	403	283	561	465	489	166	343	461	505	-163
PATMI	76	162	171	175	78	207	227	13	126	244	286	160	153	192	232	276	-147

Volumes	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17	4Q FY17	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19
Branded Tea (kg '000)	863	703	948	1,016	997	798	1,100	987	1,062	950	1,085	1,178	1,181	1,026	1,085	1,222	1,147
Tea (kg 'mn)	2.5	2.6	2.1	2.5	2.2	2.5	1.4	2.0	1.5	2.4	1.6	1.8	2.1	2.1	1.1	2.3	1.5
Palm Oil (kg 'mn)	1.9	2.8	2.5	1.8	1.9	2.7	3.4	2.4	2.2	3.0	3.2	2.3	2.3	2.5	3.7	2.7	2.9



Outlook

Outlook for 1Q FY20

Healthcare

- MRP increase for price control product
- Focus on government tender income in Medical Devices
- Focus on Beauty & Wellness brands to increase margins with higher brand loyalty while increasing the online presence

FMCG

- Continue to invest in Brands
- Market will be sluggish post Easter Sunday attack

Agri

- Exit Tea Plantation business
- Crop to increase with the yield curve shift
- Capital re-structure in Dairy business

Energy

- Low rainfall in catchment area
- Commission of another two rooftop solar projects –0.4MW

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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