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Earnings Presentation 3QFY17

13th February 2017

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.

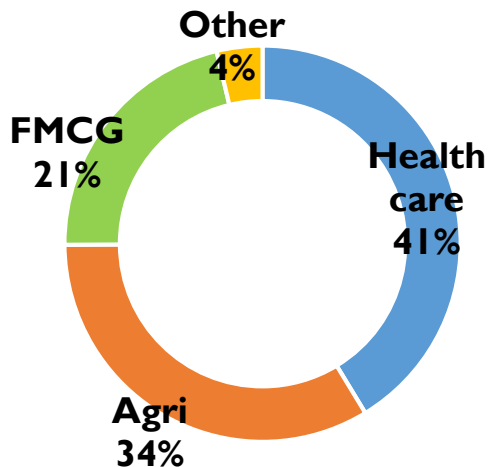
The background is a solid blue color with several overlapping, wavy, ribbon-like shapes in a slightly darker shade of blue. These shapes flow from the left side towards the right, creating a sense of movement and depth. The overall aesthetic is clean and modern.

Group Performance

Group at a Glance – 9MFY17

- **LKR 14.1bn** in Revenue; +10.1% YoY
- **LKR 1.3b** PAT; +27.7% YoY
- PATMI of **LKR 446m**; -12.6% YoY

Revenue – 9M FY17

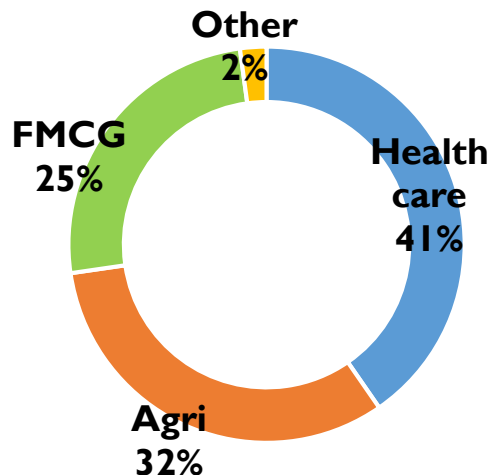


- Healthcare revenue; **LKR 5.8bn**; +10.5% YoY
- Agri revenue; **LKR 4.7bn**; +2.7% YoY.
 - 8.4m kg of palm oil, +19% YoY.
 - 5.87m kg of tea produced, -18% YoY.
- FMCG revenue; **LKR 3bn**; +19.5% YoY
 - 2.88m kg of branded tea sold; +8% YoY

Group at a Glance – 3QFY17

- **LKR 4.42bn** in Revenue; +3.2% YoY
- **LKR 402.6m** PAT; +3.2% YoY
- PATMI of **LKR 13.4m**; -92.3% YoY

Revenue – 3Q17



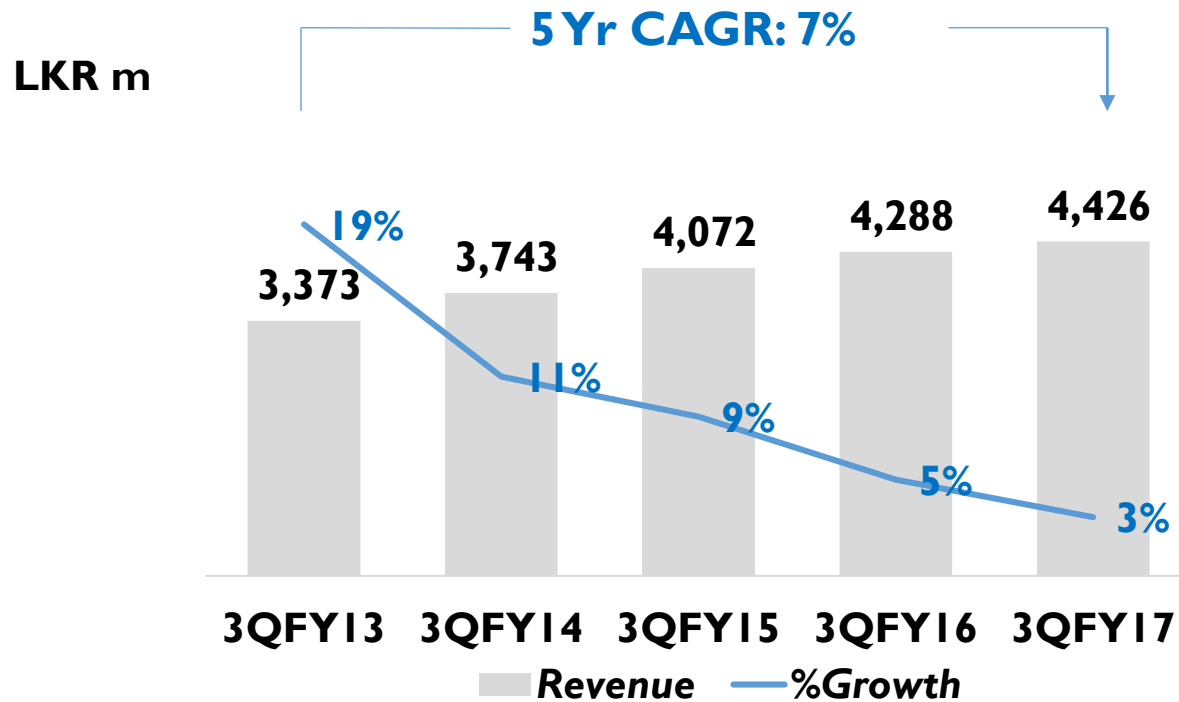
- Healthcare revenue; **LKR 1.78bn**; -3.1% YoY
- Agri revenue; **LKR 1.43bn**; +4.9% YoY.
 - 2.4m kg of palm oil, +30% YoY.
 - 2m kg of tea produced, -20% YoY.
- FMCG revenue; **LKR 1.1bn**; +18.2% YoY
 - 987k kg of branded tea sold; -2.8% YoY

