



**sunshine**

# **1 QFY24 Earnings Webinar**

**Sunshine Holdings PLC**

**8 August 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

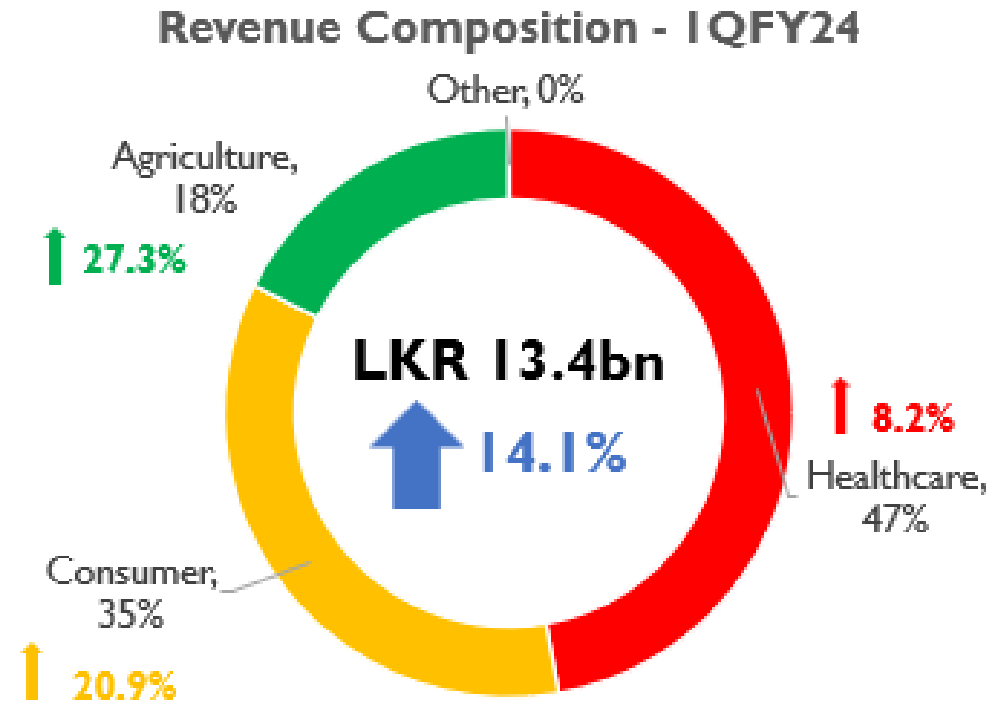
# Corporate Announcements

- **May 2023** – Fitch Ratings affirmed Sunshine Holdings at ‘AA+(lka)’ Outlook Stable.
- **July 2023** - SUN paid a LKR1.15 per share cash dividend.

# Group Performance

# Group at a Glance – IQFY24

- **LKR 13.4bn** Revenue
- **LKR 2.0bn** EBIT +1.0%YoY
- **LKR 1.4bn** PAT -11.1%YoY
- Leverage at **22.1%** (FY23: 27.1%)



