



sunshine

2QFY24 Earnings Webinar

Sunshine Holdings PLC

14 November 2023

Housekeeping Announcements

- The webinar will be recorded and later uploaded to our IR website for future reference
- All participants will be muted during the presentation.
- Participants can unmute themselves to ask questions in the Q&A session
- Participants can raise their questions via the chat box

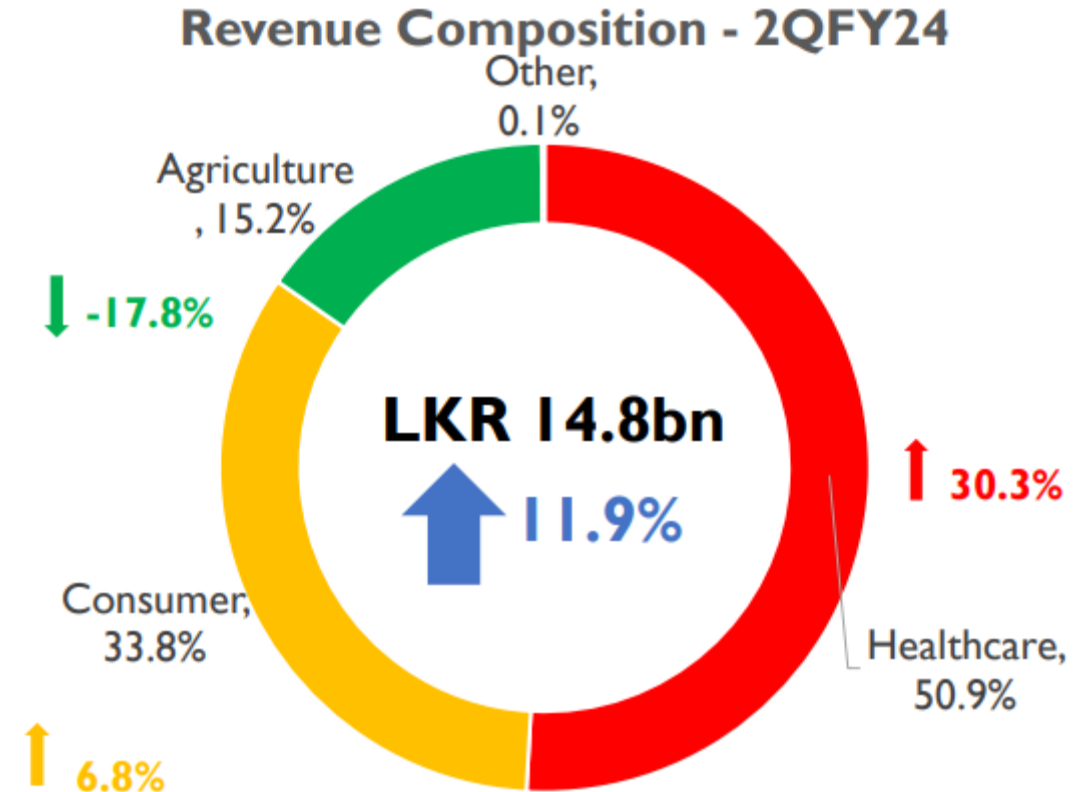
Corporate Announcements

- 19th July 2023 - Final dividend payment of LKR 1.15 for FY23.
- 10th November 2023 - Approved interim dividend of LKR 1.00 for FY24.
- Sunshine Holdings has been certified as a Great Place to Work® in Sri Lanka for 2023.
- Mr. Binesh Pananwala resigned as the Chief Executive Officer of the Watawala Plantations PLC with effect from 30th September 2023.
- Mr. Vish Govindasamy was appointed as an Executive Director and will be acting Chief Executive Officer of the Company with effect from 2nd October 2023.
- Ms. Ruvini Fernando an Independent, Non-Executive director, has resigned from the board of directors of the Company with effect from 27th October 2023.

Group Performance

Group at a Glance – 2QFY24

- **LKR 14.8bn** Revenue
- **LKR 2.8bn** EBIT +20.3%YoY
- **LKR 2.2bn** PAT +42.1%YoY
- Leverage at **24.0%** (FY23: 27.1%)



Group – Performance Highlights



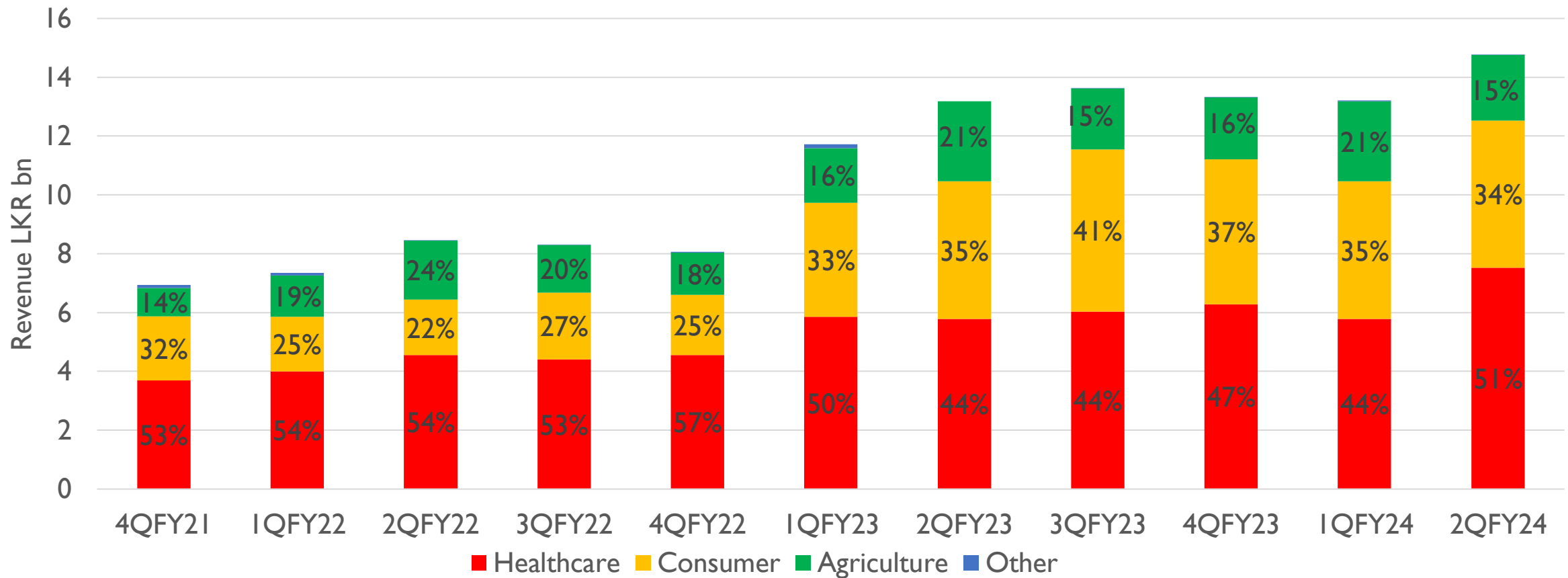
(LKR millions)

