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Earnings Presentation 3QFY16

11th February 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.

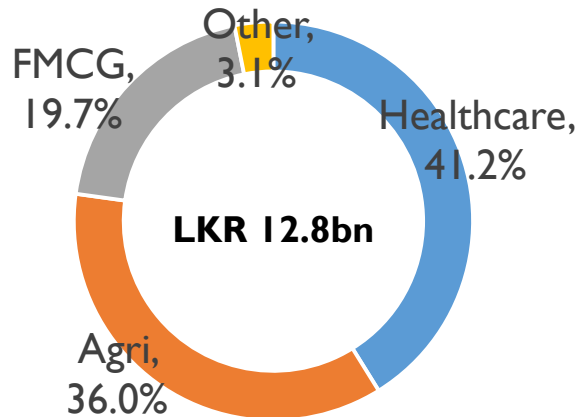
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Group Performance

Group at a Glance - 9M FY16

- **LKR 12.8bn** in Revenue; +5% YoY
- **LKR 1bn** of PAT; +16% YoY*
- PATMI of **LKR 509m**; up +8% YoY*

Revenue-9M FY16



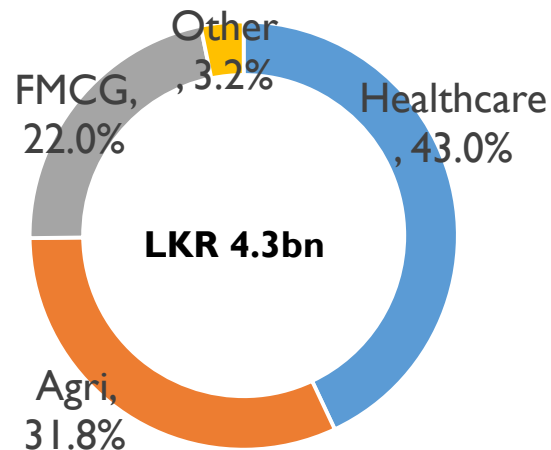
- Healthcare revenue: **LKR 5.3bn**; +17% YoY
- Agri revenue: **LKR 4.6bn**; -12% YoY.
 - 7.1m kg of palm oil, +2% growth YoY.
 - 7.2m kg of tea produced, -9% YoY.
 - Tea price up LKR 8/kg since LY
- FMCG revenue **LKR 2.5bn**; +20%YoY
 - 1.7m kg of branded tea sold; + 11% YoY

*Last year adjusted for one off G'will write off

Group at a Glance – 3QFY16

- **LKR 4.3bn** in Revenue; +5% YoY
- **LKR 391m** PAT; +12% YoY*
- PATMI of **LKR 175m**; +6% YoY*

