

## SUN: 3Q performance boosted by newly acquired Daintee

### 9MFY21 Highlights

- Consolidated revenue of LKR 17.4bn, increase of 13.7 % YoY
- PAT amounted to LKR 1.9bn, increase of 32.9% YoY
- Healthcare revenue up 11.0% YoY to LKR 9.1bn
- Consumer revenue up 17.2% YoY to LKR4.9bn
- Agri revenue up 14.8% YoY to LKR3.0bn
- EPS of LKR 4.71

### 3QFY21 Highlights

- Consolidated revenue of LKR 6.5bn, increase of 22.1 % YoY
- PAT amounted to LKR 602m, increase of 29.0% YoY
- Healthcare revenue up 12.9% YoY to LKR 3.3bn
- Consumer revenue up 51.8% YoY to LKR 2.2bn
- Agri revenue up 9.1% YoY to LKR 846mn
- EPS of LKR 2.59

**Colombo, February 03, 2021** – Sunshine Holdings PLC (CSE: SUN) adjusted top line grew 13.7% YoY to stand at LKR 17.4bn for 9MFY21, despite challenges for the Consumer and Healthcare Retail businesses due to C19 lockdown measures during 1Q. The adjustment relates to the sale of the tea plantation business represented by Hatton Plantations PLC (CSE: HPL) during the 1<sup>st</sup> quarter of last financial year.

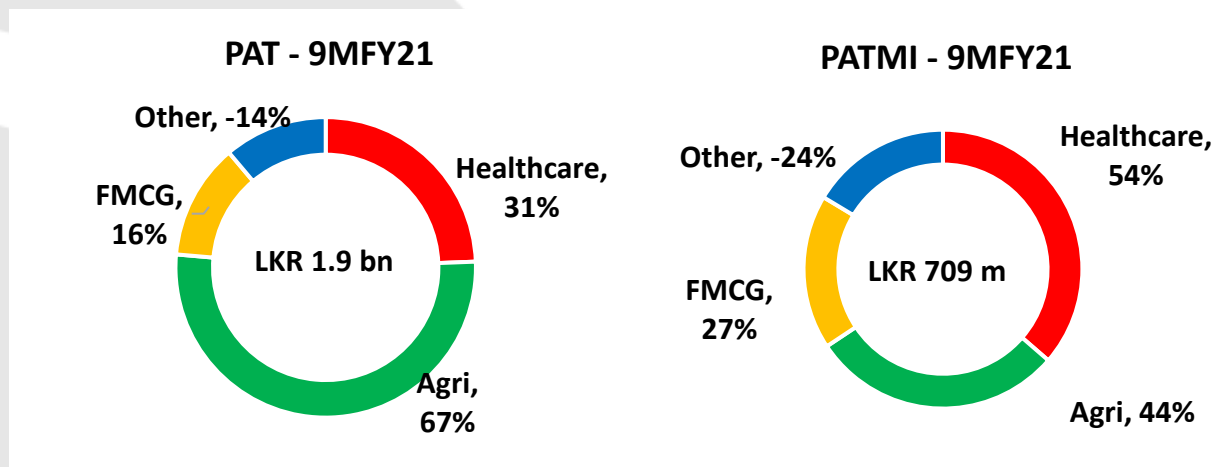
LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	17,400	15,302	13.7%	6,449	5,280	22.1%
EBIT	2,906	2,266	28.2%	939	706	33.1%
<i>EBIT Margin</i>	<i>16.7%</i>	<i>14.8%</i>		<i>14.6%</i>	<i>13.4%</i>	
<b>PAT</b>	<b>1,888</b>	<b>1,420</b>	<b>32.9%</b>	<b>602</b>	<b>467</b>	<b>29.0%</b>
<i>PAT Margin</i>	<i>10.8%</i>	<i>9.3%</i>		<i>9.3%</i>	<i>8.8%</i>	
<b>PATMI</b>	<b>1,097</b>	<b>844</b>	<b>30.0%</b>	<b>388</b>	<b>286</b>	<b>35.7%</b>
EPS (LKR)	7.34	5.64	30.0%	2.59	1.91	35.7%

\*9MFY20 results are adjusted for HPL divestment in 1QFY20

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Healthcare remained the largest contributor to Group revenue in 9MFY21, accounting for 52% of the total, whereas Consumer Goods contributed 28%, and Agribusiness accounting for 17%.