LKR m	2QFY24	2QFY23	Growth (YoY) %	1QFY24	Growth (QoQ) %
Revenue	14,787	13,209	11.9%	13,370	10.6%
EBIT	2,811	2,336	20.3%	2,015	39.5%
<i>EBIT margin</i>	<i>19.0%</i>	<i>17.7%</i>		<i>15.1%</i>	
PAT	2,209	1,554	42.1%	1,426	54.9%
<i>PAT margin</i>	<i>14.9%</i>	<i>11.8%</i>		<i>10.7%</i>	
PATMI	1,648	893	84.5%	915	80.1%
EPS (LKR)	3.35	1.82	84.5%	1.89	77.5%

- EBIT margins improved by 133bps in 2QFY24, mainly driven by the combined favorable performance of the pharma manufacturing and the consumer business.
- 94.4% YoY reduction in finance costs resulted from lower interest rates.
[Net Finance cost: 2QFY24 LKR 14m cf. LKR 251m in 2QFY23]

Historical Trend – Revenue QoQ

Revenue Composition



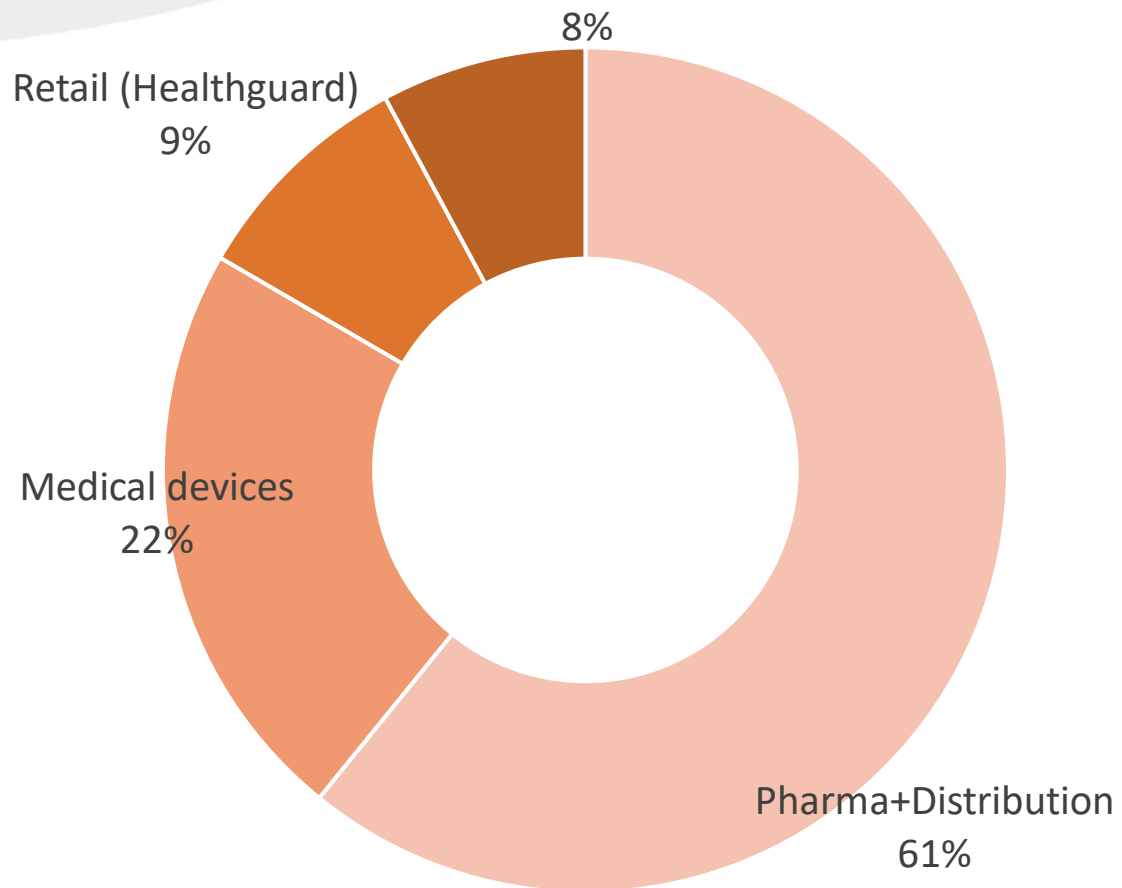
Healthcare

Healthcare Sector



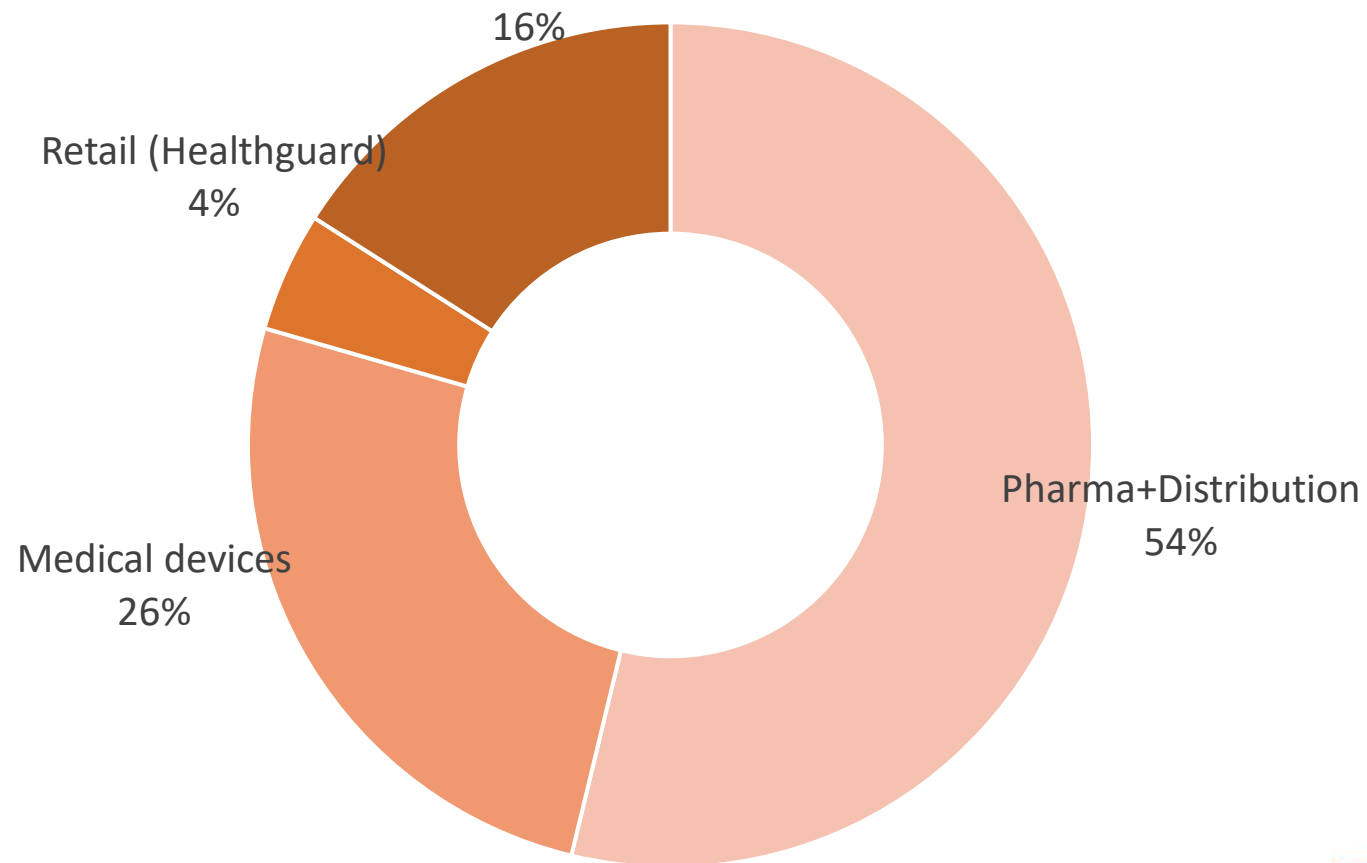
Revenue Split [2QFY24]

