



sunshine

Earnings Presentation 4QFY20

27th May, 2020

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.

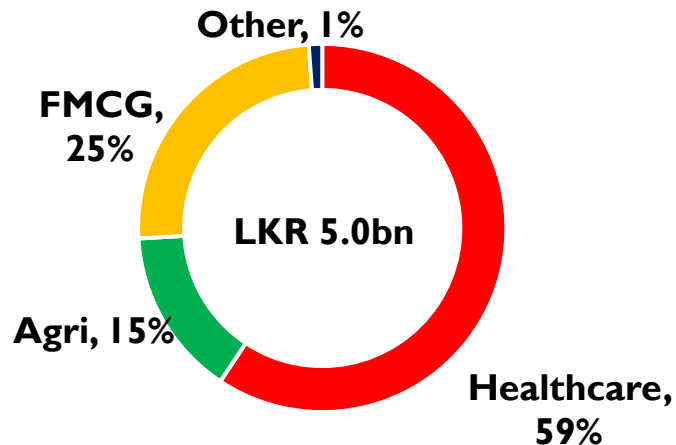
Group Performance

Group at a Glance – 4QFY20 [Jan-Mar]

Adjusted for HPL Divestment

- **LKR 5.0bn** in Revenue; +3.9% YoY
- **LKR 133m** PAT;
- PATMI of **LKR 96m**;

Revenue - 4QFY20



- Healthcare revenue; **LKR 3.0bn**; +17.6% YoY
- Agri revenue; **LKR 0.7bn**; -2.7% YoY
 - 2.3m kg of palm oil, -14.8% YoY
- FMCG revenue; **LKR 1.2bn**; -18.7% YoY
 - 1,134 k kg of branded tea sold; -1.2% YoY

