



sunshine

3QFY23 Earnings Webinar

Sunshine Holdings PLC

17 February 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



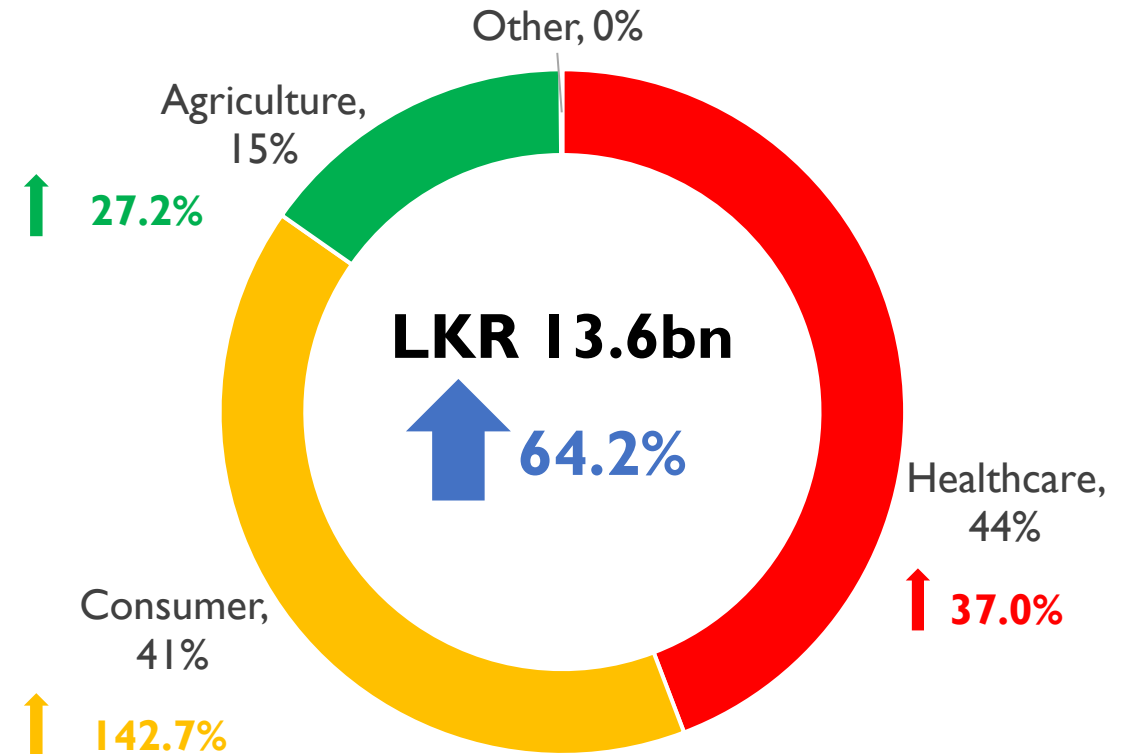
- Share swap in May 2022 - SUN shares (8.8% stake) offered to Akbar Brothers at LKR 60 per share in exchange for their 28% stake in the Healthcare business and thereby SUN gained full control of the Healthcare segment
- Divestment of “Pride of Lonach”, downstream business under the Dairy Segment, for a cash consideration of LKR 27m to Ross Dairies Pvt Ltd.

Group Performance

Group at a Glance – 3QFY23

- **LKR 13.6bn** in Revenue
- **LKR 628m** PAT -43.9%YoY
- PATMI of **LKR 272m** -55.5%YoY
- ROE of **4.3%** (8.6% LY - YoY)
- Leverage at **30.4%** (FY22: 22.5%)

Revenue Composition - 3QFY23



Group – Performance Highlights



LKR m	9MFY23	9MFY22	Growth %	3QFY23	3QFY22	Growth %
Revenue	38,561	24,109	59.9%	13,634	8,305	64.2%
EBIT	5,822	4,451	30.8%	1,491	1,471	1.4%
<i>EBIT margin</i>	<i>15.1%</i>	<i>18.5%</i>		<i>10.9%</i>	<i>17.7%</i>	
PAT	3,779	3,577	5.6%	628	1,120	-43.9%
<i>PAT margin</i>	<i>9.8%</i>	<i>14.8%</i>		<i>4.7%</i>	<i>13.5%</i>	
PATMI	2,207	1,820	21.3%	272	611	-55.5%
EPS (LKR)	4.55	4.06	13.1%	0.56	1.36	-58.8%

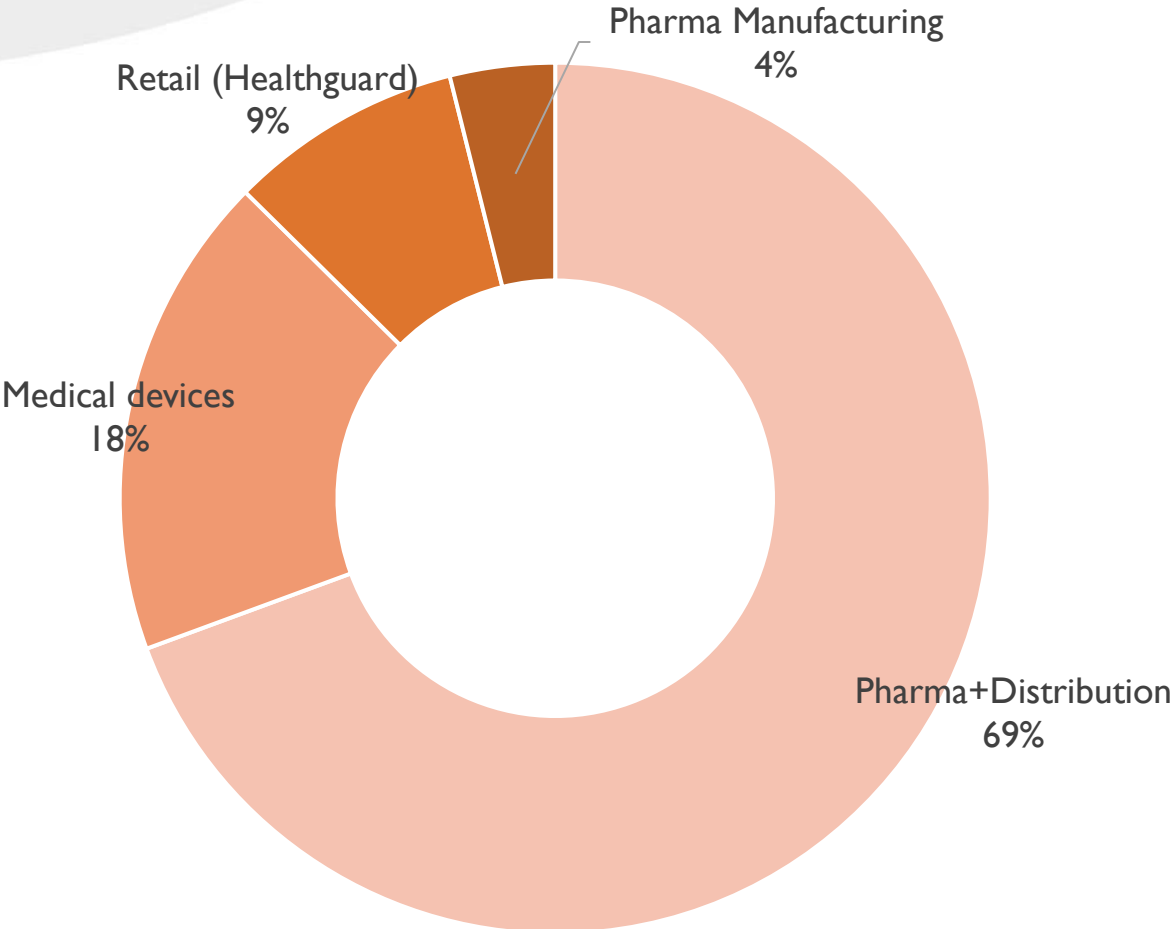
- 3QFY23 revenue growth excluding acquisition of Sunshine Tea (Pvt) Ltd stood at 37.7% YoY.
- GP margin declined to 20.9% during 3QFY23, cf. 33.1% in 3QFY22 due to margin decrease in Agri and the dilution effect in the low GP margin Export business.
- Finance cost for 3QFY23 increased by 453.9% compared to the same period last year due to higher interest rates and increased leverage
- 680 bps decrease in PAT margin is stemming from higher interest rates and increased leverage and also by the high tax expenses due to the increased tax rates w.e.f. 1st of October 2022.