Pharma Manufacturing



Total Asset Split [2QFY24]

Pharma Manufacturing



Healthcare – Performance Highlights

(LKR millions)

LKR m	2QFY24	2QFY23	Growth (YoY) %	1QFY24	Growth (QoQ) %
Revenue	7,526	5,776	30.3%	6,314	19.2%
EBIT	1,162	762	52.5%	936	24.1%
<i>EBIT margin</i>	<i>15.4%</i>	<i>13.2%</i>		<i>14.8%</i>	
PAT	852	338	152.1%	493	72.8%
<i>PAT margin</i>	<i>11.3%</i>	<i>5.9%</i>		<i>7.8%</i>	

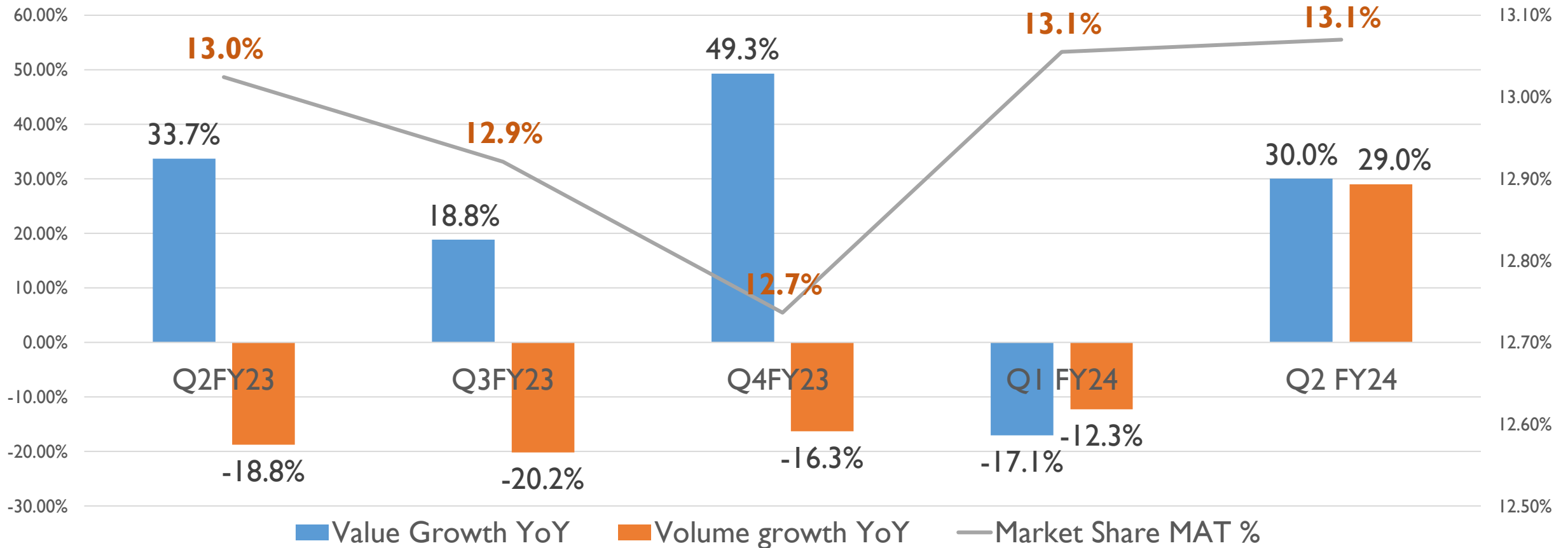
- In 2QFY24, the EBIT margin improved by 225bps, driven by increased revenue from SMD and manufacturing businesses.
- HG Retail's revenue rose by 29.0% YoY in 2QFY24, with improved footfall, but margins contracted as consumers focused more on essential medicines over wellness products.
- Healthguard Distribution was certified with GDP (Good Distribution Practice) by Bureau Veritas.

