



sunshine

Earnings Presentation 1QFY22

5th August 2021

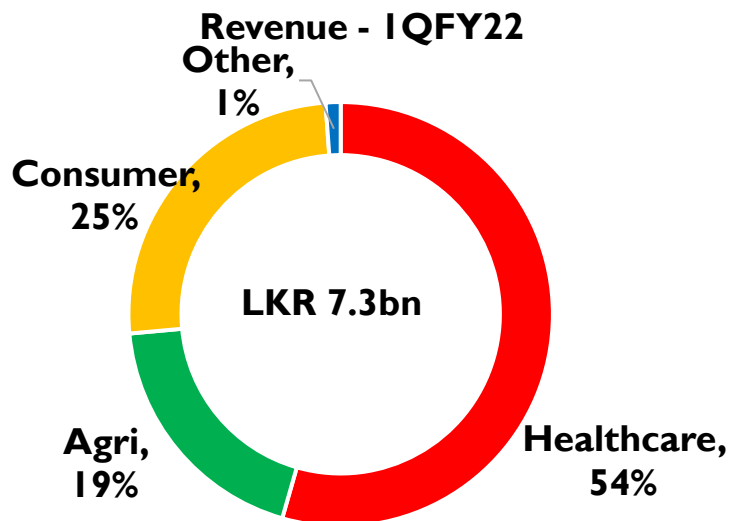
The background is a solid blue color with several white, wavy, ribbon-like shapes that flow from the left side towards the right. These shapes vary in thickness and curvature, creating a sense of movement and depth.

Group Performance

Group at a Glance – IQFY22

Note: IQFY21 adjusted to reflect Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd performance.

- **LKR 7.3bn** in Revenue; +28.7% YoY
- **LKR 1.0bn** PAT; +69.2%YoY
- PATMI of **LKR 333m**;



- Healthcare revenue; **LKR 4.0bn**; +28.7% YoY
- Agri revenue; **LKR 1.4bn**; +44.2% YoY
 - 3.6m kg of palm oil, +5.9% YoY
- Consumer revenue; **LKR 1.9bn**; +22.5% YoY
 - Daintee revenue; LKR 470m
 - 1,271 k kg of branded tea sold; +21.3%YoY