Healthcare

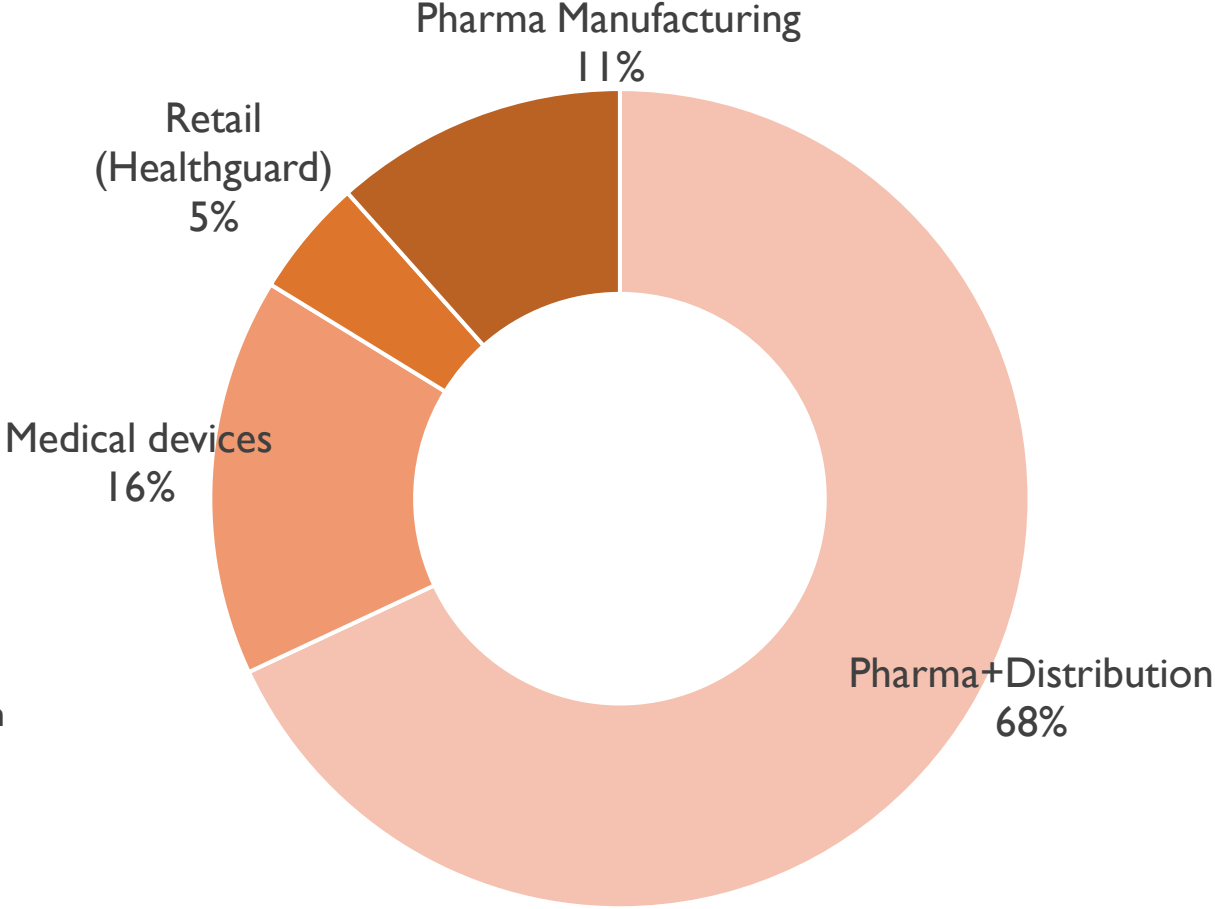
Healthcare Sector



Revenue Split [9MFY23]



Total Asset Split [9MFY23]



Healthcare – Performance Highlights

LKR m	9MFY23	9MFY22	Growth %	3QFY23	3QFY22	Growth %
Revenue	17,640	12,946	36.3%	6,029	4,400	37.0%
EBIT	2,088	1,253	66.6%	583	493	18.3%
<i>EBIT margin</i>	<i>11.8%</i>	<i>9.7%</i>		<i>9.7%</i>	<i>11.2%</i>	
PAT	825	846	-2.5%	55	339	-83.8%
<i>PAT margin</i>	<i>4.7%</i>	<i>6.5%</i>		<i>0.9%</i>	<i>7.7%</i>	

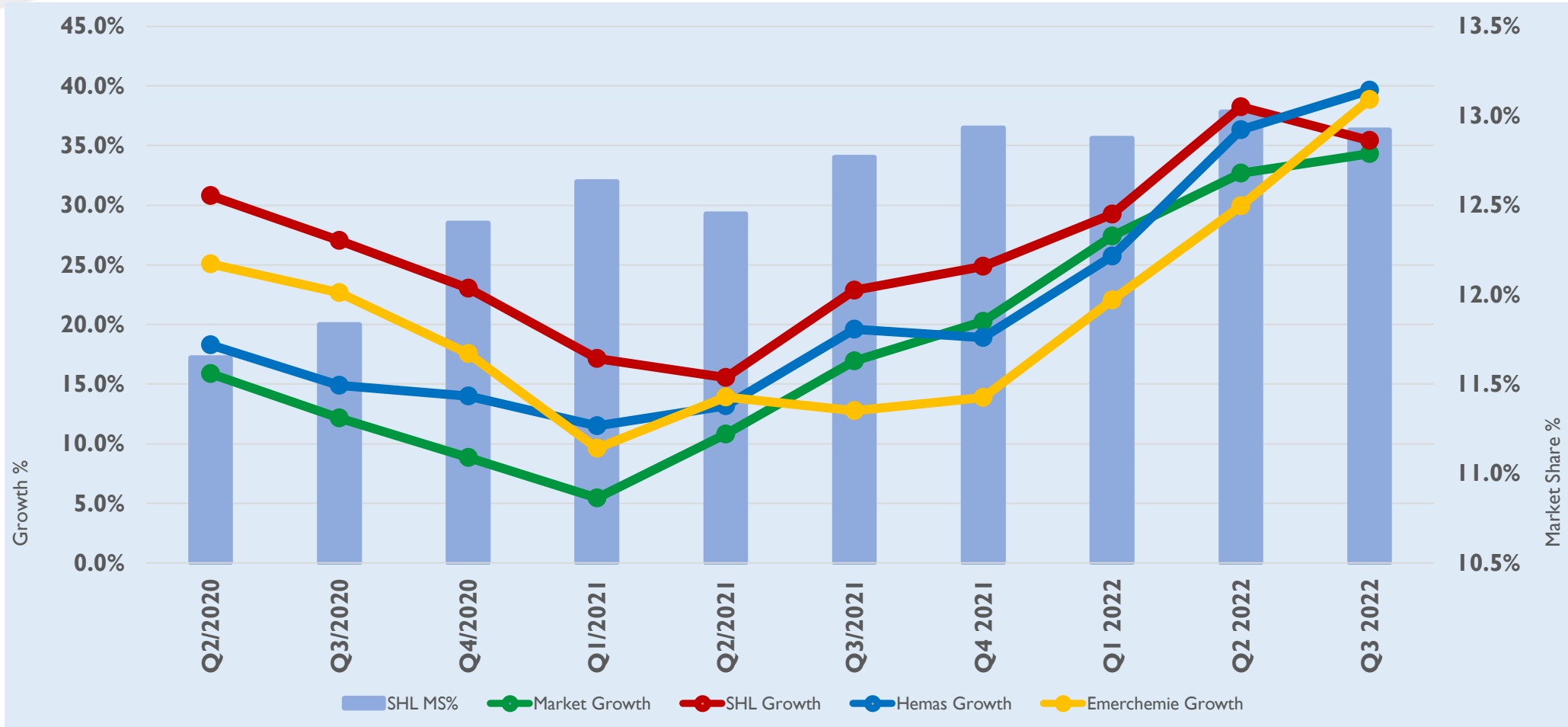
- Margins improved due to MRP price adjustments on all SKUs, due to the devaluation of Rupee against the USD.
- EBIT margin improvement is owing to improved GP margin and OH cost control during the quarter.