Sunshine Pharmaceuticals



During 2QFY24,

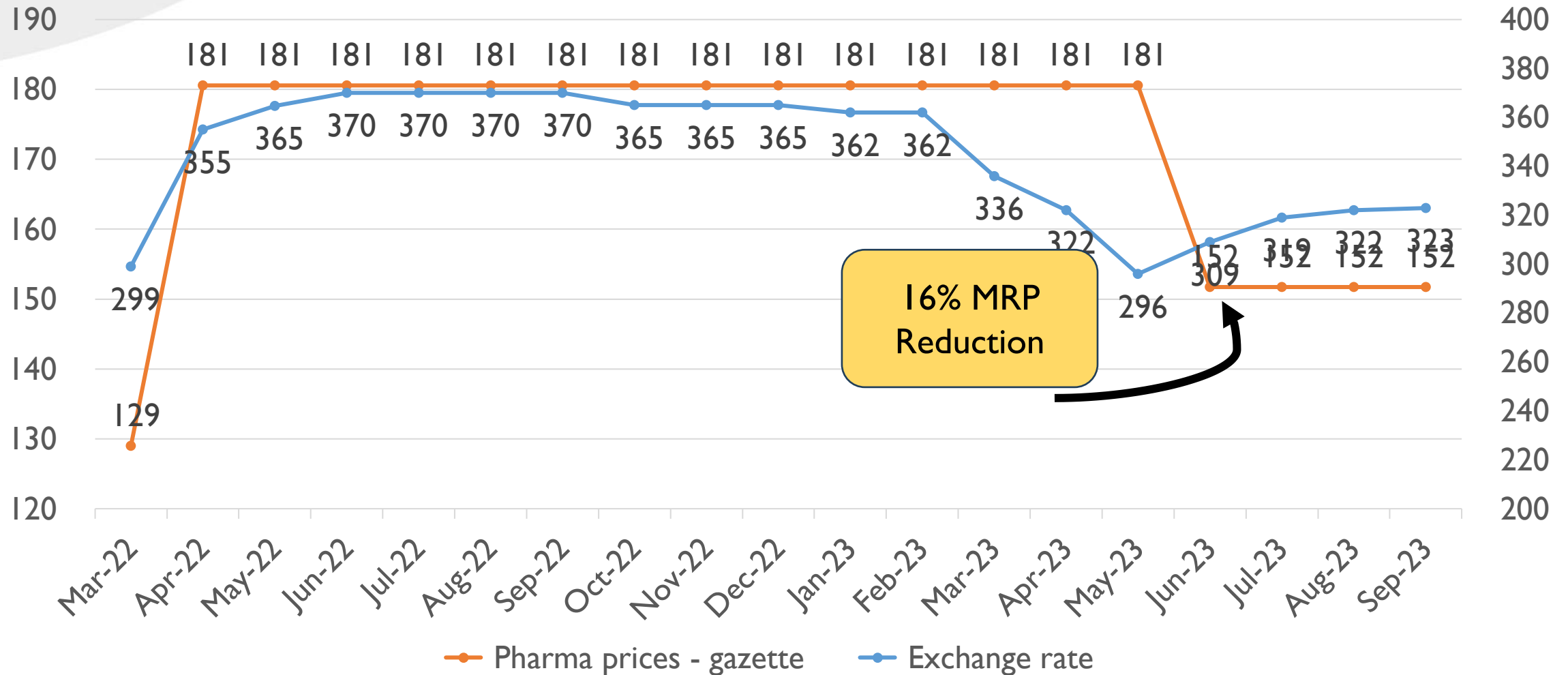
- Market growth at 29.9% YoY
- Sunshine recorded growth of 26.1%



Pharmaceuticals – Price Increase Index



Dec 2021 considered as the base (i.e., 100)

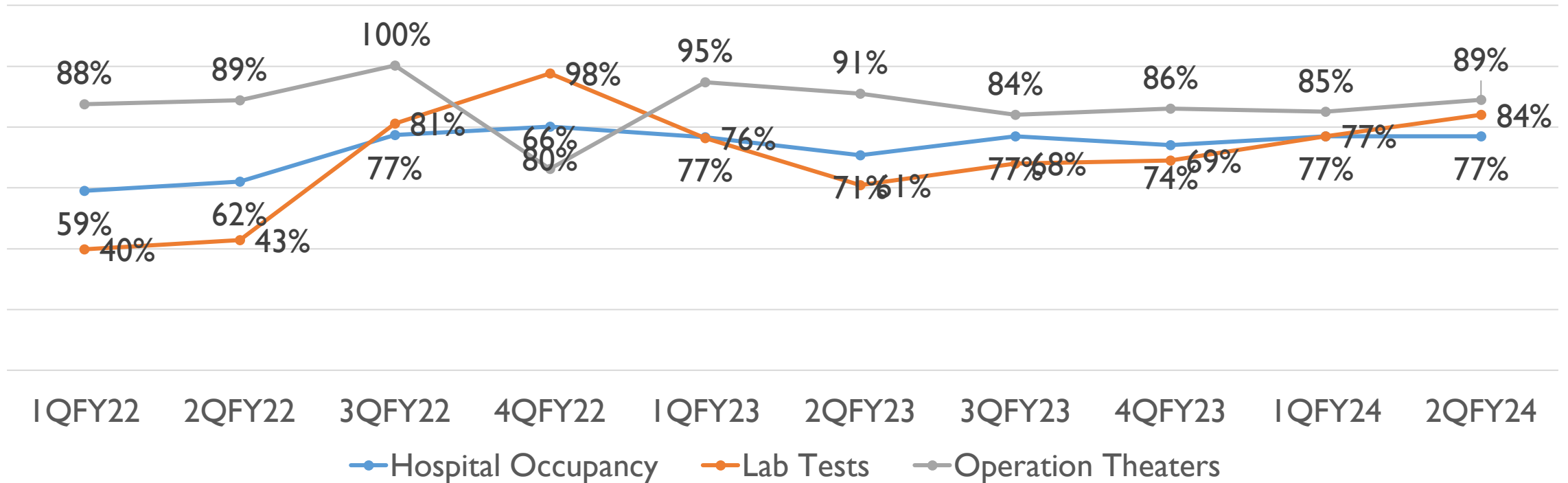


Sunshine Medical Devices



- 2QFY24 witnessed a 61% YoY revenue growth driven by a volume growth of 42% YoY.

Market Dynamics



Lina - Pharma Manufacturing

Lina
Manufacturing

- During the 2QFY24, the revenue grew 1.6x reaching LKR 503m.



Healthguard Pharmacy - Retail

Retail Segment Performance

- Strong BC growth driven by promotions and improved availability
- 2QFY24 Revenue grew by 25.0% YoY
- Wellness Product purchases has helped improve the GP margin



KPI (YoY)	FY23				FY24	
	Q1	Q2	Q3	Q4	Q1	Q2
Same store sales (SSS) growth	0.6%	-13.4%	12.9%	-1.9%	12.1%	24.1%
Bill count growth (SS)	-14.7%	-26.1%	-14.9%	-21.6%	7.9%	20.5%
Average Basket Value growth (SS)	18.0%	17.2%	32.7%	25.1%	3.9%	3.7%
Availability (Top 1,750 SKUs)	81%	77%	84%	85%	83%	84%

Consumer

Consumer Sector – Performance Highlights

(LKR millions)

LKR m	2QFY24	2QFY23	Growth (YoY) %	1QFY24	Growth (QoQ) %
Revenue	4,999	4,681	6.8%	4,697	6.4%
EBIT	782	334	134.1%	320	144.4%
<i>EBIT margin</i>	<i>15.6%</i>	<i>7.1%</i>		<i>6.8%</i>	
PAT	472	197	139.6%	181	160.8%
<i>PAT margin</i>	<i>9.4%</i>	<i>4.2%</i>		<i>3.9%</i>	