# Group – Performance Highlights



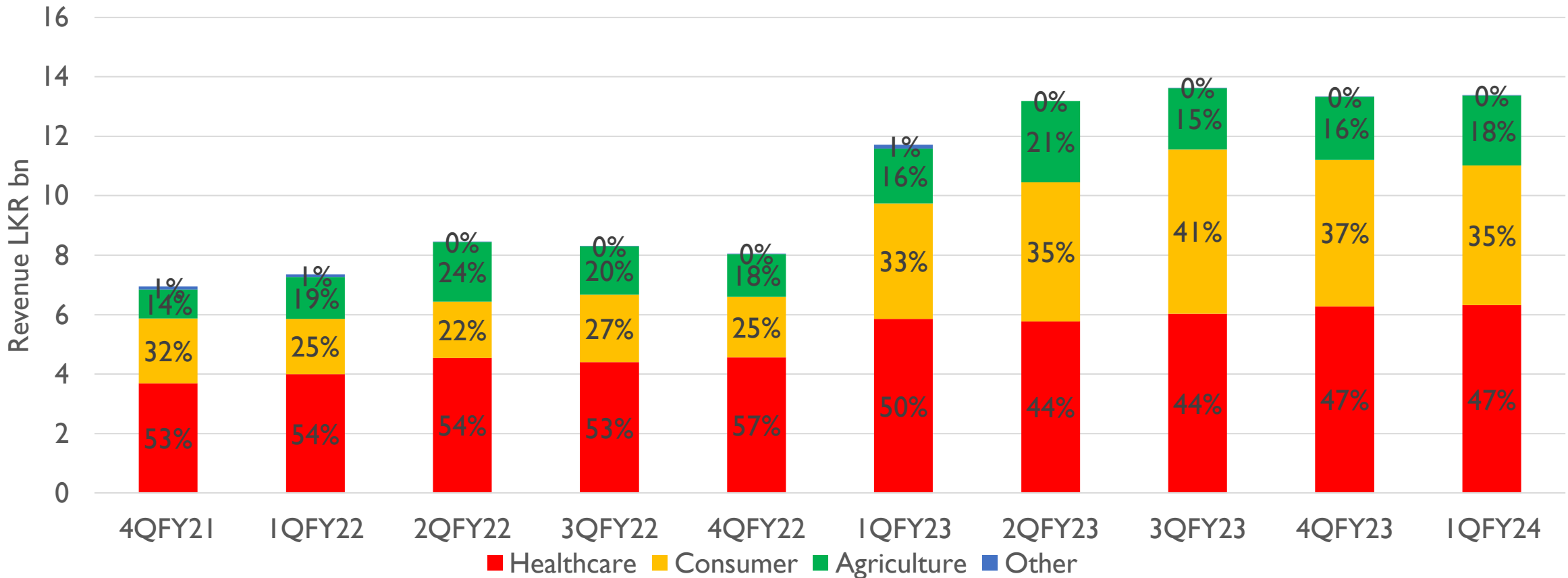
(LKR millions)

LKR m	IQFY24	IQFY23	Growth (YoY) %	4QFY23	Growth (QoQ) %
Revenue	13,370	11,719	14.1%	13,326	0.3%
EBIT	2,015	1,995	1.0%	1,179	70.9%
<i>EBIT margin</i>	<i>15.1%</i>	<i>17.0%</i>		<i>8.8%</i>	
PAT	1,426	1,604	-11.1%	(162)	n/m
<i>PAT margin</i>	<i>10.7%</i>	<i>13.7%</i>		<i>-1.2%</i>	
PATMI	915	1,042	-12.2%	57	n/m
EPS (LKR)	1.89	2.32	-18.7%	0.12	n/m

- During IQFY24, the GP margin remained constant at 29.7%.
- However, the EBIT margins contracted to 15.1% due to the dilution effect from currency appreciation in the export business and the EBIT losses in the dairy business.
- 295 bps decrease in PAT margin is stemming from the 94.5% YoY increase in finance costs resulted from higher interest rates. [Finance cost: IQFY24 LKR 536m cf. LKR 277m in IQFY23]