Group Financial Highlights

LKRm	9M	9M	Growth	3Q	3Q	Growth
	FY17	FY16	%	FY17	FY16	%
Revenue	14,102	12,807	10.1	4,425	4,288	3.2
EBIT	1,664	1,387	20.0	487	493	(1.1)
<i>EBIT Margin</i>	<i>11.8%</i>	<i>10.8%</i>		<i>11.0%</i>	<i>11.5%</i>	
Profit for the period	1,338	1,048	27.7	403	390	3.2
<i>PAT Margin</i>	<i>9.5%</i>	<i>8.2%</i>		<i>9.1%</i>	<i>9.1%</i>	
<u>Profit Attributable to</u>						
Equity owners	447	511	(12.6)	13.5	174.6	(92.3)
EPS (LKR)	3.31	3.78	(12.6)	0.10	1.29	(92.3)

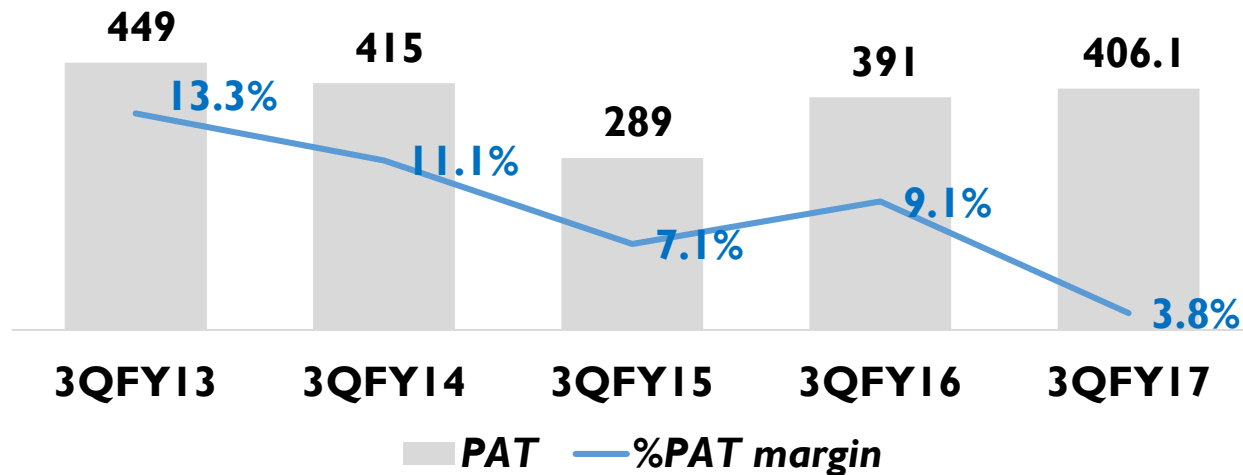
Revenue Growth Trend

- 5 Year CAGR of 7%



Profitability

LKR m



- Profits grew despite challenging externalities
- Healthcare margins significantly affected by price control
- FMCG margins contracted due to high tea prices in 2Q
- However, Agri margins rose on back of rising tea prices and firm Oil Palm prices

Earnings Contribution

PAT – 3QFY17			PATMI – 3QFY17		
In LKRm	Contribution	%	In LKRm	Contribution	%
Healthcare	(98,705)	-25%	Healthcare	(98,705)	-733%
Agri	465,999	116%	Agri	113,032	840%
FMCG	85,439	21%	FMCG	25,828	192%
Other	(50,102)	-12%	Other	(26,696)	-198%
Total	402,630	100%	Total	13,458	100%

- Lower impact of Agri sector at PATMI level. Effecting holding is 25%.