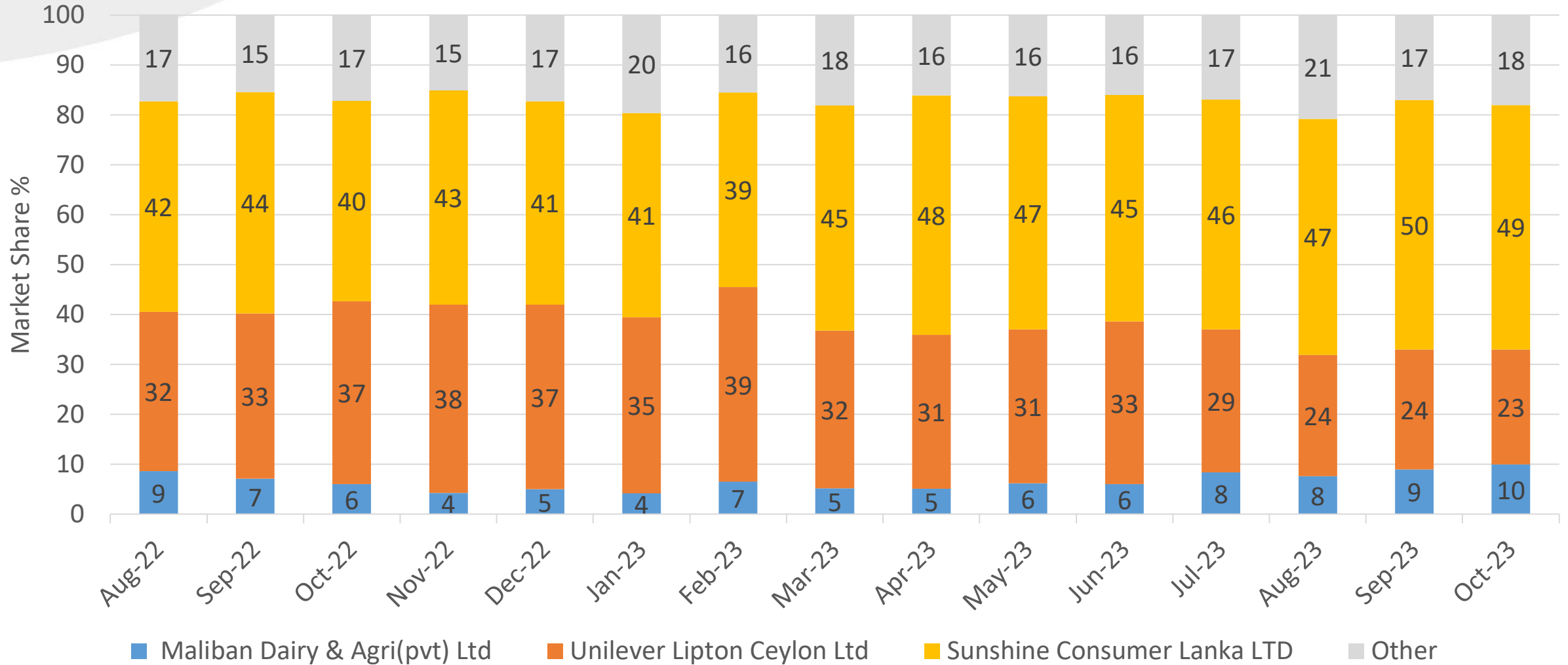
- Revenue for 2QFY24, driven by the favourable price and volume(+19% YoY) impact from the Tea segment despite the volume contraction of confectionary (-35% YoY) and export segments(-19% YoY).
- Margins in local business improved mainly due to the reduction in tea prices despite the adverse impact from the export segment.

Consumer Sector – Revenue & Volumes

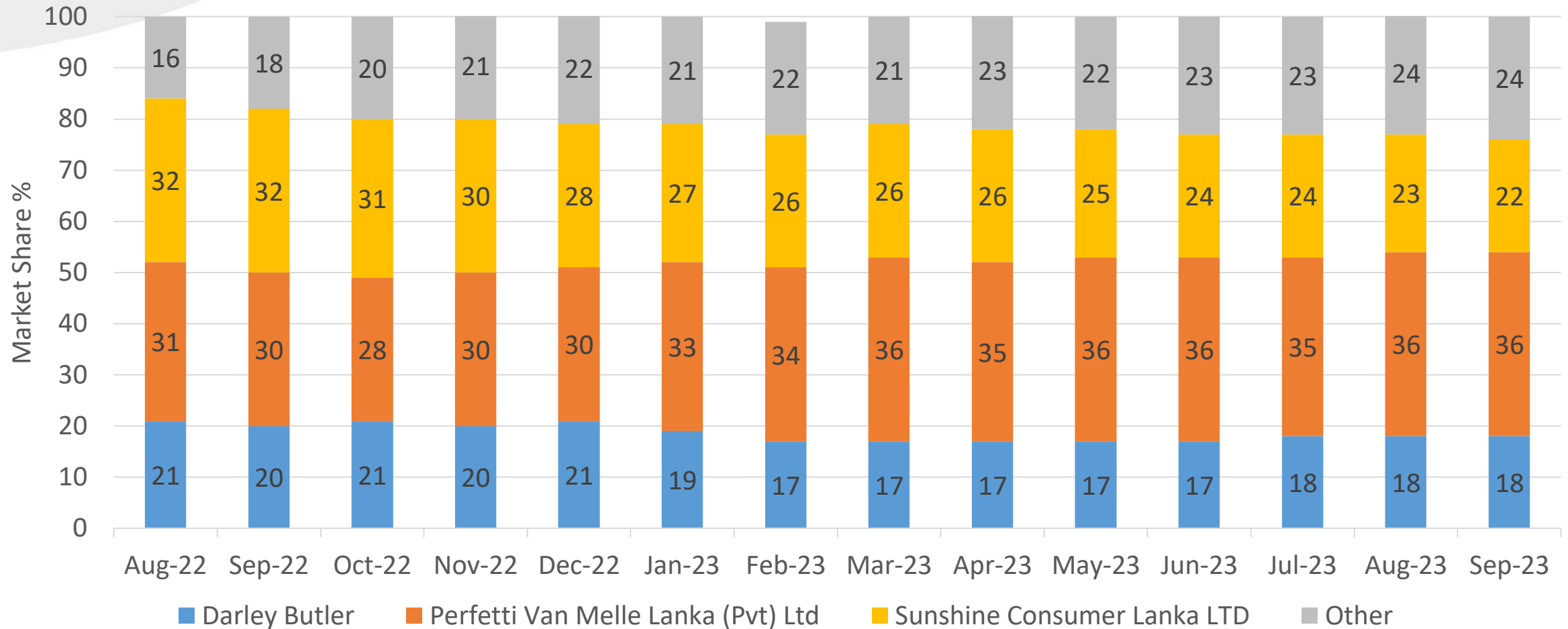


KPIs	FY23				FY24	
	Q1	Q2	Q3	Q4	Q1	Q2
Volume						
Tea (Local)						
Revenue growth	-4%	10%	41%	84%	93%	77%
Volume (Kgs '000)	1,009	974	1,260	1,095	1,053	1,157
YoY Growth	-21%	-26%	-16%	-10%	4%	19%
Confectionary						
Revenue growth	33%	107%	73%	14%	7%	-31%
Volume (Kgs '000)	721	922	765	641	600	603
YoY Growth	-14%	16%	-27%	-30%	-17%	-35%
Tea (Export)						
Revenue growth	68%	89%	100%	45%	-20%	-22%
Volume (Kgs '000)	987	972	972	840	729	791
YoY Growth	-10%	-6%	-10%	-9%	-26%	-19%