# Historical Trend – Revenue QoQ

## Revenue Composition



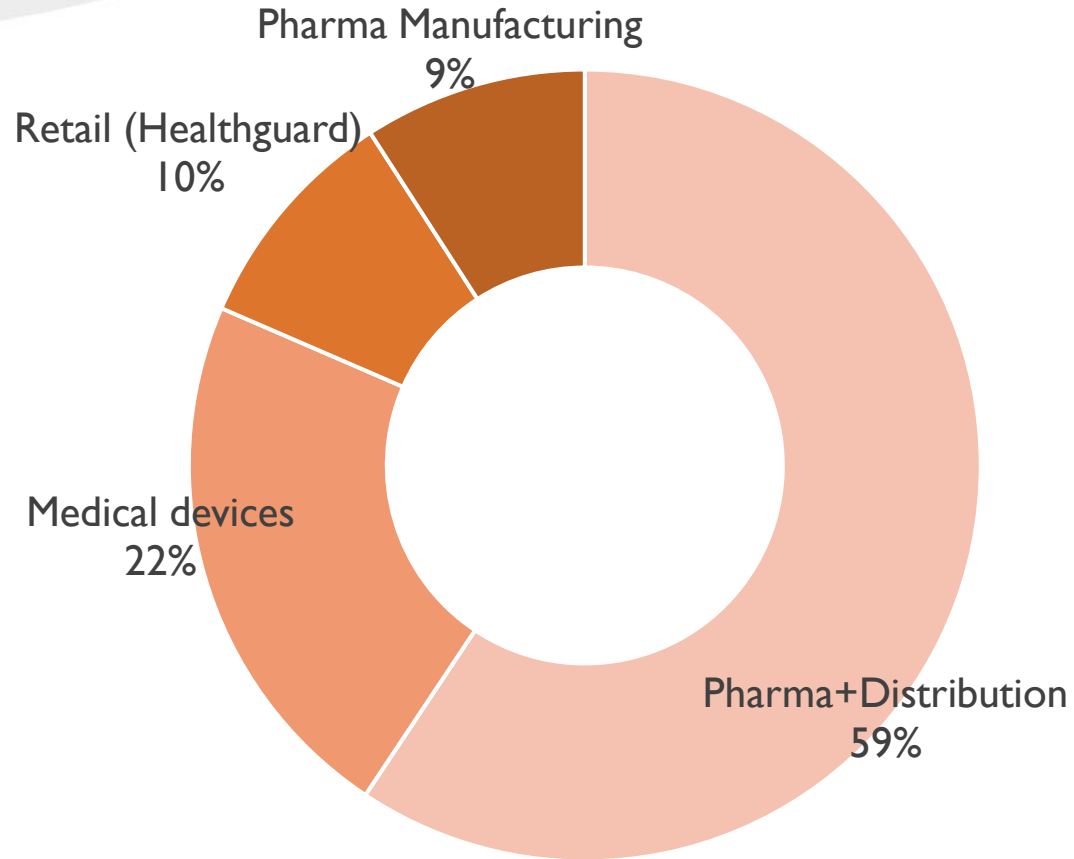
Healthcare



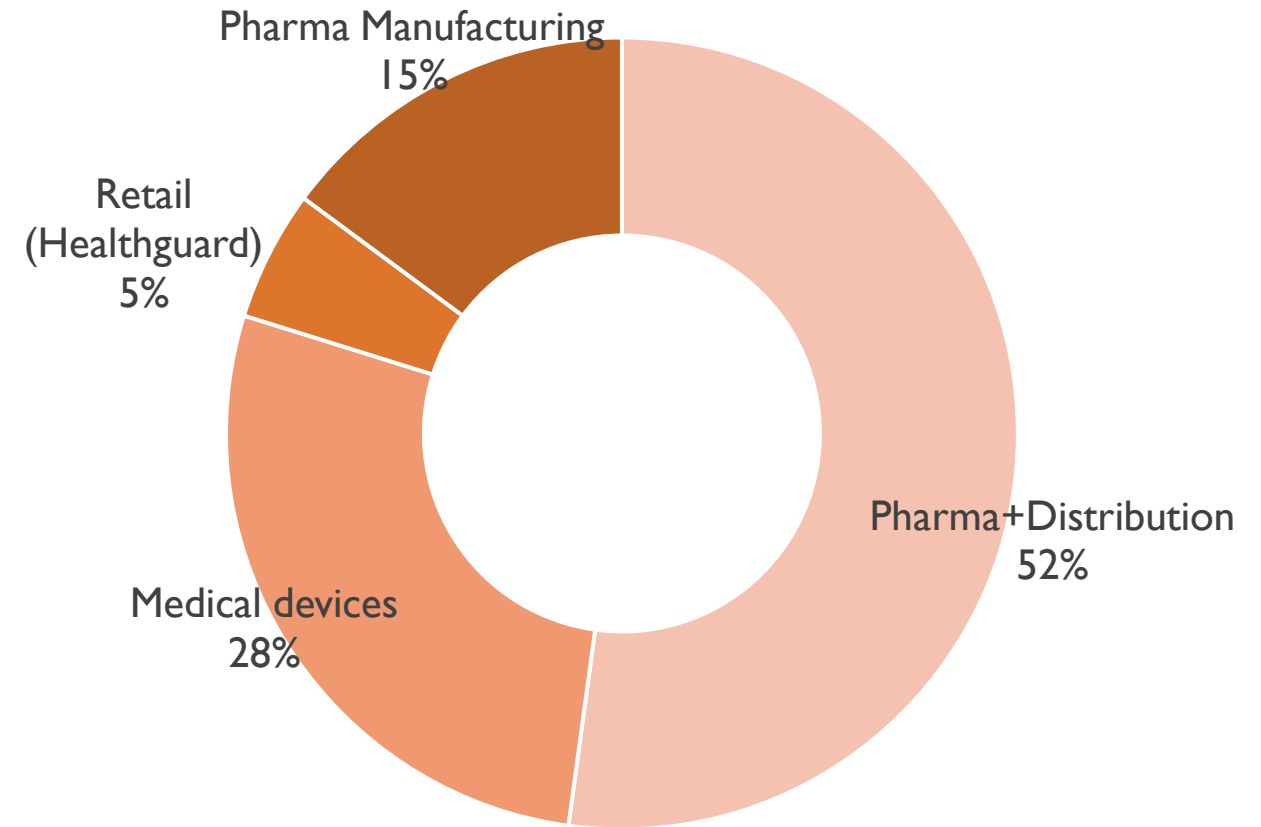
# Healthcare Sector



## Revenue Split [IQFY24]



## Total Asset Split [IQFY24]



# Healthcare – Performance Highlights

(LKR millions)

LKR m	IQFY24	IQFY23	Growth (YoY) %	4QFY23	Growth (QoQ) %
Revenue	6,314	5,835	8.2%	6,284	0.5%
EBIT	936	743	26.0%	885	5.8%
<i>EBIT margin</i>	<i>14.8%</i>	<i>12.7%</i>		<i>14.1%</i>	
PAT	493	432	14.1%	334	47.6%