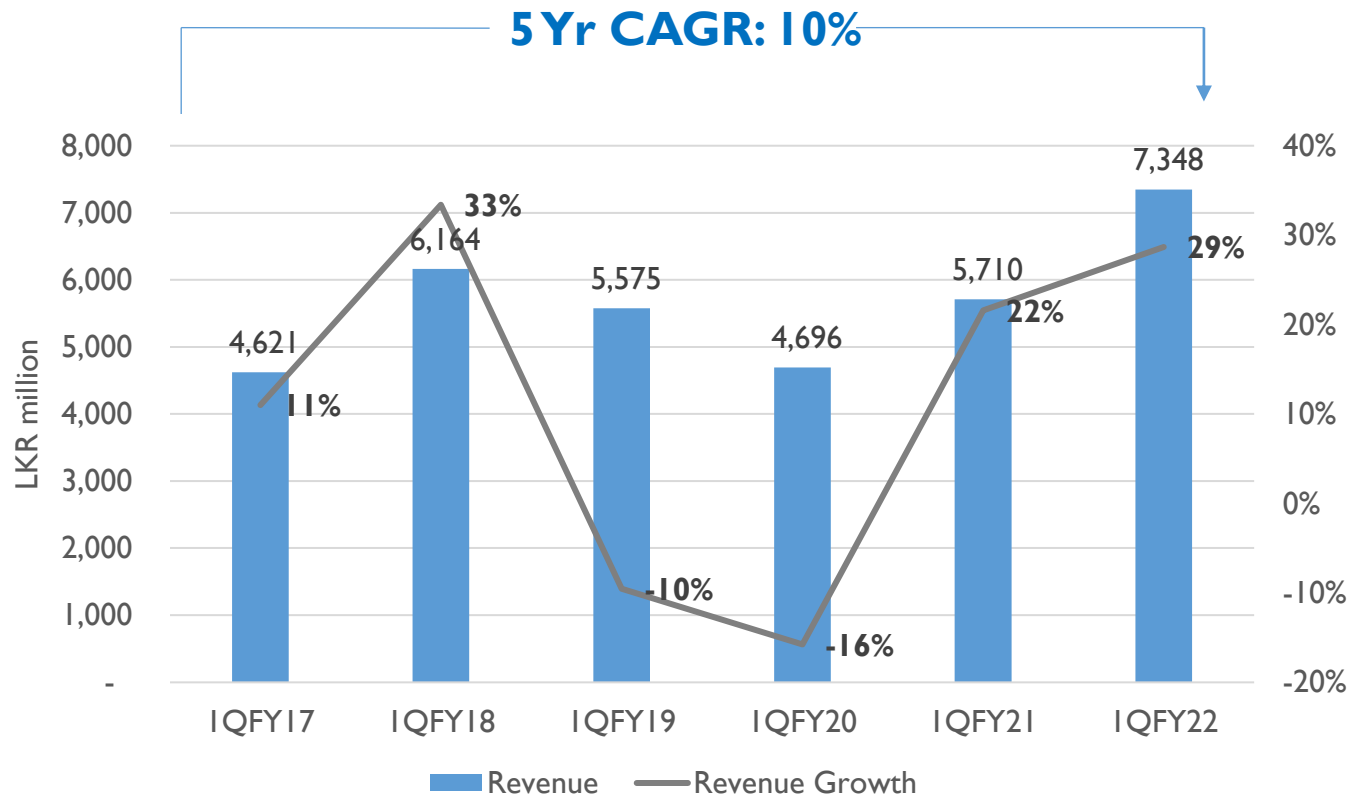
Group Financial Highlights

| LKR m | IQ FY22 | Adj. IQ FY21 | Growth % | Reported IQFY21 |
|--------------------|--------------|--------------|----------|-----------------|
| Revenue | 7,348 | 5,710 | 28.7% | 4,786 |
| EBIT | 1,320 | 987 | 33.7% | 860 |
| <i>EBIT margin</i> | <i>18.0%</i> | <i>17.3%</i> | | <i>18.0%</i> |
| PAT | 1,040 | 615 | 69.2% | 553 |
| <i>PAT margin</i> | <i>14.2%</i> | <i>10.8%</i> | | |
| PATMI | 333 | 381 | -12.8% | 321 |
| EPS (LKR) | 0.74 | 0.85 | -12.8% | 0.72 |

**comparative figure adjusted to include businesses purchased during FY21*

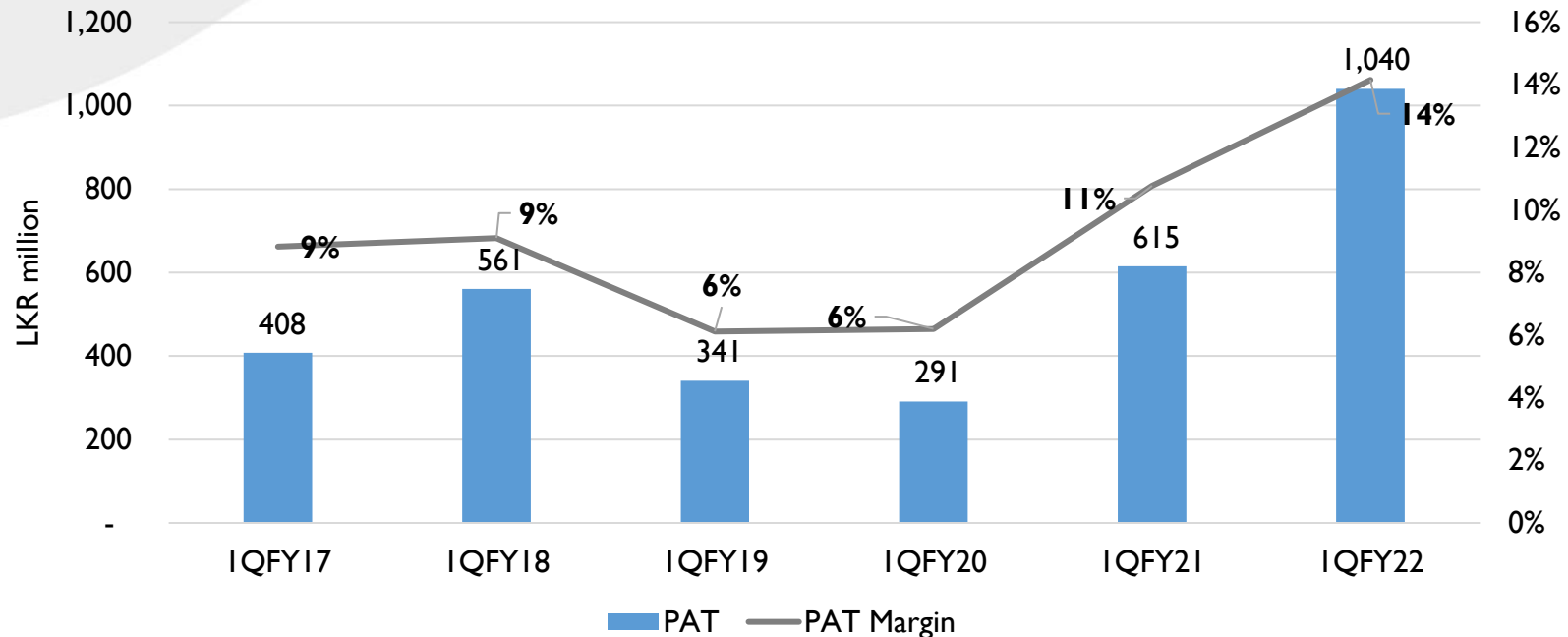
IQ Revenue Growth Trend

- 5 Year CAGR of 10%



Note: IQFY21 results are adjusted to reflect Daintee Ltd and APL performance

IQ Profitability



Note: IQFY21 results are adjusted to reflect Daintee Ltd and APL performance

- Net profit of 1,040m compared to 579m Adj. net profit in IQ last year due to:
 - Better performance Healthcare Sector
 - Margin increase in Agribusiness segment due to NSA improvement in palm oil subsector