Brand Value Market Share (%) – Tea



Brand Value Market Share (%) – Confectionary

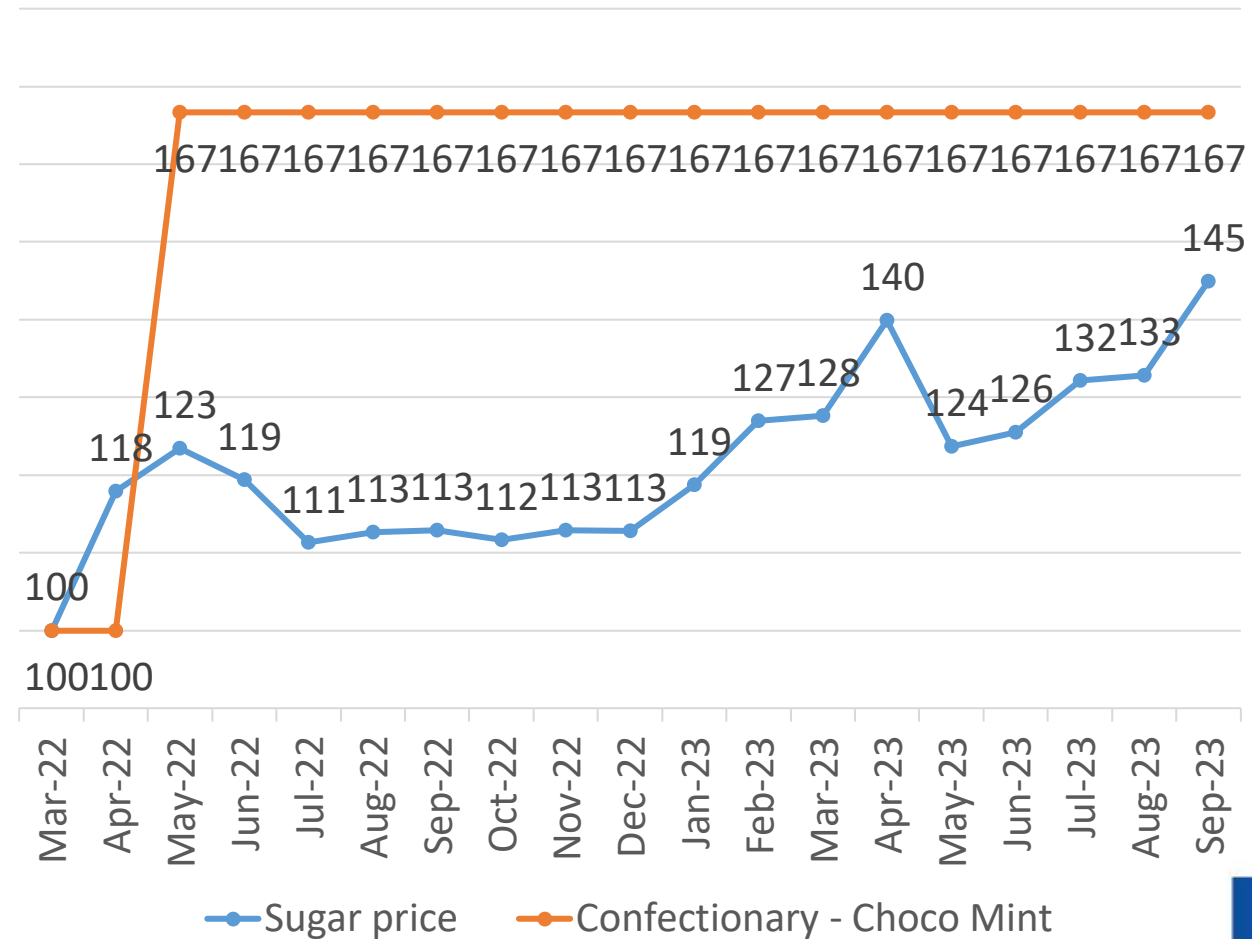
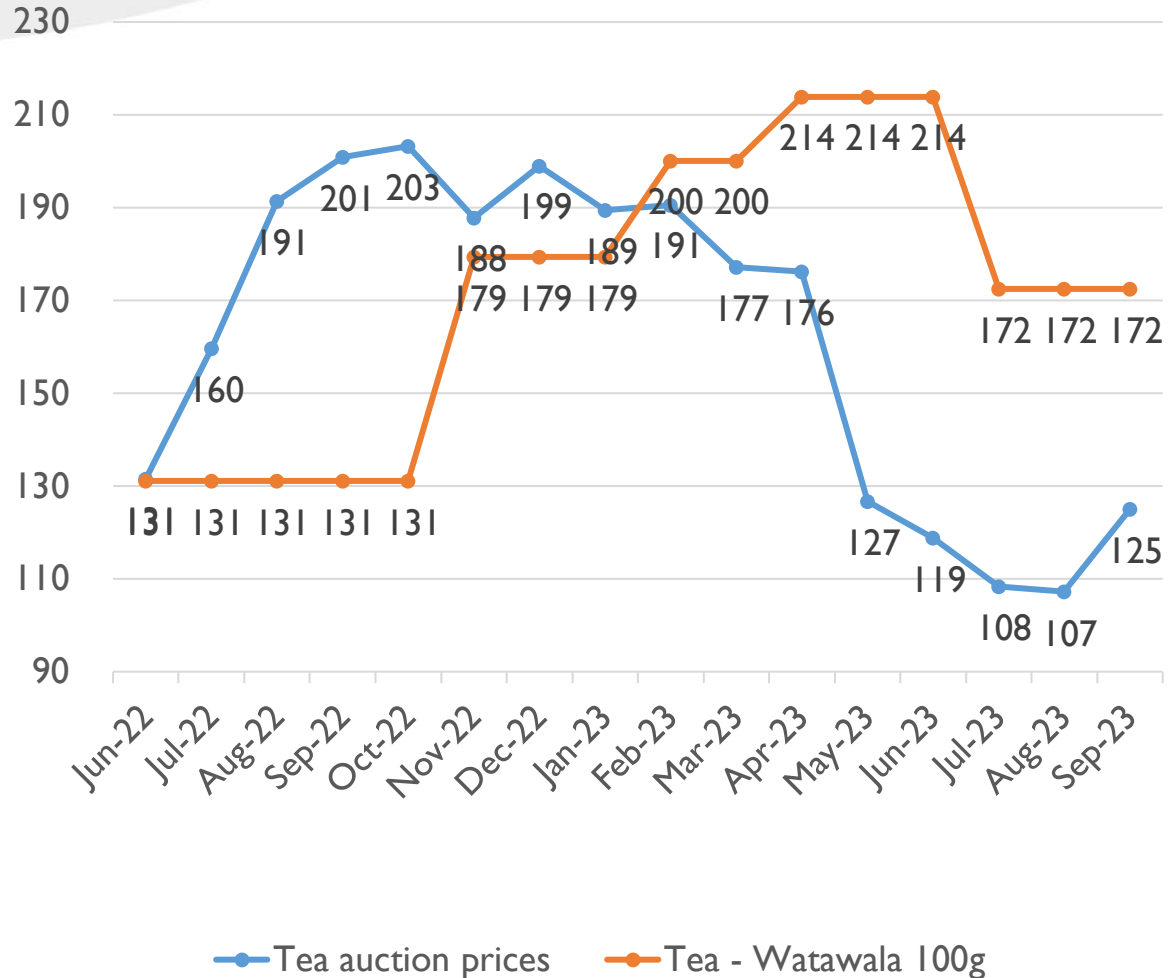