Pharmaceuticals



Pharma Segment Performance

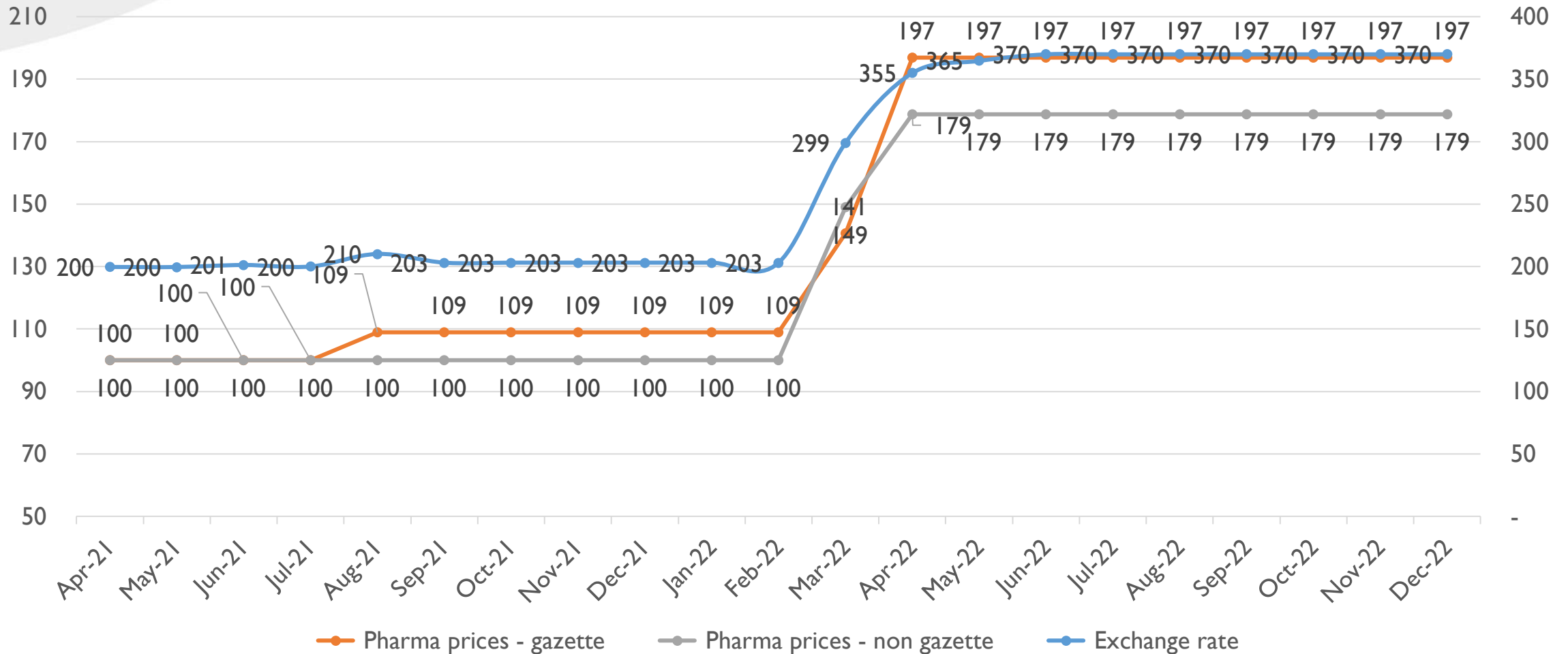
- Market growth at 34.3% YoY
- Sunshine recorded a growth of 35.4%



Pharmaceuticals – Price Increase Index



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



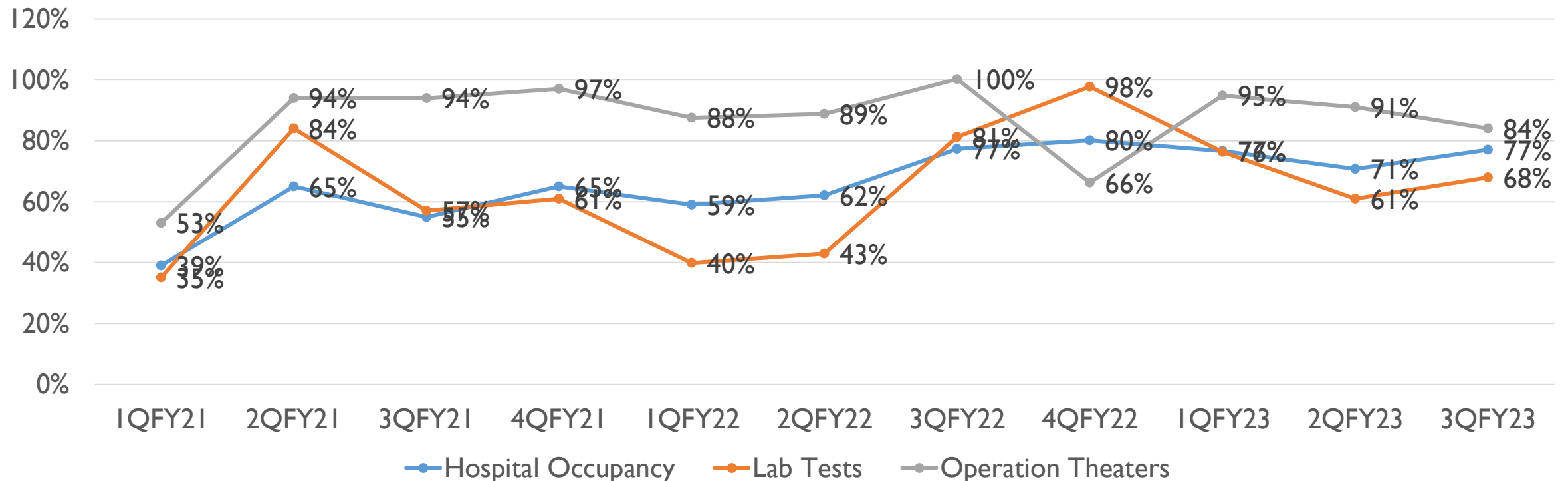
Sunshine Medical Devices (SMD)



Sunshine Medical Devices Segment Performance

- 9MFY23 witnessed a 44.6% growth in revenue vs 9MFY22, despite volume contraction of 22.0% YoY.
- 3QFY23 revenue increased by 62.2% cf. 3QFY22.

Market Dynamics



Pharma Manufacturing



Pharma Manufacturing Segment Performance

- Achieved over LKR 300 million in revenue in 3QFY23, demonstrating continued growth and success.
- Operating 24/7 from December 2022.
- Achieved break-even in operating profit for 9MFY23, marking a significant milestone towards sustained profitability and growth.

Lina
Manufacturing

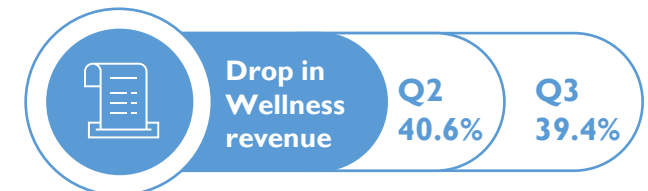
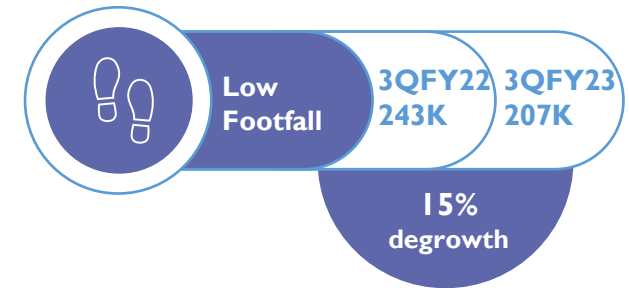


Retail (Healthguard)



Retail Segment Performance

- 3QFY23 Revenue growth of 11.6% YoY
- Reduced footfall
- Less purchases in wellness products adversely impacted the GP margin
- Loyalty engagement improvement
- Adjusting to the new normal with change in shopper buying habits