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

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Segment Performance

3Q FY17

Healthcare

LKRm	9M FY17	9M FY16	Growth %	3Q FY17	3Q FY16	Growth %
Revenue	5,826	5,271	10.5	1,786	1,844	(3.1)
EBIT	193	400	(51.8)	(91)	128	(171.4)
<i>EBIT Margin</i>	<i>3.3%</i>	<i>7.6%</i>		<i>-5.1%</i>	<i>6.9%</i>	
Profit for the period	91	264	(65.6)	(99)	84	(217.4)
<i>PAT Margin</i>	<i>1.6%</i>	<i>5.0%</i>		<i>-5.5%</i>	<i>4.6%</i>	

Highlights

- 9M FY17 Revenue growth of 10.5% YoY: Pharma revenue affected by price control grew at 6% and Retail grew at 34% YoY
- Other Segments growth: 9M FY17 Surgical (+19% YoY), Diagnostics (+6% YoY), Wellness (+16% YoY)
- Margins affected significantly by price control, with a one-time stock loss of LKR 123m in 3Q FY17

Healthcare Retail



24

Outlets existing
outlets in Colombo,
including 12 express
outlets

Highlights

- Continued focus on Beauty and Wellness sales helped margin expansion
- Kalubowila and Castle Street outlets closed in 3Q, Thimbirigasyaya opening pushed to 4Q
- Consumer spending remains sluggish

FMCG

LKRm	9M FY17	9M FY16	Growth %	3Q FY17	3Q FY16	Growth %
Revenue	3,011	2,520	19.5	1,113	941	18.2
EBIT	281	381	(26.3)	101	128	(21.5)
<i>EBIT Margin</i>	<i>9.3%</i>	<i>15.1%</i>		<i>9%</i>	<i>13.6%</i>	
Profit for the period	249	343	(27.5)	85	116	(26.1)
<i>PAT Margin</i>	<i>8.3%</i>	<i>13.6%</i>		<i>7.7%</i>	<i>12.3%</i>	

Highlights

- 9M FY17 Revenue growth driven by branded tea sales in Domestic markets (+9% YoY) and expansion of International Sales (+225% YoY).
- 9M FY17 Branded tea volumes grew at 8% with WTCL maintained volume and value leadership in SL [Value 34.5% and Volume 36.7% in 3Q FY17] (Nielson).
- Contraction in EBIT margin due to high tea prices and investments in scaling export business.

Agri

LKRm	9M FY17	9M FY16	Growth %	3Q FY17	3Q FY16	Growth %
Revenue	4,738	4,615	2.7	1,430	1,364	4.9
EBIT	1,183	566	109	519	223	132.8
<i>EBIT Margin</i>	<i>25%</i>	<i>12.3%</i>		<i>36.3%</i>	<i>16.3%</i>	
Profit for the period	1,014	439	131	466	177	163
<i>PAT Margin</i>	<i>21.4%</i>	<i>9.5%</i>		<i>32.6%</i>	<i>13%</i>	

Highlights

- Revenue growth in line with strategy of focusing on quality v/s quantity in tea
- Palm Oil segment continues to do well with crop growth of 19% in 9MFY17 and firm prices
- Rising tea prices helped reduce segment loss to LKR -27m in 9MFY17 v/s LKR -172m in 9MFY16
- Dairy Farm construction underway

Other

Energy

- Revenue of **LKR 67.6m** for 9M FY17 against LKR 104m last year due to change in weather patterns
- LKR **-10.1m** PAT for 9MFY17 against LKR 41.8m last year
- Upper Waltrim commissioned in Oct 2016 stabilizing production

Packaging

- The packaging division reported revenues of **LKR 250.5m**, down 4.2% YoY in 9M FY17
- Export revenue up 69% from last year.
- High tea prices affected tea can segment.
- PAT of **2.8m** in 9MFY17 against LKR 12.9m last year.

Additional Data

LKR m

	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17
Revenue	3,984	4,166	4,072	4,105	4,179	4,341	4,288	4,615	4,621	5055	4425
PAT	326	225	289	207	314	344	391	169	408	527	403
PATMI	147	158	104	76	162	171	175	78	207	227	13

Volumes

	1Q FY15	2Q FY15	3Q FY15	4Q FY15	1Q FY16	2Q FY16	3Q FY16	4Q FY17	1Q FY17	2Q FY17	3Q FY17
Branded Tea (kg '000)	648	838	809	863	703	948	1016	997	798	1100	987
Tea (kg 'mn)	3.44	1.85	2.566	2.454	2.58	2.123	2.489	2.221	2.48	1.39	2.00
Palm Oil (kg 'mn)	2.08	2.54	2.32	1.92	2.80	2.46	1.84	1.92	2.70	3.36	2.40



Outlook

Outlook for 4Q FY17

Healthcare

- Focus on volume growth in Pharma to combat margin drop
- Thimbirigasyaya FS to be opened in 4Q
- Consumer spending likely to be low

FMCG

- Minimize impact of high tea prices
- Continue investments in brands

Agri

- Tea prices likely to be firm
- Focus on quality teas and crop
- OP Crop growth in focus

Packaging

- New orders in exports to be scaled up
- Cost-Efficient operations

Energy

- Stabilizing Upper Waltrim
- Construction of Elgin plant (2.4MW capacity) underway

Thank you

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