<i>PAT margin</i>	<i>7.8%</i>	<i>7.4%</i>		<i>5.3%</i>	

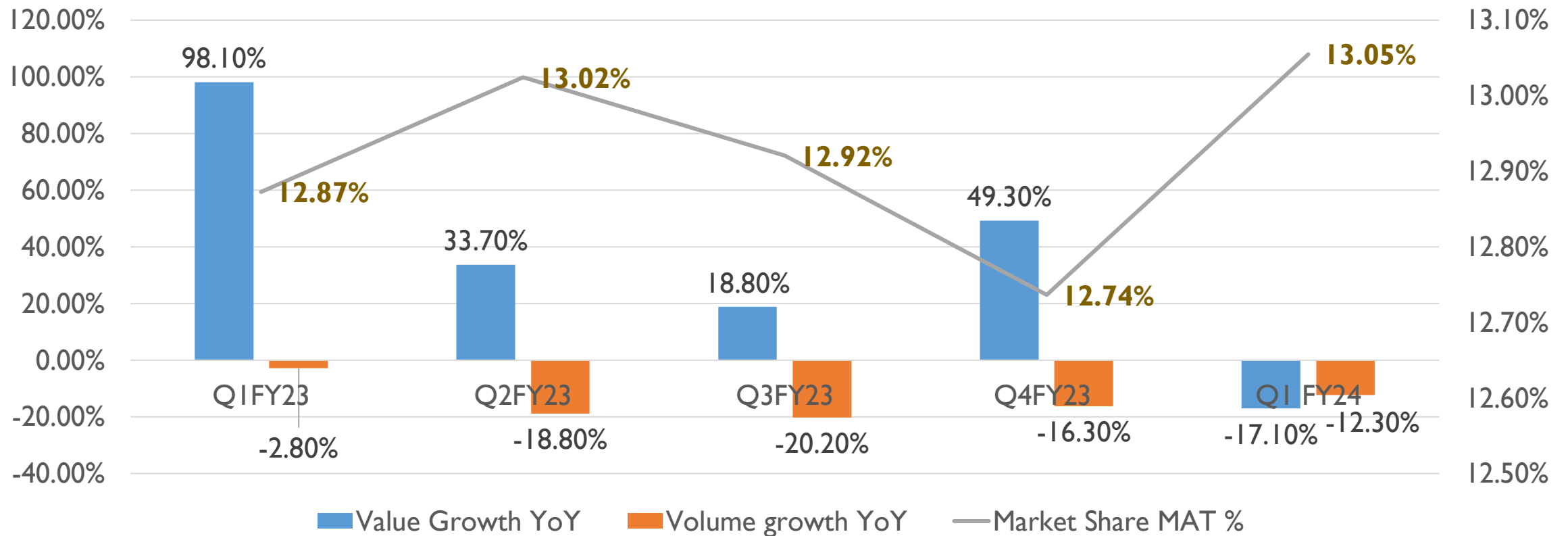
- In IQFY24, the EBIT margin improved to 14.8%, driven by increased revenue from SMD and manufacturing businesses, despite margin reduction in Pharma due to adverse topline impact on 16% MRP reduction taken in June 2023.
- HG Retail's revenue rose by 10.6% YoY in IQFY24, with improved footfall, but margins contracted as consumers focused more on essential medicines over wellness products.