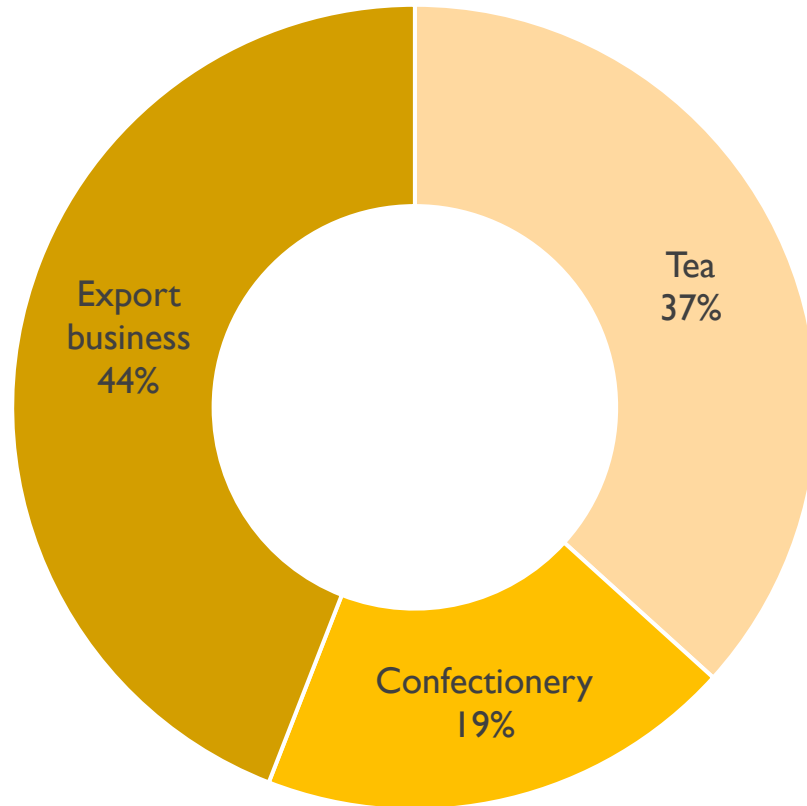


Consumer

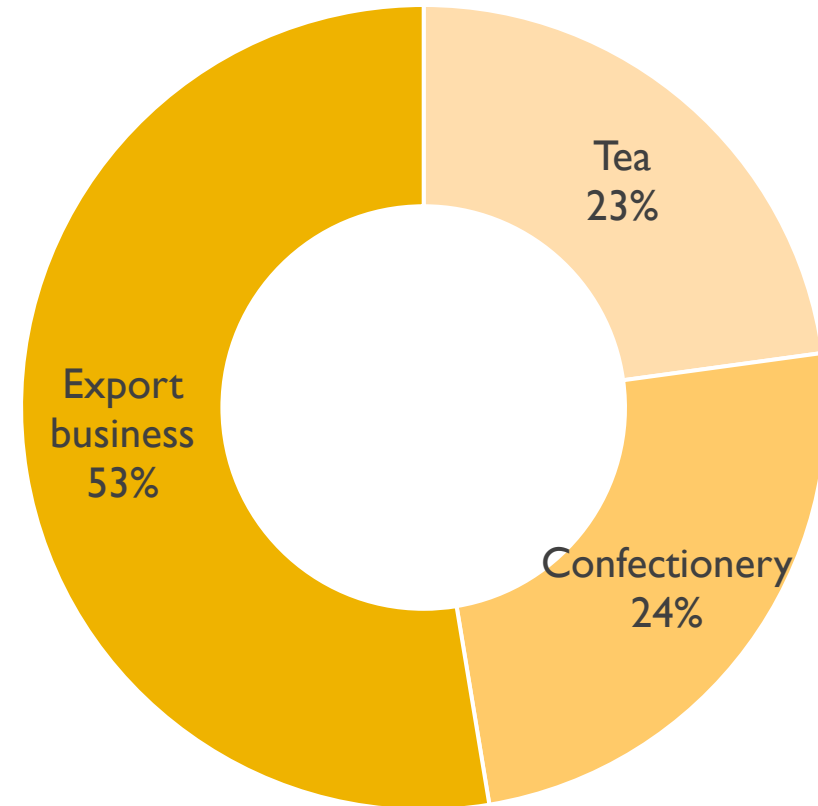
Consumer Sector



Revenue Split [9MFY23]



Total Asset Split [9MFY23]



Consumer – Performance Highlights



(LKR millions)

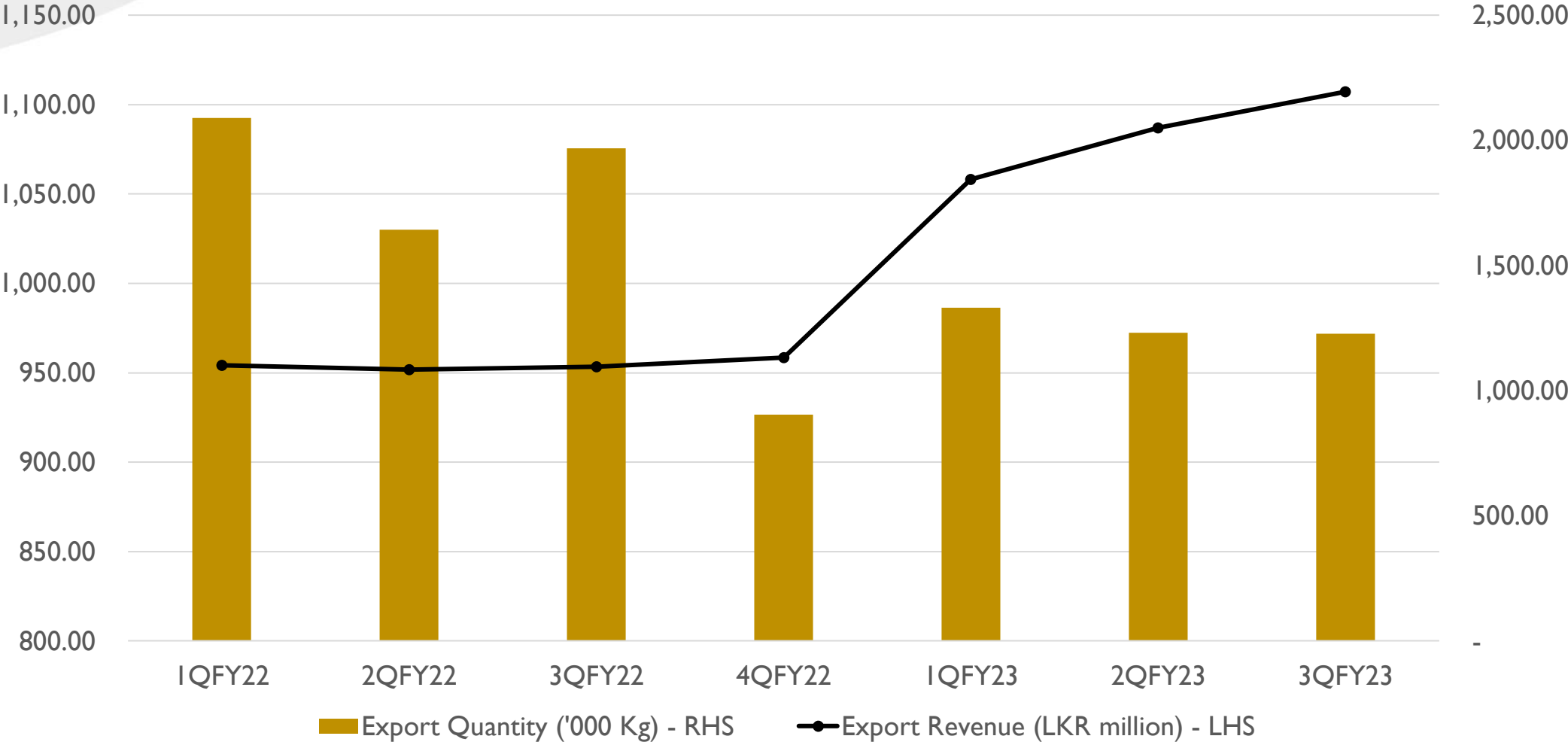
LKR m	9MFY23	9MFY22	Growth %	3QFY23	3QFY22	Growth %
Revenue	14,090	6,027	133.8%	5,523	2,277	142.6%
EBIT	905	398	127.1%	205	188	8.7%
<i>EBIT margin</i>	<i>6.42%</i>	<i>6.61%</i>		<i>3.7%</i>	<i>8.3%</i>	
PAT	498	231	115.7%	5	122	-96.1%
<i>PAT margin</i>	<i>3.5%</i>	<i>3.8%</i>		<i>0.1%</i>	<i>5.4%</i>	

LKR m	Export Contribution
	**9MFY23
Revenue	6,212
EBIT	567

***Performance is consolidated under Consumer sector w.e.f. 1st April 2022*

- In 3QFY23, Consumer sector recorded a growth of 142.6% YoY. Growth was mainly driven by the acquisition of Sunshine Tea. Excluding the new addition, YoY growth stood at 46.1%.
- EBIT margins were supported by the addition of tea export business. Exchange gain recorded in relation to the export business is approx. LKR 55 Mn