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Segment Performance

Healthcare



| LKR m | IQ FY22 | Adj. IQ FY21* | Growth % |
|--------------------|--------------|------------------|----------|
| Revenue | 4,000 | 3,109 | 28.7% |
| EBIT | 401 | 339 | 18.3% |
| <i>EBIT margin</i> | <i>10.0%</i> | <i>10.9%</i> | |
| PAT | 270 | 197 | 37.1% |
| <i>PAT margin</i> | <i>6.8%</i> | <i>6.3%</i> | |

**comparative figure adjusted to include businesses purchased during FY21*

Highlights

- IQFY22 Revenue up by 28.5% YoY due to higher sales volume in key subsectors including Pharma, MDD and Retail
- Increased health and wellness consciousness of consumers
- EBIT Margin contraction is predominantly owing to LKR currency depreciation. Impact was minimized by price increase certain non-price-controlled SKU's and margin improvement in MDD subsector

Retail



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Outlets in Colombo,
and 1 online store

Highlights

- 1QFY22 revenue had increased 71.2% YoY
- Improved digital platform and delivery services
- Loyalty engagement improvement
- Improve pharma availability
- Adjusting to the new normal with change in shopper buying habits

Consumer

| LKR m | IQ FY22 | Adj. IQ FY21* | Growth % |
|--------------------|-------------|---------------|----------|
| Revenue | 1,860 | 1,518 | 22.5% |
| EBIT | 100 | 156 | -36.0% |
| <i>EBIT margin</i> | <i>5.4%</i> | <i>10.3%</i> | |
| PAT | 61 | 135 | -54.8% |
| <i>PAT margin</i> | <i>3.3%</i> | <i>8.9%</i> | |

**comparative figure adjusted to include businesses purchased during FY21*

Highlights

- Revenue increase 22.5% compared to adjusted IQFY21
 - Volume growth of 21.3% in the tea subsector
 - Value growth of 25.3% in the tea subsector
- Daintee Contribution to PAT in IQFY22 – LKR 36m
- Challenges faced in profitability due to
 - Tea - higher RM cost and increased advertising & promotional expenses
 - Confectionery - Increased RM cost

| LKR m | IQ FY22 | IQ FY21 | Growth % |
|--------------------|--------------|--------------|----------|
| Revenue | 1,404 | 974 | 44.2% |
| EBIT | 784 | 497 | 57.8% |
| <i>EBIT margin</i> | <i>55.8%</i> | <i>51.0%</i> | |
| PAT | 724 | 406 | 78.1% |
| <i>PAT margin</i> | <i>51.5%</i> | <i>41.7%</i> | |

Highlights

- Revenue increased by 44.2% YoY mainly due to increase in NSA in the palm oil subsector
- Current herd in the Dairy Farm established at 1,645 animals, of which 781 are milking
- Dairy farm reported a PAT of LKR 18.0m in IQFY22

Additional data for analysts

| LKR m | 2Q FY19 | 3Q FY19 | 4Q FY19 | 1Q FY20 | 2Q FY20 | 3Q FY20 | 4Q FY20 | 1Q FY21 | 2Q FY21 | 3Q FY21 | 4Q FY21 | 1Q FY22 |
|---------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 5,294 | 5,768 | 6,006 | 5,210 | 5,327 | 5,280 | 5,010 | 4,786 | 6,164 | 6,449 | 6,940 | 7,348 |
| PAT | 443 | 501 | -139 | 573 | 660 | 467 | 133 | 553 | 733 | 602 | 650 | 1,040 |
| PATMI | 234 | 274 | -144 | 333 | 398 | 286 | 96 | 320 | 389 | 388 | 431 | 333 |

| Volumes | 2Q FY19 | 3Q FY19 | 4Q FY19 | 1Q FY20 | 2Q FY20 | 3Q FY20 | 4Q FY20 | 1Q FY21 | 2Q FY21 | 3Q FY21 | 4Q FY21 | 1Q FY22 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Branded Tea (kg '000) | 1,085 | 1,222 | 1,147 | 1,043 | 1,175 | 1,242 | 1,134 | 1,042 | 1,351 | 1,490 | 1,433 | 1,271 |
| Palm Oil (kg 'mn) | 3.7 | 2.7 | 2.9 | 3.3 | 3.8 | 2.8 | 2.3 | 3.3 | 3.2 | 2.2 | 2.3 | 3.6 |

Note: the above data is based on reported financials and thus, results of Daintee Ltd and Akbar Pharmaceuticals (Pvt) Ltd [APL] are consolidated in September 2020 and February 2021 respectively



Outlook

Outlook for 2Q FY22

Healthcare

- LKR depreciation to impact margins
- Low occupancy levels in hospitals expected during 2QFY22
- Further development of the pharma manufacturing business
- Further development of online retail platforms

Consumer

- Drive distribution synergies in retail channels
- Focus on brands to scale domestic business
- Launch of new products

Agri

- Higher palm oil NSA
- Marginal growth in volume expected
- Expand the herd to reach 1000 milking cows
- Expand dairy value-added business

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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