



sunshine

Earnings Presentation | QFY21

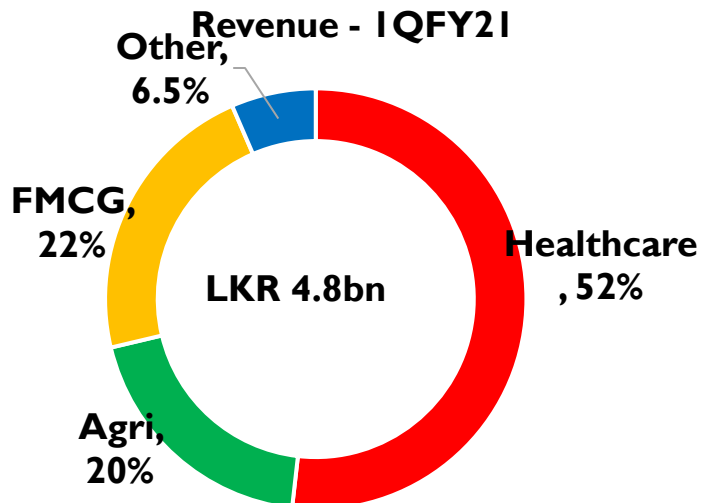
06th August 2020

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Group Performance

Group at a Glance – IQFY21 [Apr-Jun]

- **LKR 4.8bn** in Revenue; +1.9% YoY
- **LKR 553m** PAT; +90.1%YoY
- PATMI of **LKR 320m**;



- Healthcare revenue; **LKR 2.6bn**; +4.9% YoY
- Agri revenue; **LKR 1.0bn**; +10.6% YoY
 - 3.3m kg of palm oil, +0.5% YoY
- FMCG revenue; **LKR 1.1bn**; -15.3%YoY
 - 1,042 k kg of branded tea sold; flat YoY