# Sunshine Pharmaceuticals



During IQFY24,

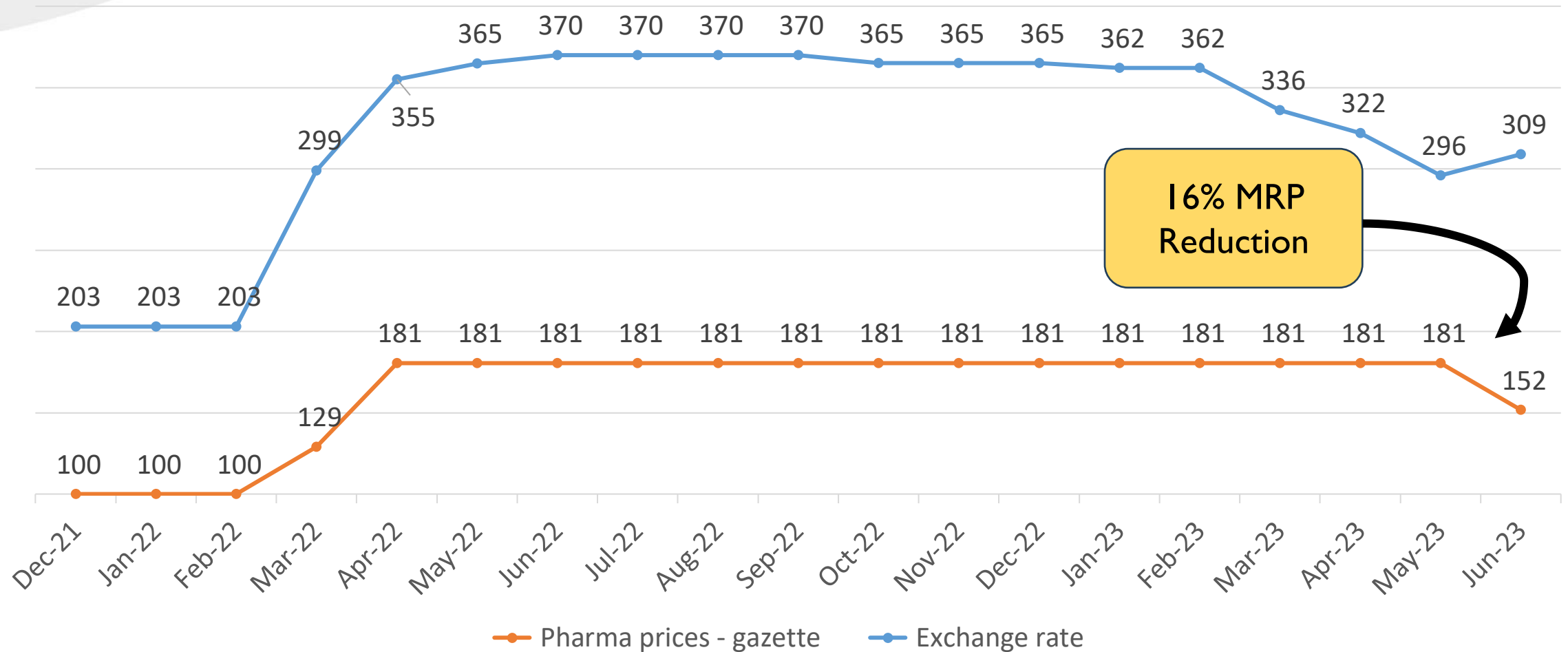
- Market growth at 33.7% YoY
- Sunshine recorded growth of 41.1%