Revenue-3Q FY16

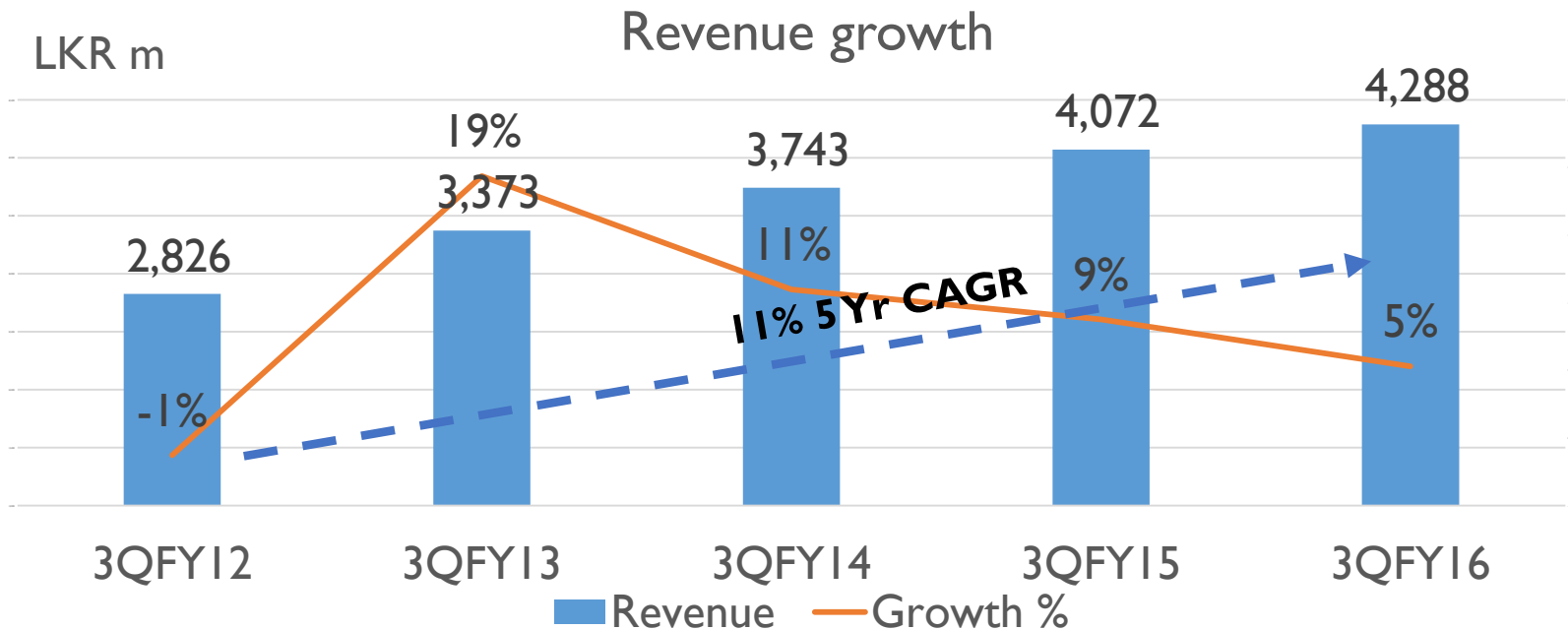


- Healthcare revenue; **LKR 1.8bn**; +17% YoY
- Agri revenue; **LKR 1.4bn**; -15% YoY.
 - 1.8m kg of palm oil, -21% YoY.
 - 2.5m kg of tea produced, -3% YoY.
- FMCG revenue; **LKR 941m**; +19%YoY
 - 1,015k kg of branded tea sold; + 26% YoY

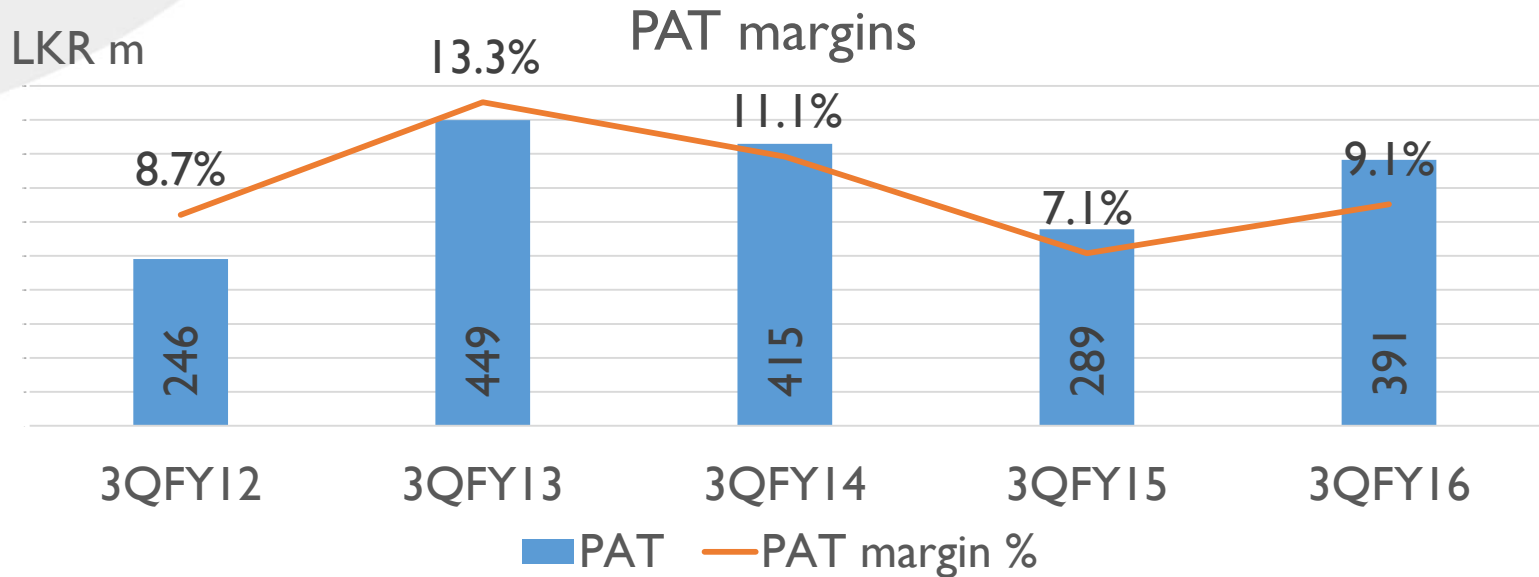
*Last year adjusted for one off G'will write off