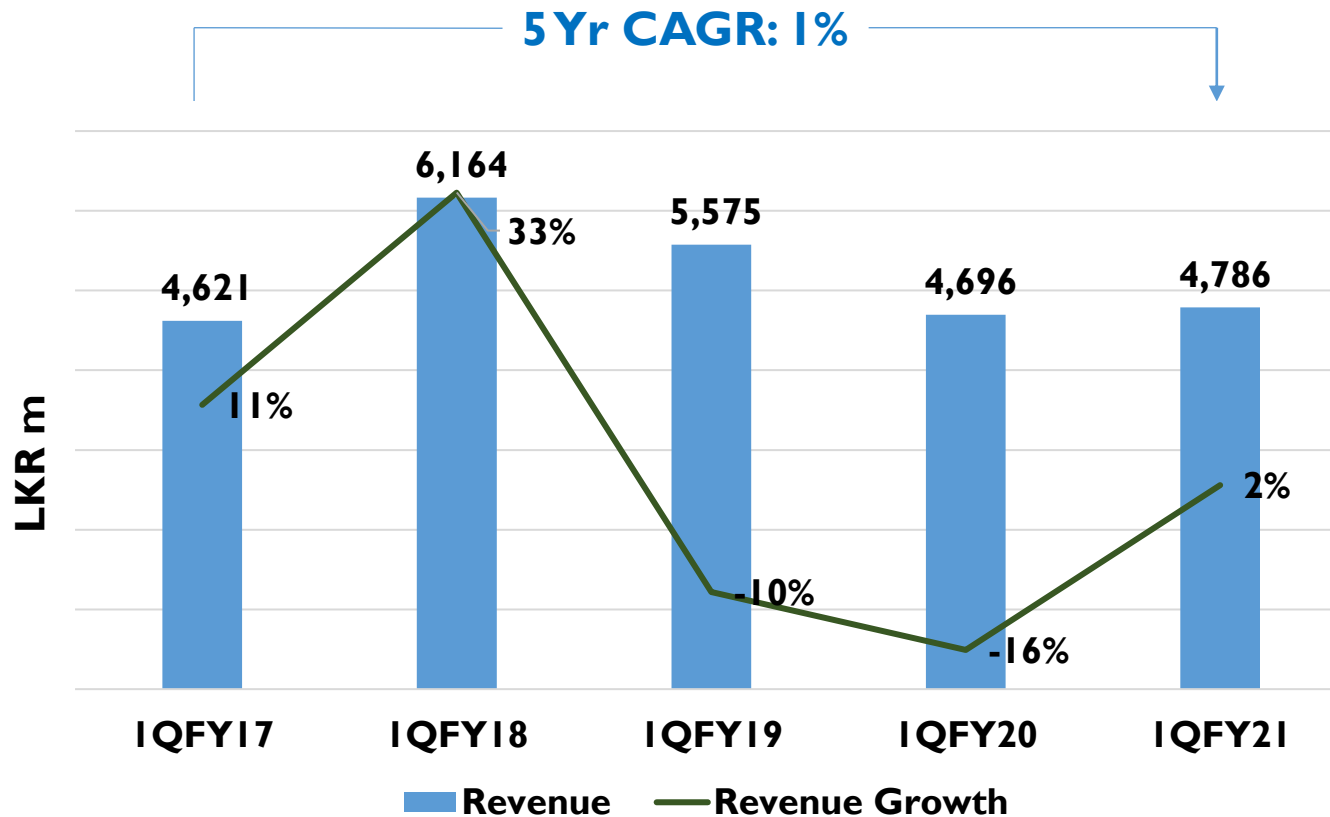
Group Financial Highlights

| LKR m | 1Q FY21 | 1Q FY20 | Growth % |
|--------------------|--------------|--------------|---------------|
| Revenue | 4,786 | 4,696 | 1.9% |
| EBIT | 860 | 619 | 38.9% |
| <i>EBIT Margin</i> | <i>18.0%</i> | <i>13.2%</i> | |
| PAT | 553 | 291 | 89.9% |
| <i>PAT Margin</i> | <i>11.5%</i> | <i>6.2%</i> | |
| PATMI | 320 | 155 | 106.5% |
| EPS (LKR) | 2.15 | 1.04 | 106.7% |

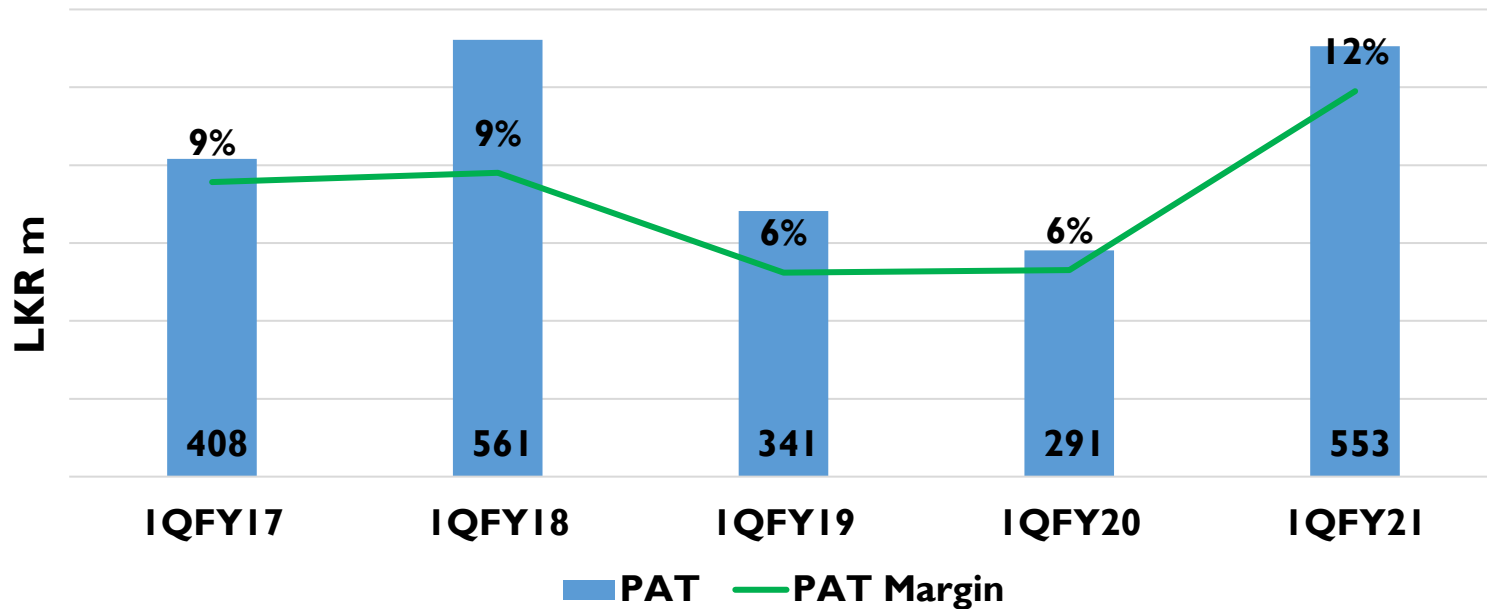
* IQFY20 is excluding the Hatton Plantations PLC financial results for April and May and the one-off gain amount to LKR 342 Mn arise from the divestment of Hatton Plantations PLC

IQ Revenue Growth Trend

- 5 Year CAGR of 1%



IQ Profitability



- Net profit of LKR 553m compared to a net profit of LKR 291m IQ last year due to;
 - Better performance in Healthcare Sector
 - Improved results in Agribusiness from Palm oil segment due to improved NSA and breakeven in Dairy business
 - Improved performance in the consumer segment due to curtailing of advertising and promotion expenses, despite drop in pricing

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 | 1Q FY21 | 1Q FY20 | Growth % |
|--------------------|--------------|-------------|--------------|
| Revenue | 2,593 | 2,471 | 4.9% |
| EBIT | 281 | 230 | 22.4% |
| <i>EBIT Margin</i> | <i>10.8%</i> | <i>9.3%</i> | |
| PAT | 171 | 141 | 21.4% |
| <i>PAT Margin</i> | <i>6.6%</i> | <i>5.7%</i> | |