# Pharmaceuticals – Price Increase Index



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

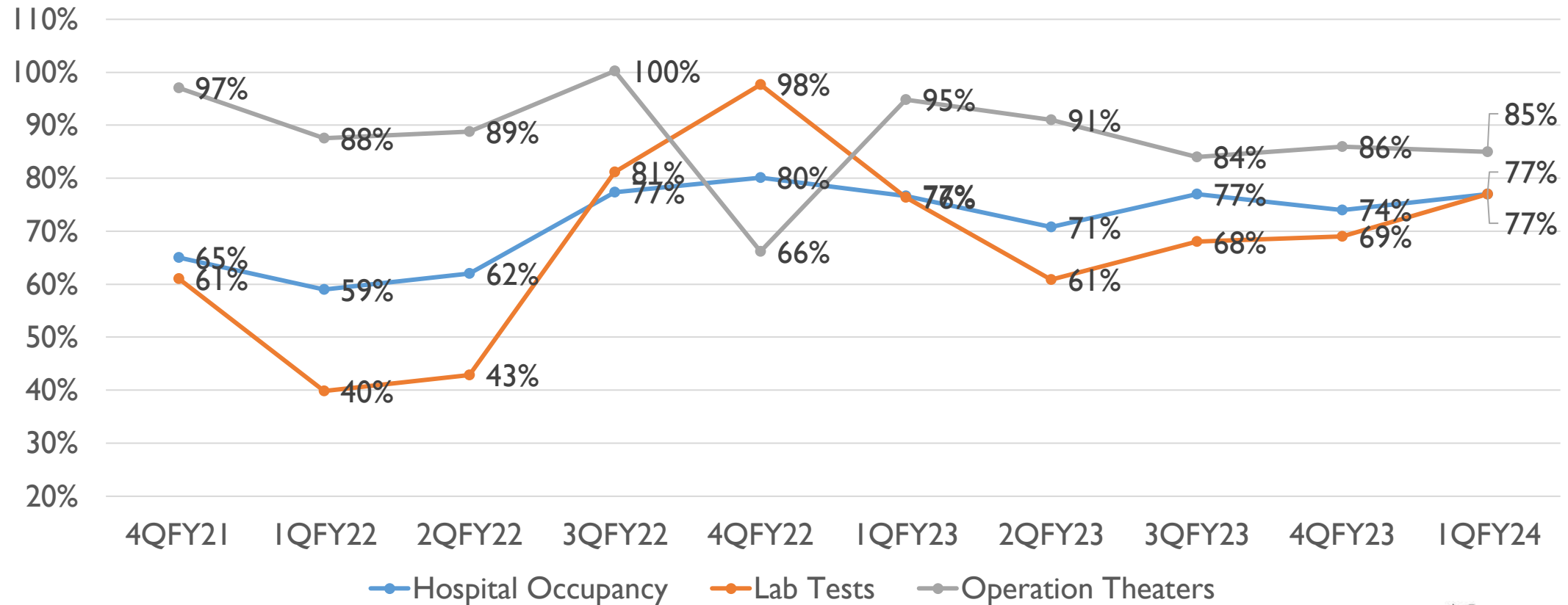


# Sunshine Medical Devices



- IQFY24 witnessed a 40% YoY revenue growth driven by a volume growth of 21% YoY.
- Government awarded new tenders and payments recommenced
- Private market sales as % of total reduced as patients shift to Govt

### Market Dynamics



# Lina - Pharma Manufacturing

*Lina*  
Manufacturing

- During the IQFY24, the revenue grew 3.6x reaching LKR 552m.
- New MDI plant fully operational and commenced supplies to Ministry of Health.
- Partnered with Truvic for contract manufacturing.