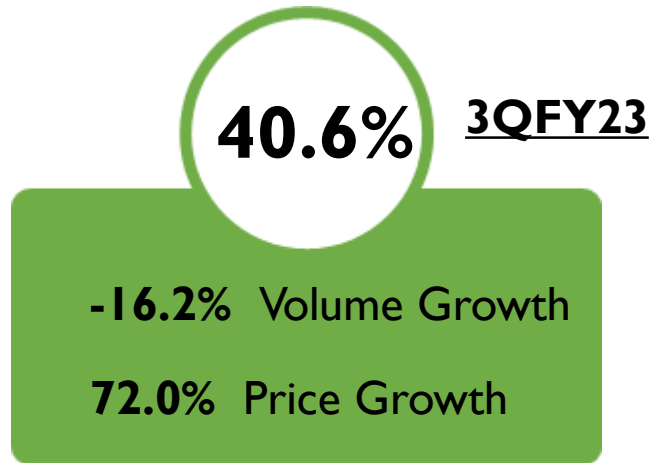
Export Business



Local Business



TEA



Challenged in volumes due to;

- Low consumer sentiment
- Outlets reducing stocks

CONFECTIONERY

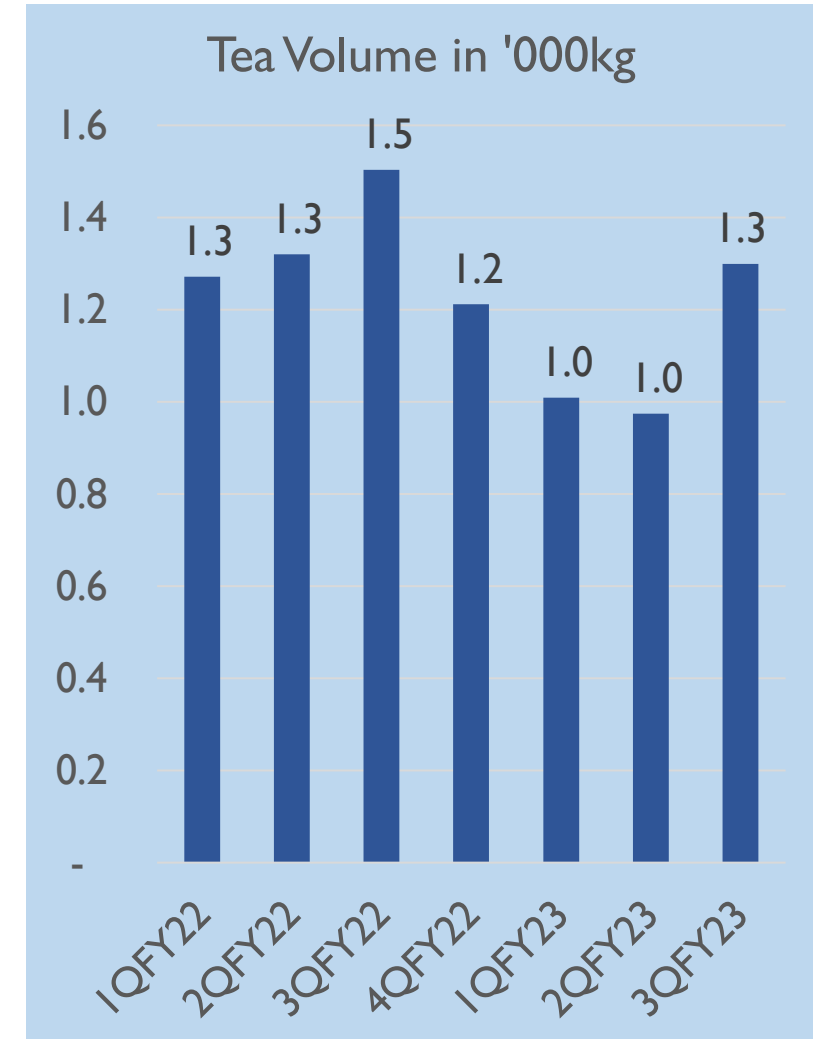
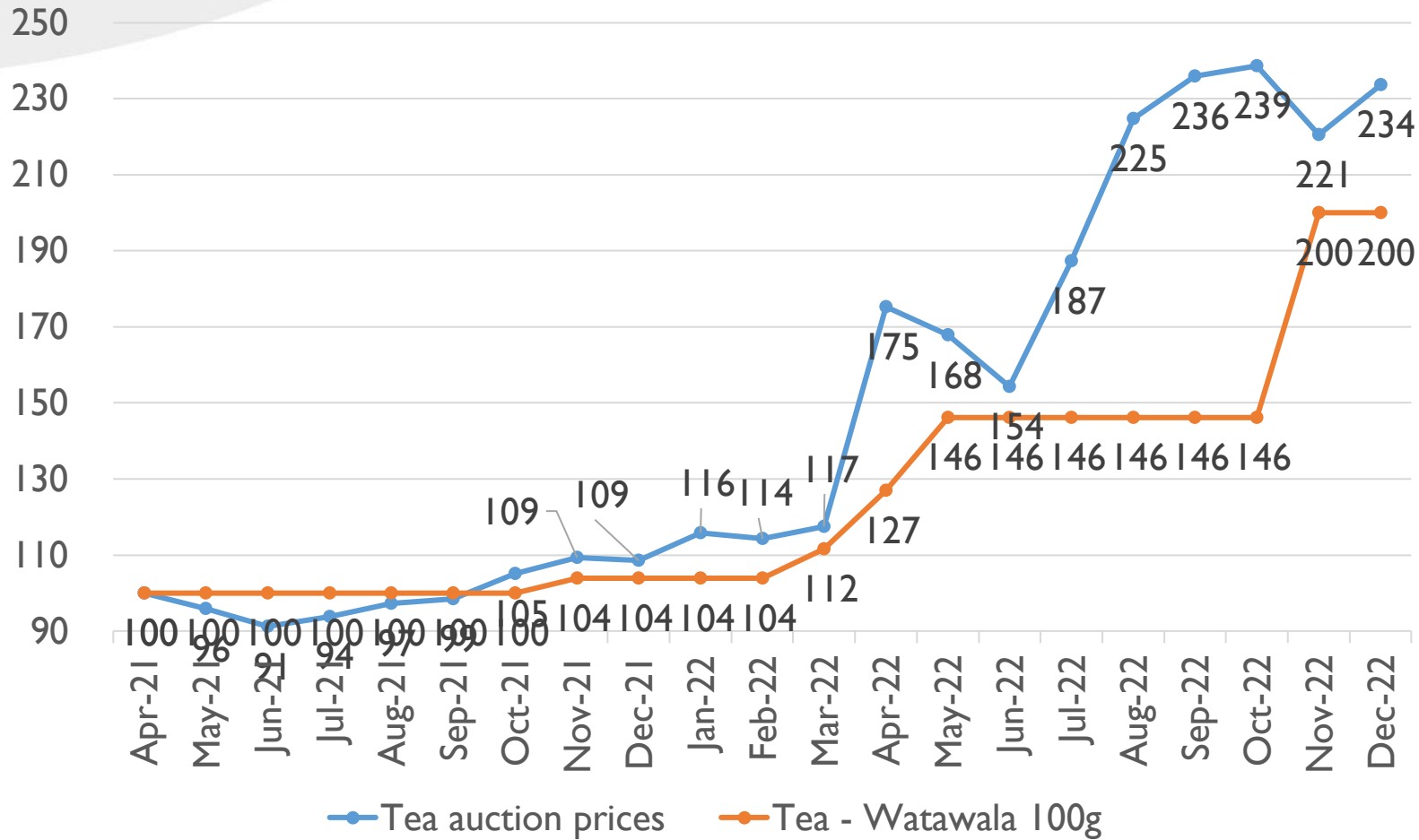


- Growth owing to price increases.