For 9MFY21, PAT amounted to LKR 1.9bn representing an increase of 32.9% YoY, mainly due to the profit arising from the improved performance in the Consumer and Healthcare sectors. Profit After Tax & Minority Interest (PATMI) increased by 30.0% YoY to LKR 1.1bn.



The PAT margins increased to 10.8% during 9MFY21 compared to 9.3% last year mainly due to the margin increase in Consumer and Healthcare sector.

Net Asset Value per share increased to LKR 61.93 as at end 9MFY21, compared to LKR 56.26 at end of FY20.

### Deal flow

During 3QFY21 the Groups Healthcare sector announced its merged with Akbar Pharmaceutical business segment, and the transaction was closed on the 25<sup>th</sup> of January 2021.

Sunshine Healthcare Lanka Limited, which is a fully owned subsidiary of the Sunshine Holdings PLC, had acquired of Two Million Nine Hundred Ninety Four Thousand One Hundred and Eighty Nine (2,994,189) ordinary voting shares of Akbar Pharmaceutical (Private) Limited, at a total consideration of LKR 2.3bn and the consideration for such acquisition was settled by the issuance of 2,758,178 ordinary voting shares in Sunshine Healthcare Lanka to Akbar Brothers (Private) Limited.

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Furthermore, the Sunshine Holdings PLC transferred 330,981 ordinary voting shares held by the Company in Sunshine Healthcare Lanka to Akbar Brothers (Private) Limited at a cash consideration of LKR 278m.

### **Business segments**

#### **Healthcare**

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	9,080	8,177	11.0%	3,285	2,910	12.9%
EBIT	925	698	32.5%	279	246	13.3%
<i>EBIT Margin</i>	<i>10.2%</i>	<i>8.5%</i>		<i>8.5%</i>	<i>8.4%</i>	
<b>PAT</b>	<b>593</b>	<b>407</b>	<b>45.7%</b>	<b>170</b>	<b>134</b>	<b>26.9%</b>
<i>PAT Margin</i>	<i>6.5%</i>	<i>5.0%</i>		<i>5.2%</i>	<i>4.6%</i>	

Healthcare revenue for 9MFY21 grew 11.0% YoY. Higher volumes, stable Rupee, and increased contribution from the Pharmaceutical business propelled EBIT margin by 170 bps in 9MFY21 compared to the same period last year. It was a challenging period for the Medical Devices and Retail business within Healthcare, due to lower occupancy rates in hospitals and a significant reduction in store operating hours due to lockdown during 1QFY21 and 3QFY21. However significant improvement was reflected during 2QFY21 for both Medical Devices and Retail business.

The Pharma sub-segment which represents 67% of Healthcare revenue grew 14.7% YoY in 9MFY21, due to higher sales volumes. The company's Pharma segment currently enjoys 12% share of the local private pharma market (IMS data). Movements in other sub-sectors were: Medical Devices (2.5% YoY) and Retail (6.1% YoY).

PAT for Healthcare amounted to LKR 593m in 9MFY21 at a margin of 6.5%.

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## Consumer

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	4,937	4,209	17.3%	2,165	1,427	51.7%
EBIT	420	423	-0.8%	208	137	51.7%
<i>EBIT Margin</i>	<i>8.5%</i>	<i>10.0%</i>		<i>9.6%</i>	<i>9.6%</i>	
<b>PAT</b>	<b>303</b>	<b>294</b>	<b>3.3%</b>	<b>72</b>	<b>95</b>	<b>-23.9%</b>
<i>PAT Margin</i>	<i>6.1%</i>	<i>7.0%</i>		<i>3.3%</i>	<i>6.6%</i>	

The Consumer sector reported revenues of LKR 4.9bn in 9MFY21, backed by the revenue generated from Daintee. Daintee recorded a revenue of LKR 842m for the 4 moths post acquisition.