# Healthguard Pharmacy - Retail

## Retail Segment Performance

- IQFY24 Revenue grew by 10.6% YoY
- Improved bill count during the period
- Less purchases in wellness products adversely impacted the GP margin
- New store opened in Col 4, Duplication Rd – May 2023



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

Consumer



# Consumer Sector – Performance Highlights



(LKR millions)

LKR m	IQFY24	IQFY23	Growth (YoY) %	4QFY23	Growth (QoQ) %
Revenue	4,697	3,886	20.9%	4,921	-4.6%
EBIT	320	366	-12.6%	283	13.1%
<i>EBIT margin</i>	<i>6.8%</i>	<i>9.4%</i>		<i>5.8%</i>	
PAT	181	296	-38.9%	26	596.2%
<i>PAT margin</i>	<i>3.9%</i>	<i>7.6%</i>		<i>0.5%</i>	

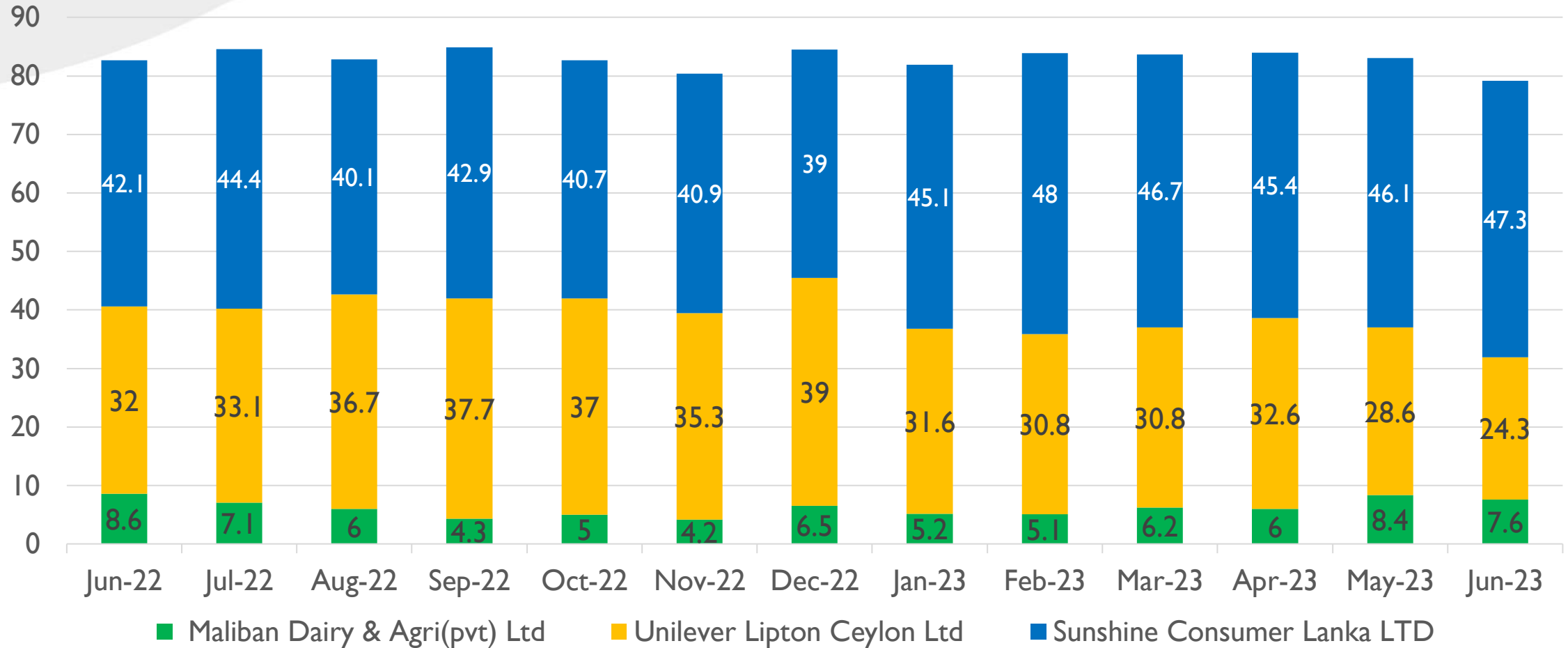
- YoY Growth was mainly driven by the price increases in both tea and confectionary segments, despite dip in exports.
- Margin contraction in export business due to appreciation of the LKR during the period.
- Margin of local business was improved due to positive impact stemming from the revenue growth of the business.