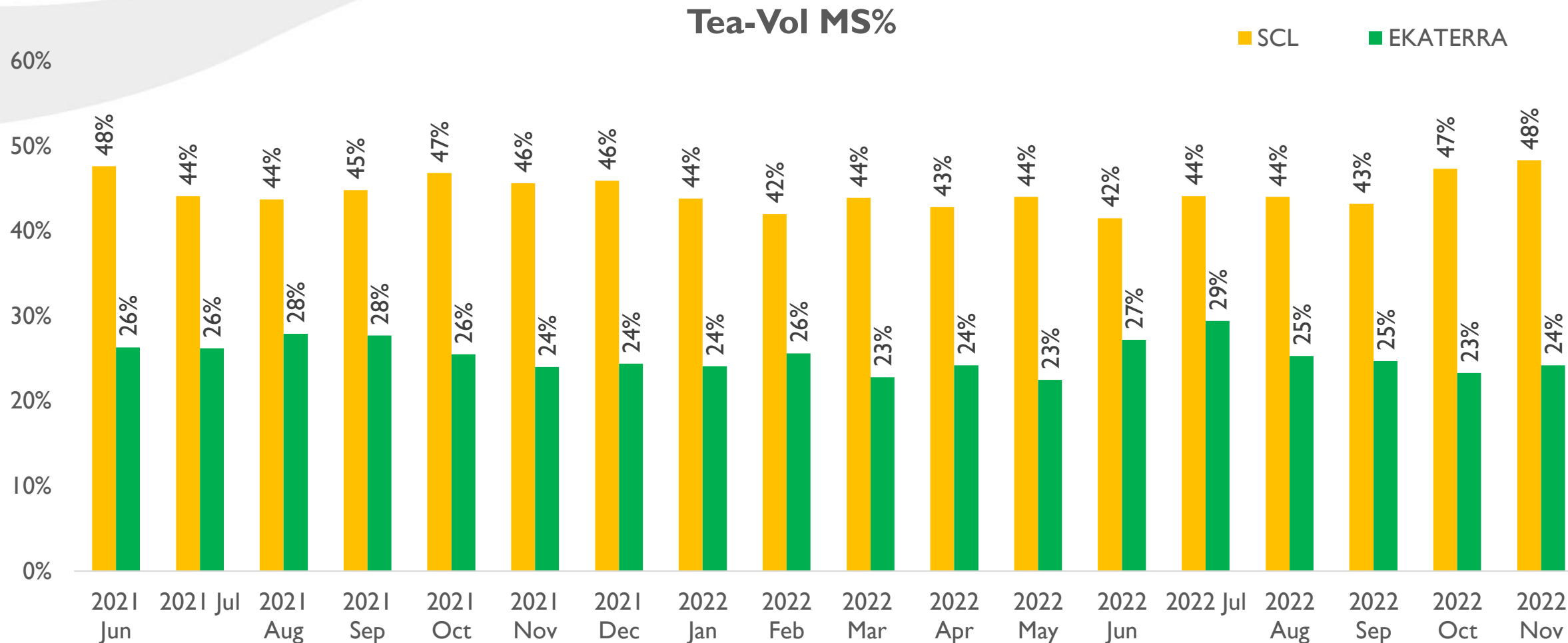
Tea – Price Index



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



Tea - Brand Volume Market Share

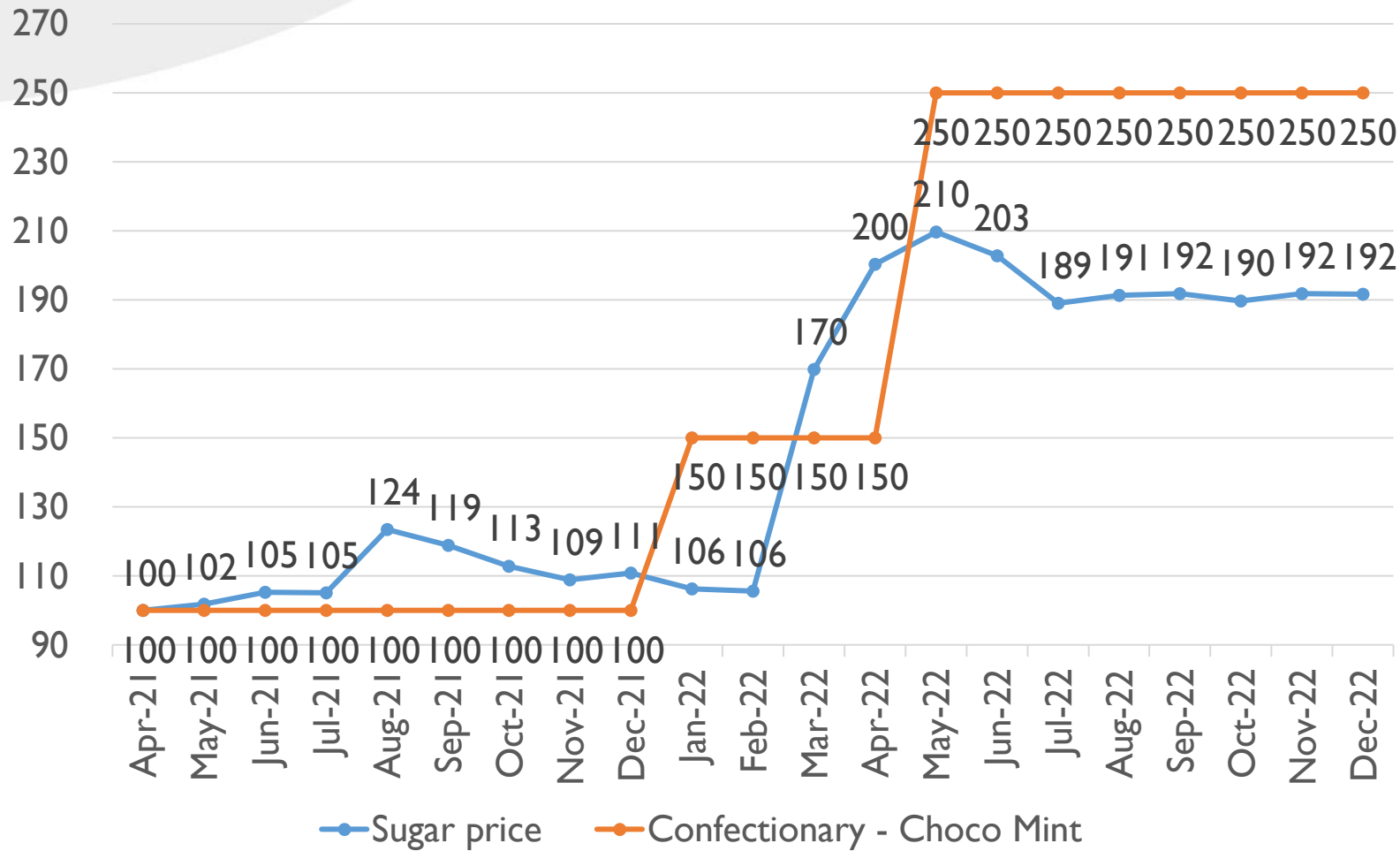


Source: CHP, Kantar

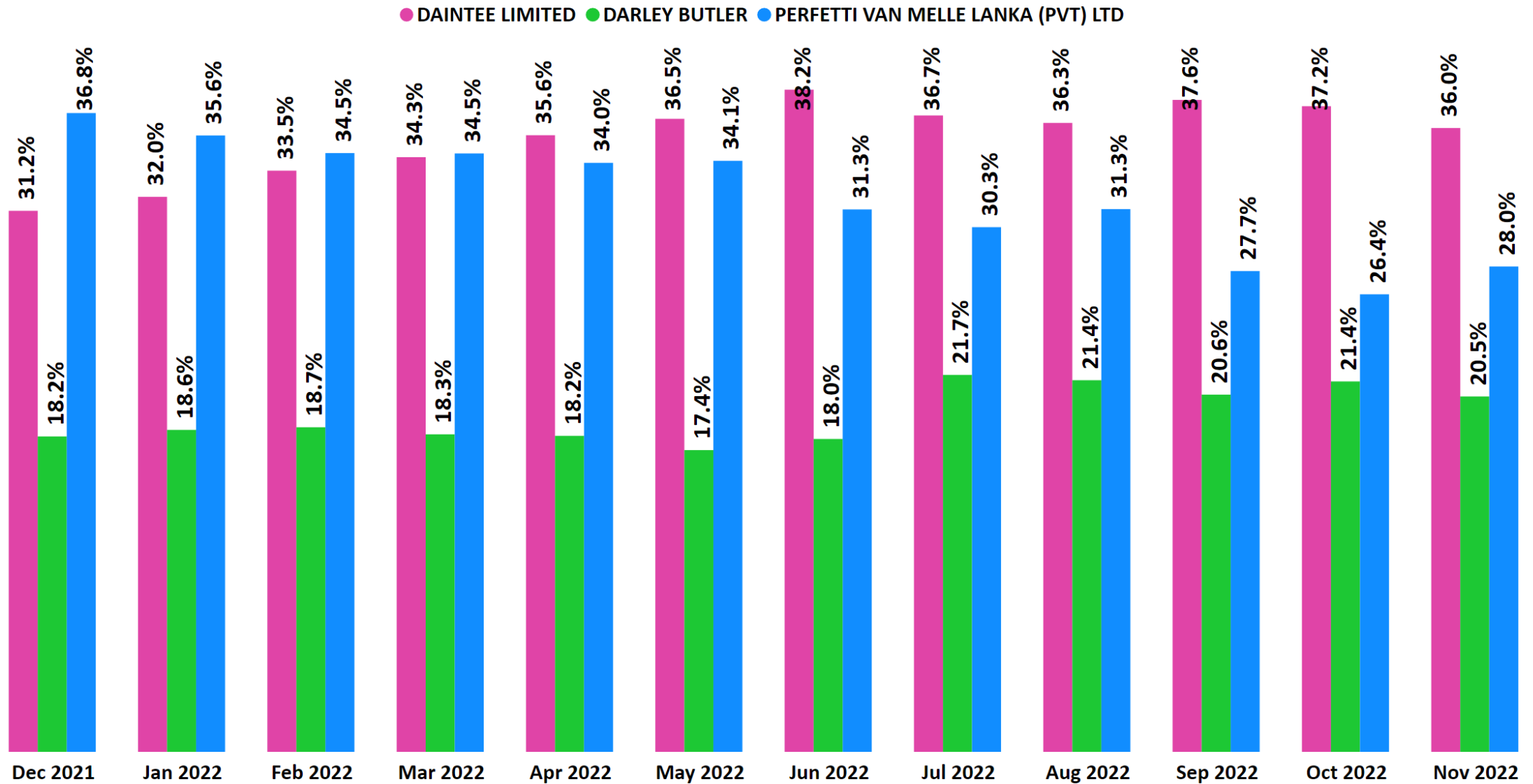
Confectionery – Price Index



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



Confectionery – Value Market share

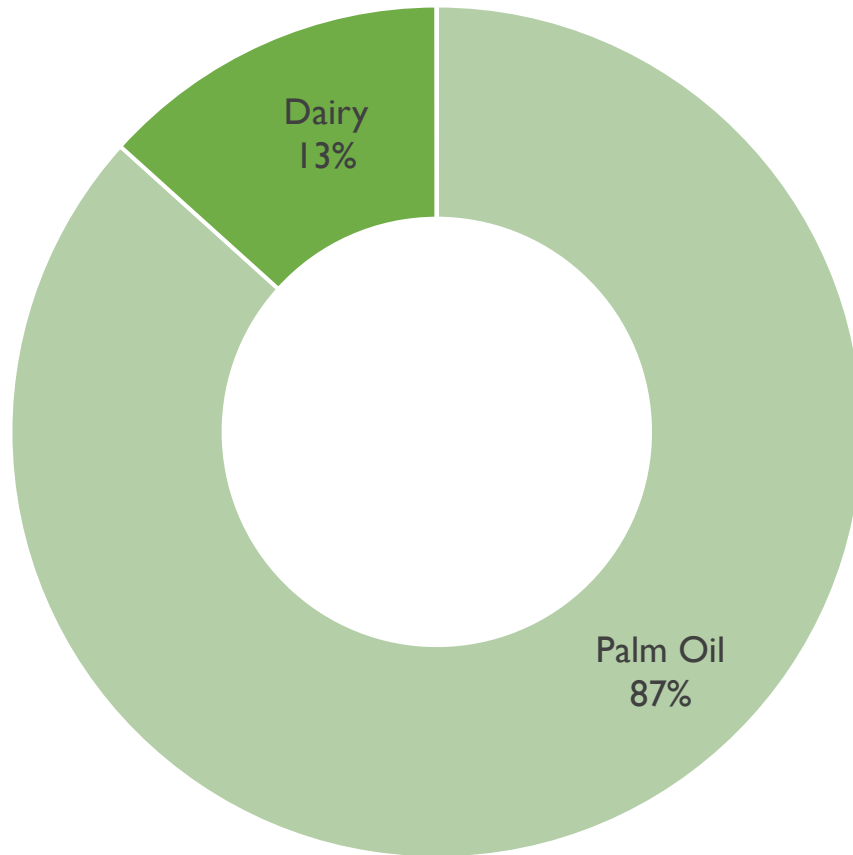


Agribusiness

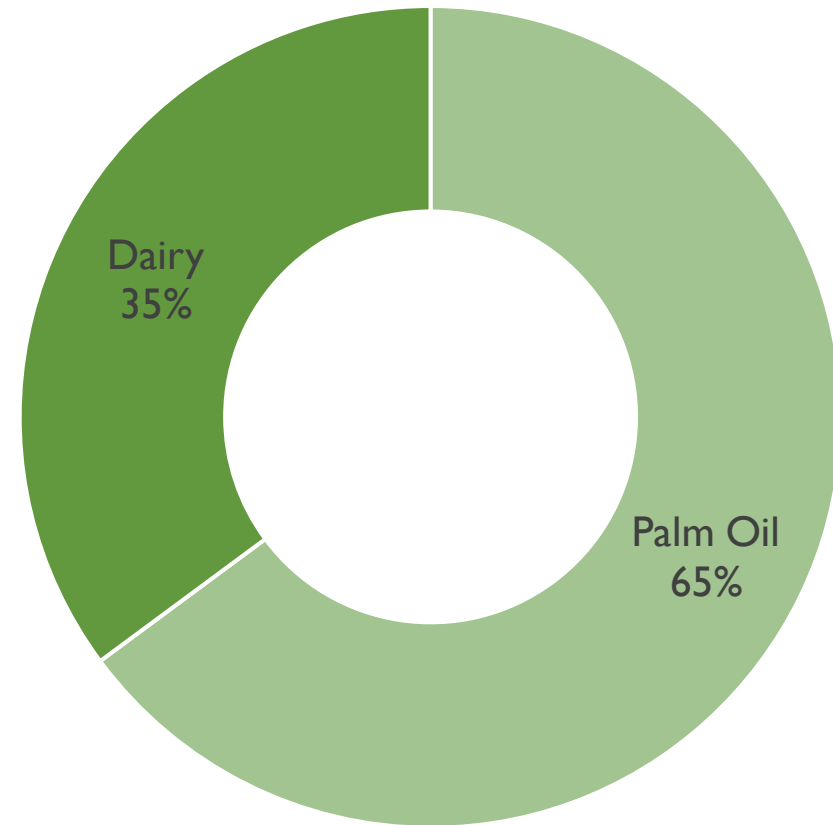
Agri Sector



Revenue Split [9MFY23]



Total Asset Split [9MFY23]



Agri – Performance Highlights

LKR m	9MFY23	9MFY22	Growth %	3QFY23	3QFY22	Growth %
Revenue	6,649	5,033	32.1%	2,070	1,627	27.2%
EBIT	2,757	2,824	-2.4%	724	804	-10.0%
<i>EBIT margin</i>	<i>41.5%</i>	<i>56.1%</i>		<i>35.0%</i>	<i>49.4%</i>	
PAT	2,595	2,670	-2.8%	661	781	-15.4%
<i>PAT margin</i>	<i>39.0%</i>	<i>53.0%</i>		<i>31.9%</i>	<i>48.0%</i>	

- Revenue growth in 3Q driven by the palm oil segment recording higher NSA and volumes for palm oil.
- GP margin contracted due to increased cost in bought crop and fertilizers.
- Oil production has been increased in 3QFY23 by 15.3% YoY.
- Subsegment revenue growth 3QFY23 vs 3QFY22
 - Palm Oil: 19%
 - Dairy: 96%
- Profitability of Dairy segment was adversely affected due to increase in feed cost, offsetting gains in selling price