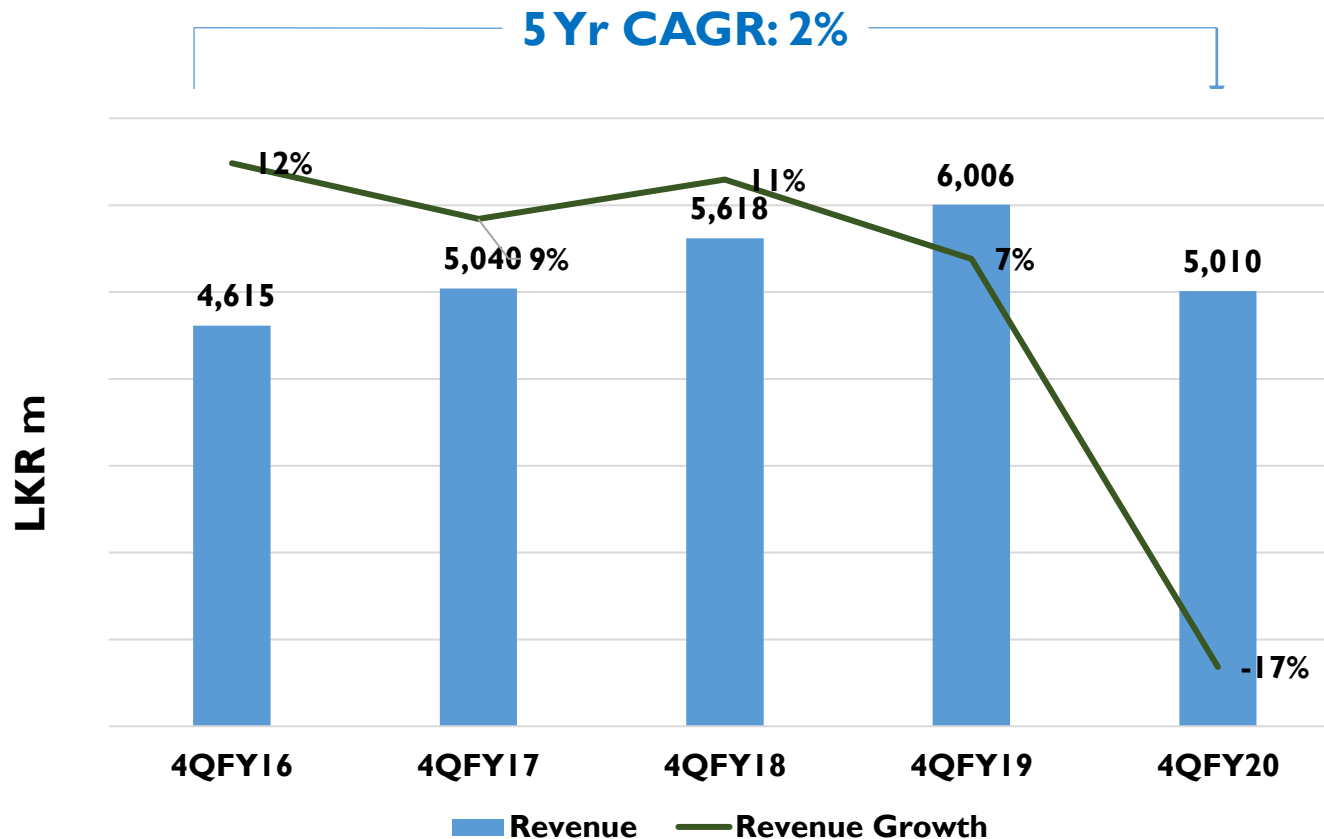
Group Financial Highlights

LKR m	FY20	FY19	Growth %	4Q FY20	4Q FY19	Growth %
Revenue	20,831	22,642	-8.0%	5,010	6,006	-16.6%
EBIT	2,909	2,218	31.1%	353	168	109.8%
<i>EBIT Margin</i>	<i>14.0%</i>	<i>9.8%</i>		<i>7.0%</i>	<i>2.8%</i>	
PAT	1,833	1,146	60.0%	133	(139)	n/m
<i>PAT Margin</i>	<i>8.8%</i>	<i>5.1%</i>		<i>2.7%</i>	<i>-2.3%</i>	
PATMI	1,115	553	101.5%	96	(144)	n/m
EPS (LKR)	7.67	4.51	69.9%	0.86	(0.35)	n/m
Adjusted PAT*	1,375	1,146	20.1%	17	(139)	n/m

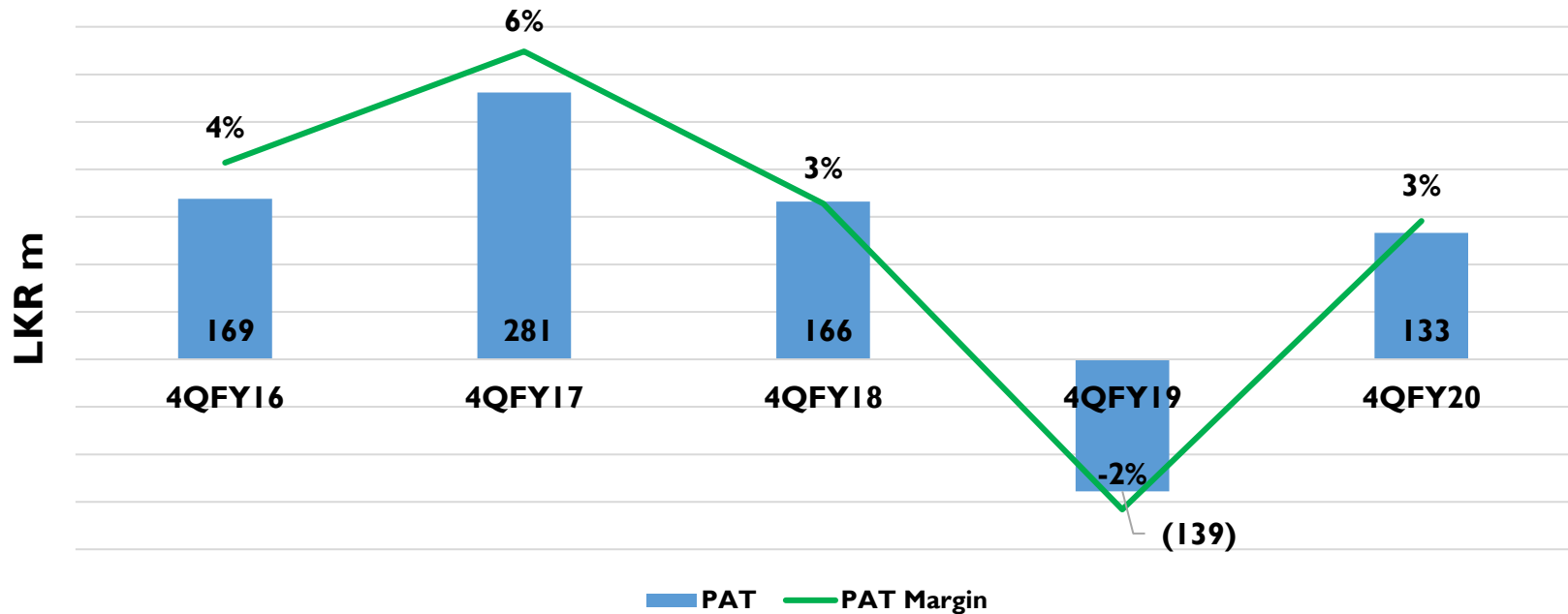
* Adjusted for one off gain on HPL divestment and revaluation gain on investment properties

4Q Revenue Growth Trend

- 5 Year CAGR of 2%



4Q Profitability



- Net profit of LKR 133m compared to a loss of LKR 139m 4Q last year due to;
 - Better performance in Healthcare Sector
 - Improved results from Palm oil segment due to shift in the yield curve
 - Partly offset with the impacted results from the Consumer segment