Source: Peppercube RMS

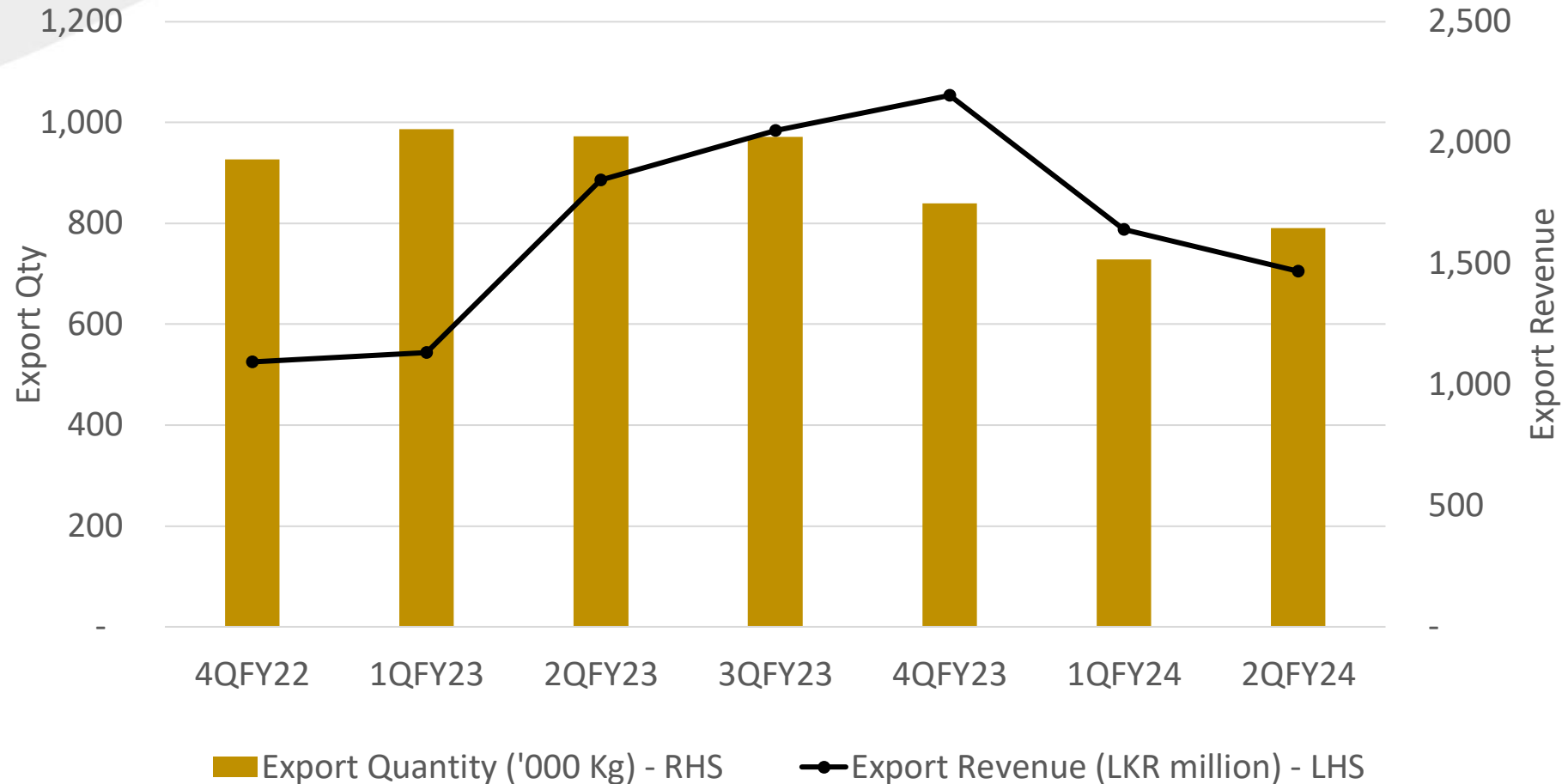
Price Index – Tea and Confectionary



March 2022 considered as the base (i.e., 100)



Sunshine Tea - Exports



- The revenue contracted 20% YoY mainly due to the adverse volume impact of the business.

Agribusiness

Agribusiness— Performance Highlights

(LKR millions)

LKR m	2QFY24	2QFY23	Growth (YoY) %	1QFY24	Growth (QoQ) %
Revenue	2,241	2,727	-17.8%	2,357	-4.9%
EBIT	907	1,276	-28.9%	809	12.1%
<i>EBIT margin</i>	<i>40.5%</i>	<i>46.8%</i>		<i>34.3%</i>	
PAT	878	1,230	-28.6%	751	n/m
<i>PAT margin</i>	<i>39.2%</i>	<i>45.1%</i>		<i>31.9%</i>	

- Subsegment revenue growth 2QFY24 vs 2QFY23
 - Palm Oil: -21.0% YoY
 - Dairy: 26.8% YoY
- Palm oil business revenue de-growth was due to the reduction in price despite the increase in volume of oil sold.
- Dairy Business revenue growth was driven by increase in both price and volume during 2QFY24.
- GP margin for 2QFY24 declined by 351 bps to 45.5% due to the drop in palm oil price, the increase in feed cost and the cost of operations in the dairy business.