The domestic branded tea business within Consumer sector sold 3.9m kg of branded tea with 11.0% YoY growth against the same period last year. PAT from the Consumer segment increased by 3.3% YoY, to stand at LKR 303m for 9MFY2. Post-acquisition Daintee contributed LKR 88m for the bottom line.

## Agribusiness

LKR m	9MFY21	9MFY20	Growth %	3Q FY21	3Q FY20	Growth %
Revenue	2,972	2,587	14.8%	847	775	9.2%
EBIT	1,497	1,069	40.0%	395	250	57.7%
<i>EBIT Margin</i>	<i>50.4%</i>	<i>41.3%</i>		<i>46.6%</i>	<i>32.3%</i>	
<b>PAT</b>	<b>1,263</b>	<b>777</b>	<b>62.6%</b>	<b>345</b>	<b>174</b>	<b>98.8%</b>
<i>PAT Margin</i>	<i>42.5%</i>	<i>30.0%</i>		<i>40.8%</i>	<i>22.4%</i>	

The Agribusiness sector represented by Palm Oil and Dairy sectors reported revenue increase of 14.8% YoY to LKR 3.0bn mainly due to increase in Palm NSA and milk prices.

Palm oil production was at 8.7m Kg for 9MFY21 which was 13.0% below than the same period last year due to yield pattern. PAT for 9MFY21 amounted to LKR 1.3 bn increasing 62.6% YoY.

## Renewable Energy

Revenue for the Renewable Energy division amounted to LKR 348m in 9MFY21, up 36.6% YoY from LKR 255m during 9MFY20 as a result of higher rainfall in the catchment areas and optimal operations of all three plants. The sector PAT was at LKR 108m for 9MFY21, compared to PAT of LKR 29m the last year.

## Outlook

In Healthcare, we expect growth in 4QFY21, especially in the Medical devices and Pharma sub-sectors. Occupancy increase can be expected in Hospitals, Operating Theatre and Lab tests. Limitations due to prevailing conditions and less patients for Pediatricians is likely to result in low sales in Pediatric and Respiratory products. We are closely monitoring the changes in the exchange rate which is sensitive on our margins. The sector will continue to focus on improving the product range and service quality while competing for more government tenders.

At Healthguard, the focus continues to be on developing online business with restricted operating hours has a result of lockdown measures.

The Consumer business will be expecting volume growth in 4QFY21. The company would continue to invest behind its brands to scale the domestic businesses. Integration of the newly acquired Daintee Limited will be key focus during the period.

In Agribusiness, we expect to see moderate growth in volumes for the Palm Oil segment due to shift in yield curve while prices are expected to be stable in the short term.

On the dairy sub sector, the total milking cows for the period stood at 795 and the total number of animals stand at 1,602. We expect to further rationalize the feed cost and increase selling price due to higher demand for quality milk.

In the Renewable Energy segment, we will continue to focus on expanding our production capacity via rooftop solar projects.

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### ABOUT SUNSHINE HOLDINGS

Sunshine Holdings PLC is a diversified conglomerate contributing to ‘nation-building’ by creating value in vital sectors of the Sri Lankan economy – mainly in the healthcare and consumer sectors, with strategic investments in agribusiness and renewable energy. Established over 50 years ago in 1967, the Group is now home to leading Sri Lankan brands such as Zesta Tea, Watawala Tea, Ran Kahata, Daintee Confectionary and Healthguard Pharmacy, with over 2,300 employees and revenue of LKR 21bn. The business units comprise of Sunshine Healthcare Lanka, Watawala Tea Ceylon, Daintee, Healthguard Pharmacy, Sunshine Energy and Watawala Plantations PLC, which are leaders in their respective sectors and many of them certified as a “Great Place to Work” in 2020.

For more information, please visit our Investor Relations page.



<http://www.sunshineholdings.lk/investor%20relations/index.php>

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