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Segment Performance

Healthcare



LKR m	FY20	FY19	Growth %	4Q FY20	4Q FY19	Growth %
Revenue	11,150	9,315	19.7%	2,973	2,528	17.6%
EBIT	859	531	61.7%	161	200	-19.5%
<i>EBIT Margin</i>	<i>7.7%</i>	<i>5.7%</i>		<i>5.4%</i>	<i>7.9%</i>	
PAT	510	368	38.6%	103	150	-31.1%
<i>PAT Margin</i>	<i>4.6%</i>	<i>3.9%</i>		<i>3.5%</i>	<i>5.9%</i>	

Highlights

- 4QFY20 Revenue up by 17.6% YoY due to higher sales volume in Medical devices and Pharma sub-sector
- EBIT margin decreased in 4QFY20 due to;
 - Devaluation of LKR

Retail



22

Outlets existing
outlets in Colombo,
including 9 express
outlets

Highlights

- 2Q & 3Q revenue growth indicating a strong recovery after Easter Sunday incident.
- 4Q operations impacted by COVID-19
- Consumer Curtailed spending on non-essentials
- Improve operational efficiency
- Improve online presence

FMCG

LKR m	FY20	FY19	Growth %	4Q FY20	4Q FY19	Growth %
Revenue	5,448	5,859	-7.0%	1,239	1,524	-18.7%
EBIT	417	683	-38.9%	(6)	118	-104.8%
<i>EBIT Margin</i>	<i>7.7%</i>	<i>11.7%</i>		<i>-0.5%</i>	<i>7.8%</i>	
PAT	297	489	-39.2%	4	97	-96.4%
<i>PAT Margin</i>	<i>5.5%</i>	<i>8.3%</i>		<i>0.3%</i>	<i>6.4%</i>	

Highlights

- 4QFY20 Revenue decrease due to sluggish consumer market condition and COVID-19 pandemic
- EBIT margin down due to lower sales

LKR m	FY20	FY19	Growth %	4Q FY20	4Q FY19	Growth %
Revenue	3,327	3,082	8.0%	739	760	-2.7%
EBIT	1,166	1,036	12.5%	97	126	-23.2%
<i>EBIT Margin</i>	<i>35.1%</i>	<i>33.6%</i>		<i>13.1%</i>	<i>16.6%</i>	
PAT	817	763	7.0%	40	90	-55.5%
<i>PAT Margin</i>	<i>24.5%</i>	<i>24.8%</i>		<i>5.4%</i>	<i>11.8%</i>	

Excluding Tea plantation business

Highlights

- Revenue decreased by 2.7% YoY due to the operational disruption during the Covid 19 pandemic
- Current herd in the Dairy Farm established at 1,460 animals, of which 810 are milking

Energy

LKR m	FY20	FY19	Growth %	4Q FY20	4Q FY19	Growth %
Revenue	313	356	-12.1%	213	159	34.3%
EBIT	93	205	-54.8%	95	84	12.2%
<i>EBIT Margin</i>	<i>29.7%</i>	<i>57.7%</i>		<i>44.4%</i>	<i>53.1%</i>	
PAT	(8)	63	n/m	29	(39)	n/m
<i>PAT Margin</i>	<i>-2.6%</i>	<i>17.8%</i>		<i>13.4%</i>	<i>-24.4%</i>	

Highlights

- Revenue increase by 34.3% YoY due to the commencement of the third hydro power plant and favorable weather conditions
- EBIT margin increased YoY due to improvement on topline

Additional data for analysts

LKR m	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20
Revenue	5,164	5,128	5,235	5,618	5,575	5,294	5,768	6,006	5,210	5,329	5,282	5,010
PAT	561	465	489	166	341	443	501	-139	573	657	470	133
PATMI	244	286	160	153	190	234	274	-144	333	398	287	96

Volumes	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19	4Q FY19	1Q FY20	2Q FY20	3Q FY20	4Q FY20
Branded Tea (kg '000)	950	1,085	1,178	1,181	1,026	1,085	1,222	1,147	1,043	1,175	1,242	1,134
Palm Oil (kg 'mn)	3.0	3.2	2.3	2.3	2.5	3.7	2.7	2.9	3.3	3.8	2.8	2.3



Outlook

Outlook for 1Q FY21

Healthcare

- Disruption in logistics operations
- Strong growth in Medical devices and Pharmaceuticals
- Healthguard improve online presence. Store operations disrupted

FMCG

- Margin contraction due to price cuts
- Strong competition from #2 player
- Logistics challenges due to COVID-19

Agri

- Crop to increase with the yield curve shift
- RSPO audit complete. Certificate expected in 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.

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