Revenue Growth Trend

- Revenue growth of 5% YoY in 3QFY16 to LKR4.3bn
 - Healthcare (+LKR 259;+17%YoY), FMCG (+LKR 166m; +23%YoY), Agri (-LKR 233m; -13%YoY)
- 5 Year CAGR of 11%



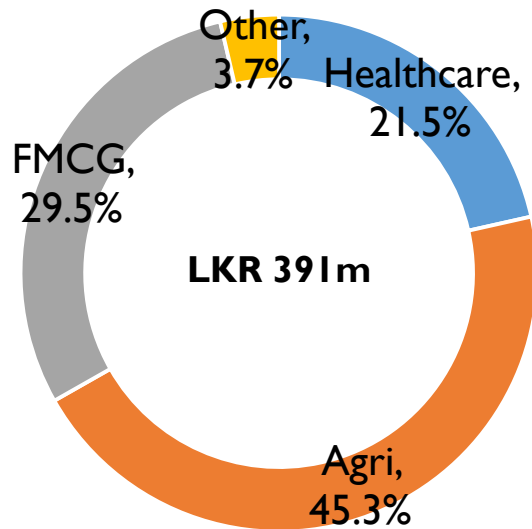
Profitability



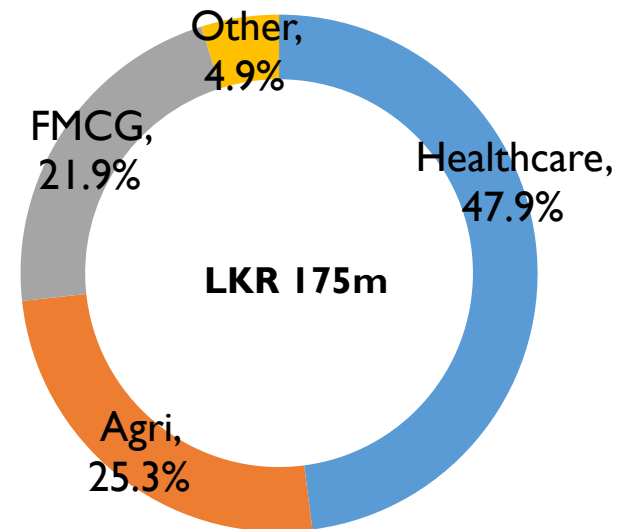
- Top line growth and margin expansion have driven growth in profitability
- 3Q last year adversely affected by low margins in Agri and one off write-off in Healthcare
- Margin expansion fueled by low raw material cost in FMCG and good cost control in Healthcare

Earnings Contribution

PAT-3Q FY16



PATMI-3Q FY16



- Lower impact of Agri sector at PATMI level. Effecting holding just 25%.
- Healthcare contributed 48% of total PATMI

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

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Segment Performance

3QFY16

Healthcare

LKRm	9M	9M Growth	3Q	3Q	Growth
	FY16	FY15 %	FY16	FY15	%
Revenue	5,271	4,495 17.2	1,844	1,575	17.1
EBIT	400	350 14.4	128	121	5.5
<i>EBIT Margin</i>	<i>7.6%</i>	<i>7.8%</i>	<i>6.9%</i>	<i>7.7%</i>	
Profit for the period	264	174 51.4	84	20	319.0
<i>PAT Margin</i>	<i>5.0%</i>	<i>3.9%</i>	<i>4.6%</i>	<i>1.3%</i>	
Normalized PAT*	264	236 11.9	84	82	3.0

Highlights

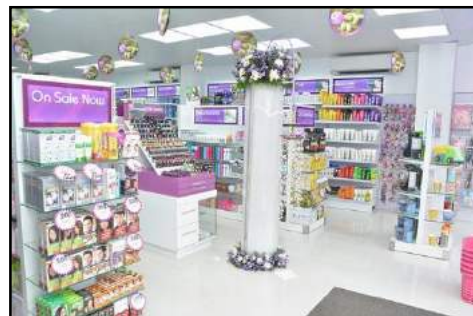
- Revenue growth of 17% YoY for 3Q and 9M: –Driven by strong Pharma growing 16% Vs Market growth of 6% (IMS)
- Segment growth: Surgical (+13% YoY), Retail (+22% YoY), Diagnostics (+32% YoY), Wellness (+47% YoY)
- Margins contraction in 3Q due to weaker Rupee
- *Normalized PAT: 3Q last year was adjusted for a one off G'will write off amounting to LKR62m