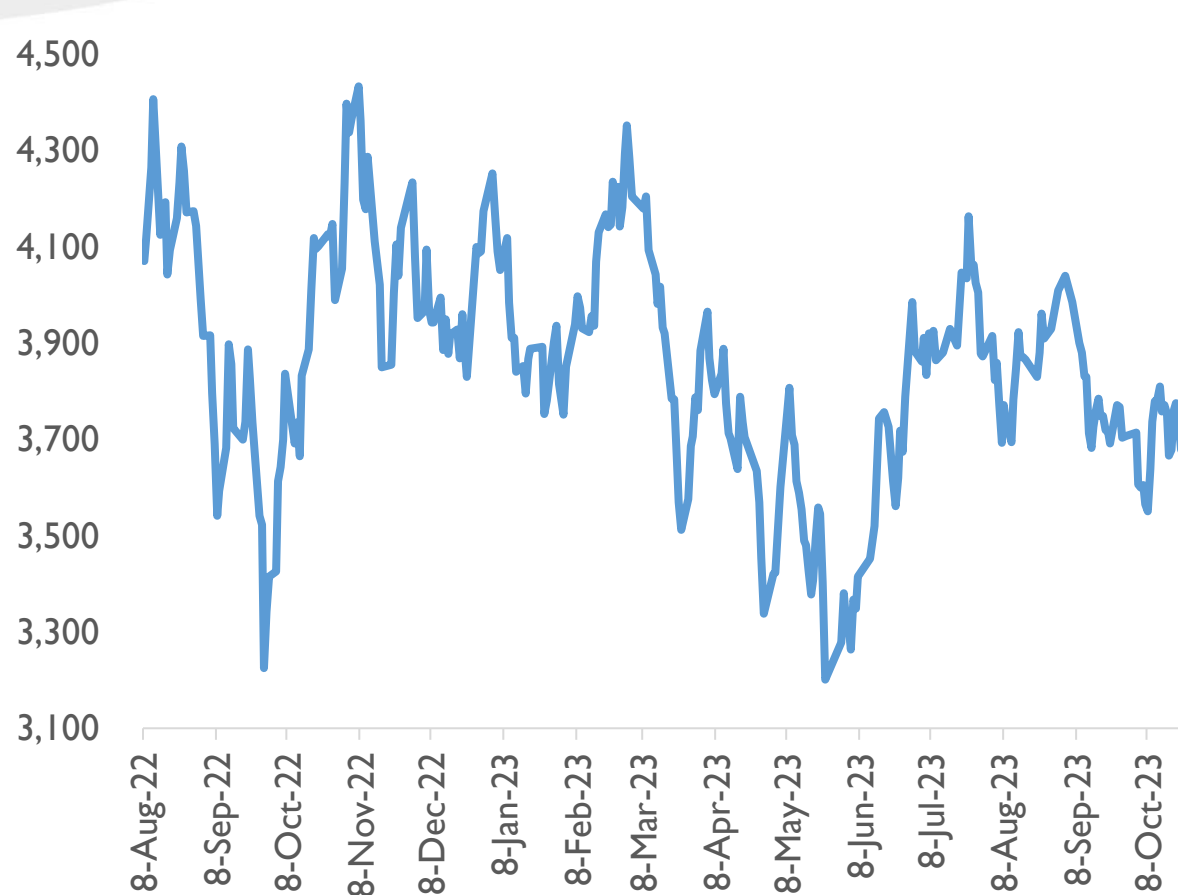
KPI – Agri Business

KPIs	FY23				FY24	
	Q1	Q2	Q3	Q4	Q1	Q2
Volume growth (%YoY):						
CPO Production	-22%	-7%	20%	26%	50%	9%
Milk Production	-19%	5%	9%	5%	19%	4%
Price growth (% YoY):						
Average palm oil price	70%	41%	-1%	14%	-17%	-28%
Average milk price	57%	78%	87%	68%	29%	15%

Palm Oil

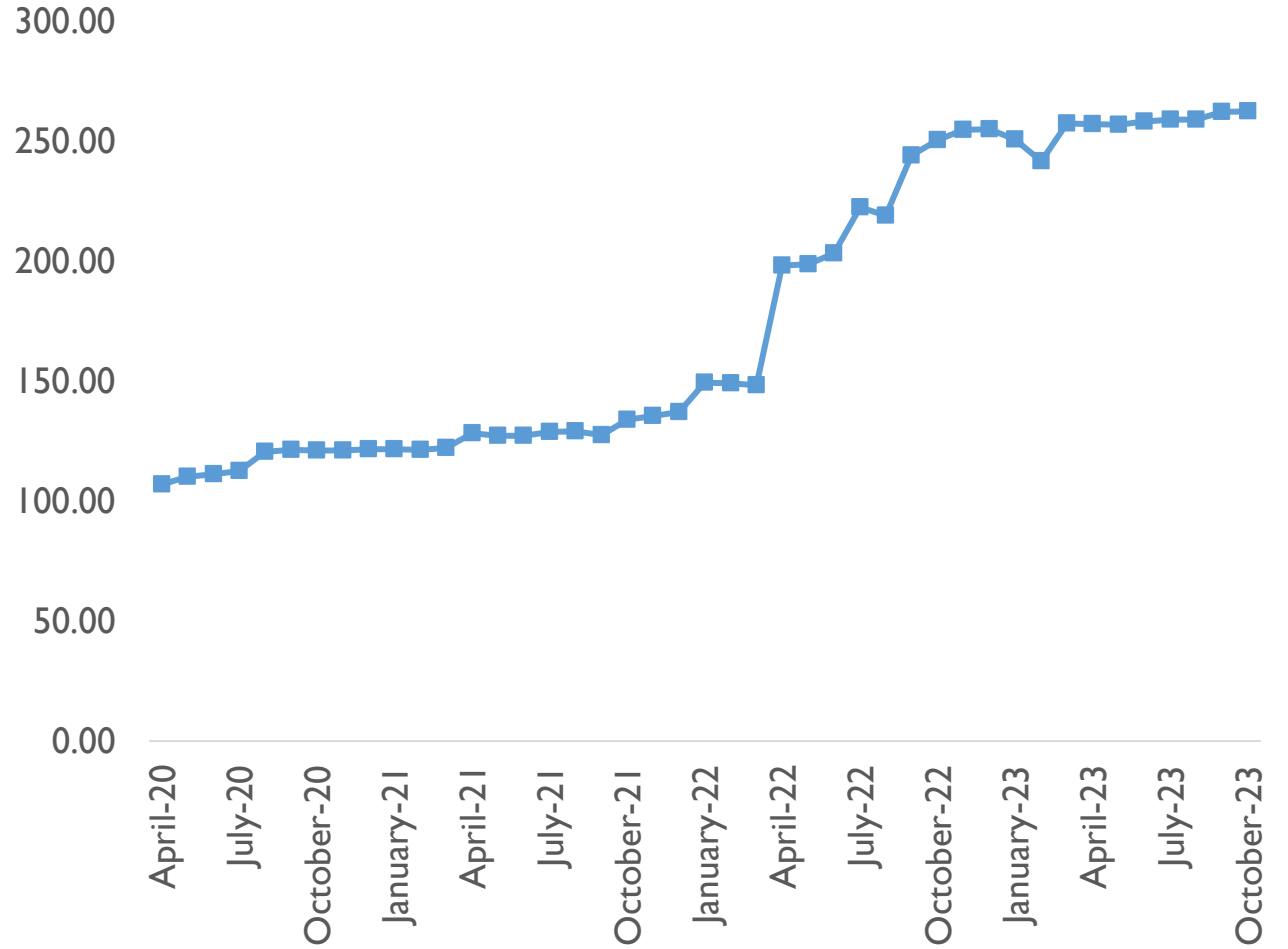


Settlement Price (RM)



Source: Malaysian contract price

WDL's Avg Milk Price



Q&A

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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