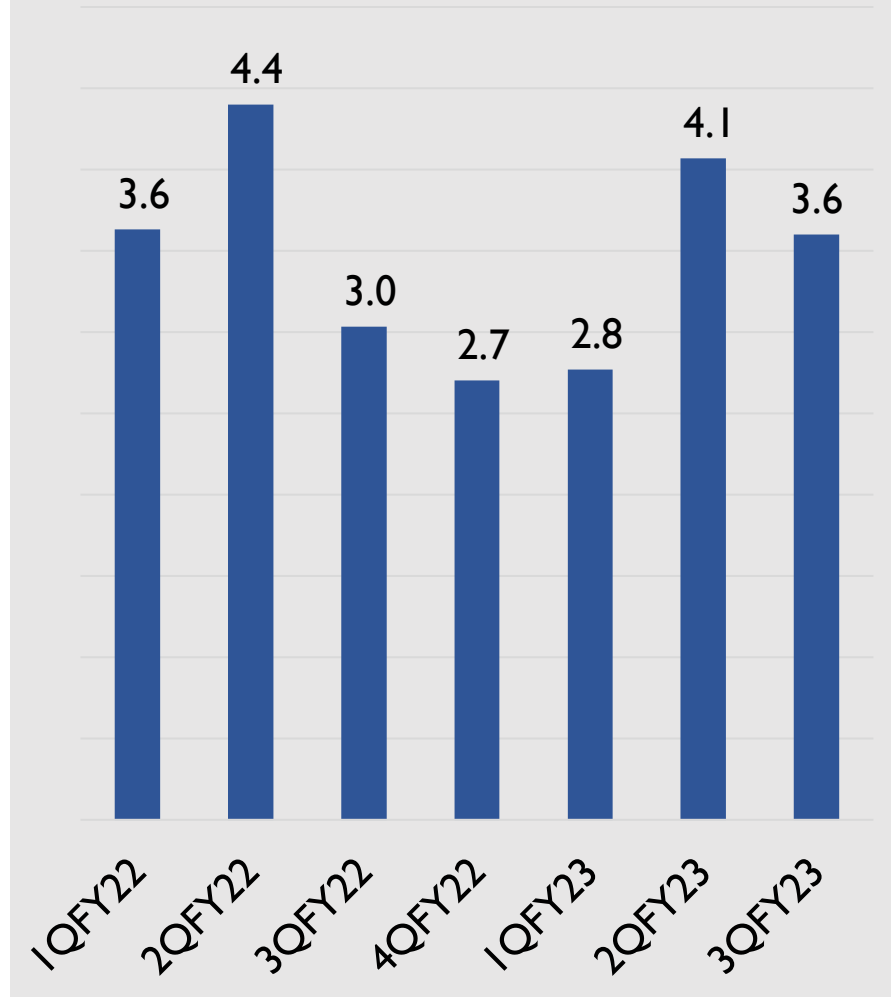
Palm Oil



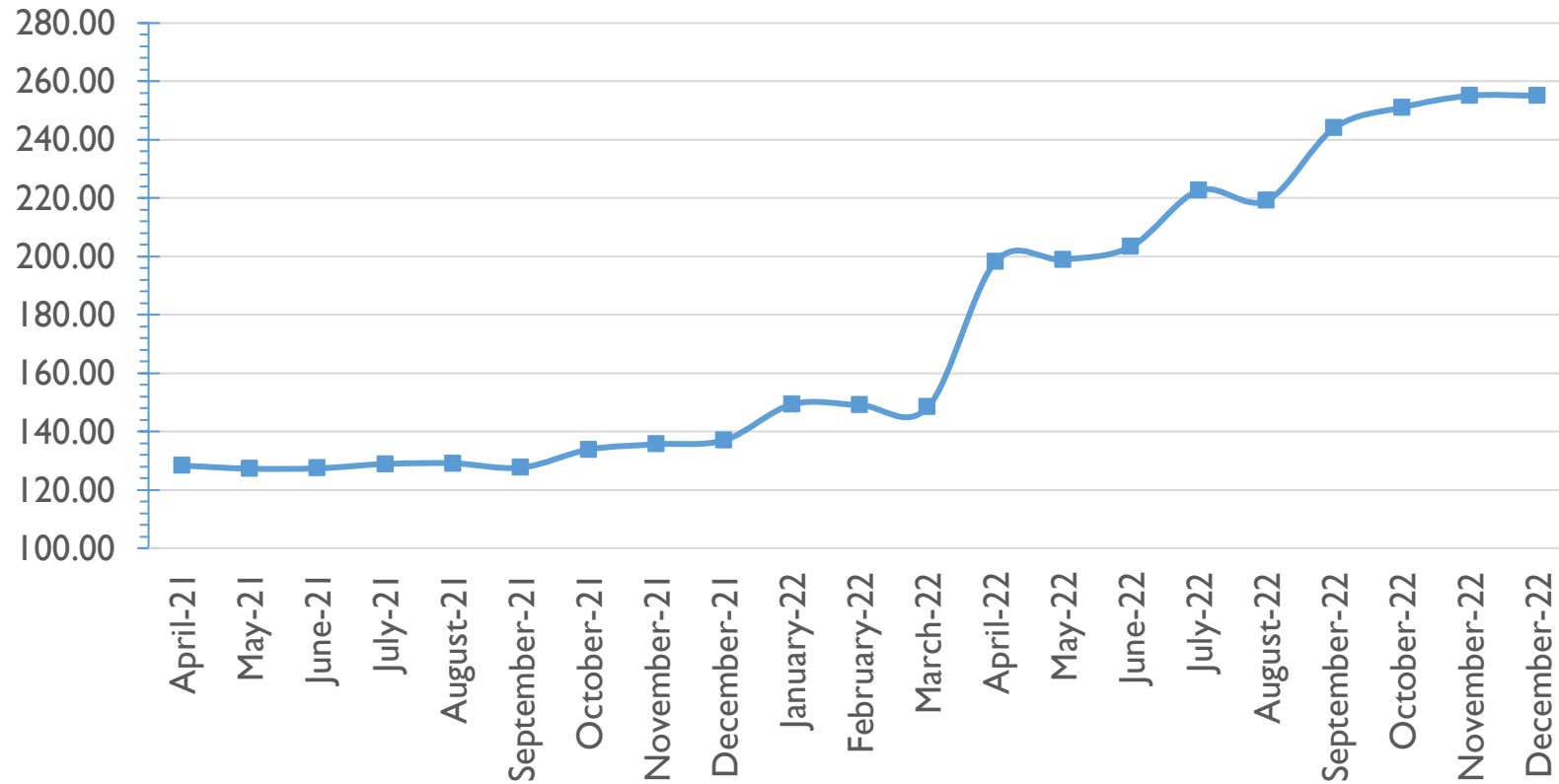
Settlement Price (RM)



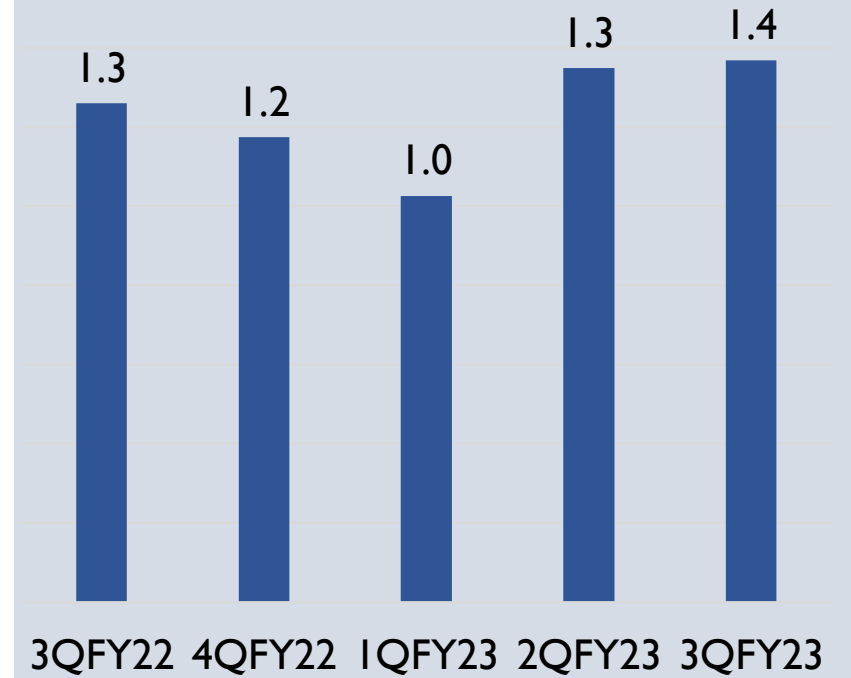
WATA Palm Oil Production [million kg]



WDL's Avg Milk Price



WDL's Milk Sales Volume (million litres)



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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Appendix

Historical Trend – Revenue QoQ

Revenue Composition