Retail – Aggressive Rollout



23

Outlets existing
outlets in Colombo,
including 12 express
outlets



Expansion of retail footprint

- 3 new full service stores opened in 9M
- 4 new express stores opened in 9M
- 26 more stores by FY18
- Emphasis on growing high margin Wellness and Beauty segments
- Focus on superior customer service
- Launched online store
 - www.healthguard.lk

FMCG

LKRm	9M	9M Growth	3Q	3Q	Growth
	FY16	FY15 %	FY16	FY15	%
Revenue	2,520	2,105 19.7	941	788	19.4
EBIT	381	290 31.7	128	147	(12.9)
<i>EBIT Margin</i>	<i>15.1%</i>	<i>13.8%</i>	<i>13.6%</i>	<i>18.6%</i>	
Profit for the period	343	254 34.9	116	131	(12.0)
<i>PAT Margin</i>	<i>13.6%</i>	<i>12.1%</i>	<i>12.3%</i>	<i>16.7%</i>	

Highlights

- Sales growth driven higher branded tea volumes (+16% YoY)
- Volume growth driven by ‘Watawala Tea’ brand, which is the largest selling brand in the country (Nielsen).
- EBIT margin expansion due to lower raw material prices for 9M.
- But 3Q tea prices for better quality BOPF grade teas have increased, which resulted in a slight contraction in margins for the quarter.

Agri

LKRm	9M	9M Growth	3Q	3Q	Growth
	FY16	FY15 %	FY16	FY15	%
Revenue	4,615	5,280 (12.6)	1,364	1,601	(14.8)
EBIT	566	577 (2.0)	223	213	4.8
<i>EBIT Margin</i>	<i>12.3%</i>	<i>10.9%</i>	<i>16.3%</i>	<i>13.3%</i>	
Profit for the period	439	409 7.4	177	147	20.8
<i>PAT Margin</i>	<i>9.5%</i>	<i>7.7%</i>	<i>13.0%</i>	<i>9.2%</i>	

Highlights

- Palm Oil volumes: 7.1m kg in 9M, +2% YoY; 2Q and 3Q down due to unfavorable weather
- Tea volumes: 7.2m kg in 9M, -9% YoY. Reduction in bought crop by design to focus on quality
- Palm Oil PAT of **LKR 558m** for 9M, down -10% YoY due to drop in price
- Tea segment **lost LKR (213m)** in 9MFY16, compared to a loss of LKR(253)m last year. But profit of LKR30m due to improvement in price in 3QFY16
- Associate wage negotiations for FY17 underway

Other

Energy

- Revenue of **LKR 104m** for 9MFY16, up from LKR 88m due to heavy rainfall in 9M.
- LKR 42m PAT for 9M FY16 against LKR 21m last year
- Construction of Upper Waltrim ongoing. Delays in Elgin

Packaging

- The packaging division reported **revenues of LKR 262m**, up 41% YoY
- PAT of 13m in 9MFY16 against LKR 19m loss same period last year
- New orders for Tin sheet exports to India

Additional Data

LKR m	1Q FY14	2Q FY14	3Q FY14	4Q FY14	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16
Revenue	3,473	3,498	3,743	3,982	3,984	4,166	4,072	4,105	4,179	4,341	4,288
PAT	125	236	415	392	326	225	289	207	314	344	391
PATMI	65	176	187	259	147	158	104	134	162	171	175

Volumes	1Q FY14	2Q FY14	3Q FY14	4Q FY14	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16
Branded Tea (kg '000)	615	696	769	708	648	838	809	863	703	948	1,016
Tea (kg mn)	2.4	1.9	2.9	2.7	3.4	1.9	2.6	2.5	2.6	2.1	2.5
Palm Oil (kg mn)	2.1	2.3	2.1	1.6	2.1	2.5	2.3	1.9	2.8	2.5	1.8



Outlook

Outlook for 4Q FY16

Healthcare

- Continue growth momentum
- New agencies to be launched
- 1 new retail outlet

FMCG

- Expand distribution
- Slight dip in margins with increase in tea price
- Product portfolio rationalization

Agri

- Palm Oil Prices challenged
- Slight increase in tea price for better quality estates

Packaging

- Focus on new export orders
- Strong order book with high plant utilization for 4Q

Energy

- Historically, 4Q performance is lower than 9M
- 2 new plants under construction

Thank you

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