Highlights

- IQFY21 Revenue up by 4.9% YoY due to higher sales volume in Pharma sub-sector, despite contraction in Medical Devices and Retail sub-sectors
- EBIT margin increased in IQFY21 due to higher sales volumes

Retail



24

Outlets in Colombo, including 11 express outlets

Highlights

- IQFY21 revenue had decreased 5.2% YoY
- Operating hours for the quarter dropped by 62% due to lock down which resulted in 52% drop in the bill counts, however the basket value had been improved by 91% for the quarter
- The Wellness category indicated a 17% growth during the quarter
- Adjusting to the new normal with change in shopper buying habits

Consumer

| LKR m | 1Q FY21 | 1Q FY20 | Growth % |
|--------------------|-------------|-------------|--------------|
| Revenue | 1,110 | 1,311 | -15.3% |
| EBIT | 86 | 85 | 1.5% |
| <i>EBIT Margin</i> | <i>7.8%</i> | <i>6.5%</i> | |
| PAT | 70 | 58 | 21.8% |
| <i>PAT Margin</i> | <i>6.3%</i> | <i>4.4%</i> | |

Highlights

- IQFY21 Revenue decrease due to sluggish consumer market condition due to COVID-19 pandemic coupled with the price reductions taken during 3QFY20
- EBIT margin higher due to curtailing of brand investment expenses

| LKR m | 1Q FY21 | 1Q FY20 | Growth % |
|--------------------|--------------|--------------|--------------|
| Revenue | 974 | 880 | 10.6% |
| EBIT | 497 | 365 | 36.1% |
| <i>EBIT Margin</i> | <i>51.0%</i> | <i>41.5%</i> | |
| PAT | 406 | 260 | 56.2% |
| <i>PAT Margin</i> | <i>41.7%</i> | <i>29.5%</i> | |

Excluding Tea plantation business

Highlights

- Revenue increased by 10.6% YoY mainly due to increase in NSA
- Current herd in the Dairy Farm established at 1,508 animals, of which 764 are milking
- Dairy sub sector achieved breakeven EBIT during 1QFY21

Energy

| LKR m | 1Q FY21 | 1Q FY20 | Growth % |
|--------------------|--------------|----------------|-------------|
| Revenue | 76 | 26 | 197.6% |
| EBIT | 20 | (22) | n/a |
| <i>EBIT Margin</i> | <i>25.7%</i> | <i>-84.3%</i> | |
| PAT | 4 | (42) | n/a |
| <i>PAT Margin</i> | <i>5.9%</i> | <i>-165.9%</i> | |

Highlights

- Revenue increase by 197.6% YoY due to the favorable weather conditions and optimum operations of all three hydro power plants
- EBIT margin increased YoY due to improvement on topline

Additional data for analysts

| LKR m | 2Q FY18 | 3Q FY18 | 4Q FY18 | 1Q FY19 | 2Q FY19 | 3Q FY19 | 4Q FY19 | 1Q FY20 | 2Q FY20 | 3Q FY20 | 4Q FY20 | 1Q FY21 |
|---------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 5,128 | 5,235 | 5,618 | 5,575 | 5,294 | 5,768 | 6,006 | 5,210 | 5,329 | 5,282 | 5,010 | 4,786 |
| PAT | 465 | 489 | 166 | 341 | 443 | 501 | -139 | 573 | 657 | 470 | 133 | 553 |
| PATMI | 286 | 160 | 153 | 190 | 234 | 274 | -144 | 333 | 398 | 287 | 96 | 320 |

| Volumes | 2Q FY18 | 3Q FY18 | 4Q FY18 | 1Q FY19 | 2Q FY19 | 3Q FY19 | 4Q FY19 | 1Q FY20 | 2Q FY20 | 3Q FY20 | 4Q FY20 | 1Q FY21 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Branded Tea (kg '000) | 1,085 | 1,178 | 1,181 | 1,026 | 1,085 | 1,222 | 1,147 | 1,043 | 1,175 | 1,242 | 1,134 | 1,042 |
| Palm Oil (kg 'mn) | 3.2 | 2.3 | 2.3 | 2.5 | 3.7 | 2.7 | 2.9 | 3.3 | 3.8 | 2.8 | 2.3 | 3.3 |



Outlook

Outlook for 2Q FY21

Healthcare

- Recovery in Medical Devices business with occupancy increase in Hospitals, Operating Theatre and Lab tests
- Healthguard will optimize operations for the “new normal”

FMCG

- Volume growth in Tea
- Strong competition from #2 player
- Focus on brand development

Agri

- Crop to increase with the yield curve shift
- RSPO audit complete. Certificate expected by end FY21
- Increase in milk selling price at dairy farm

Energy

- All 3 hydro power plants operating
- Expanding into Solar power

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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