# Consumer Sector – Revenue & Volumes



KPIs	FY23				FY24
	Q1	Q2	Q3	Q4	Q1
<b>Tea (Local)</b>					
Revenue growth	-4%	10%	41%	84%	93%
Volume ('000 Kgs)	1,009	974	1,260	1,095	1,053
<i>YoY Growth</i>	-21%	-26%	-16%	-10%	4%
<b>Confectionary</b>					
Revenue growth	33%	107%	73%	14%	7%
Volume (Units)	1,773	2,314	2,318	1,828	1,792
<i>YoY Growth</i>	-37%	1%	-22%	-28%	1%
<b>Tea (Export)</b>					
Revenue growth	68%	89%	100%	45%	-20%
Volume ('000 Kgs)	987	972	972	840	729
<i>YoY Growth</i>	-10%	-6%	-10%	-9%	-26%

# Brand Value Market Share – Tea

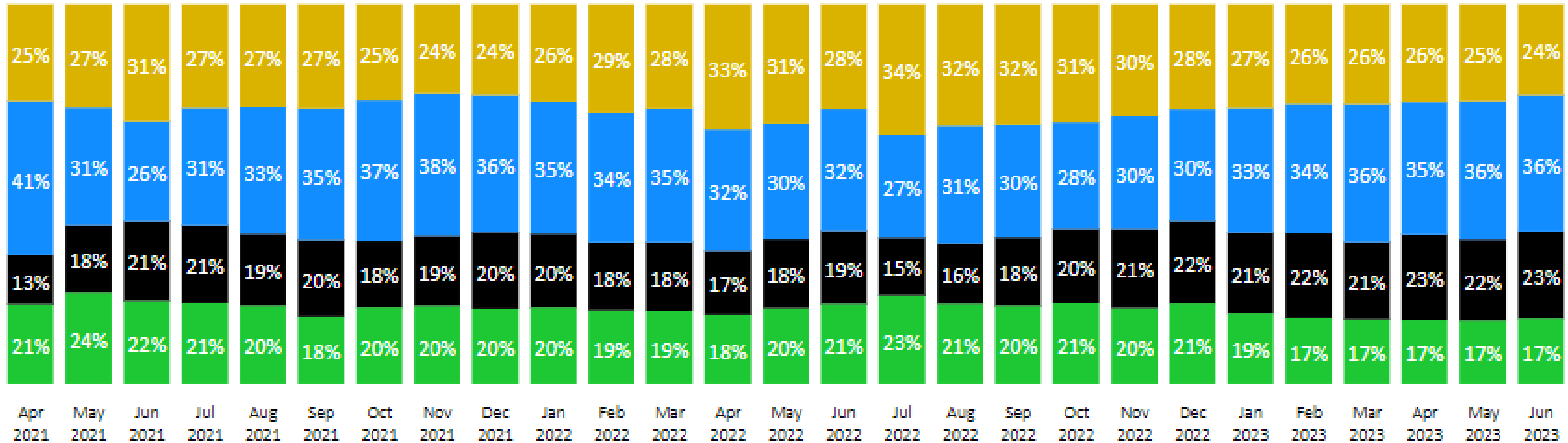


Source: Peppercube RMS

# Brand Value Market Share – Confectionary



● DARLEY BUTLER ● OTHERS ● PERFETTI VAN MELLE LANKA (PVT) LTD ● SUNSHINE COUNSUMER LANKA LTD

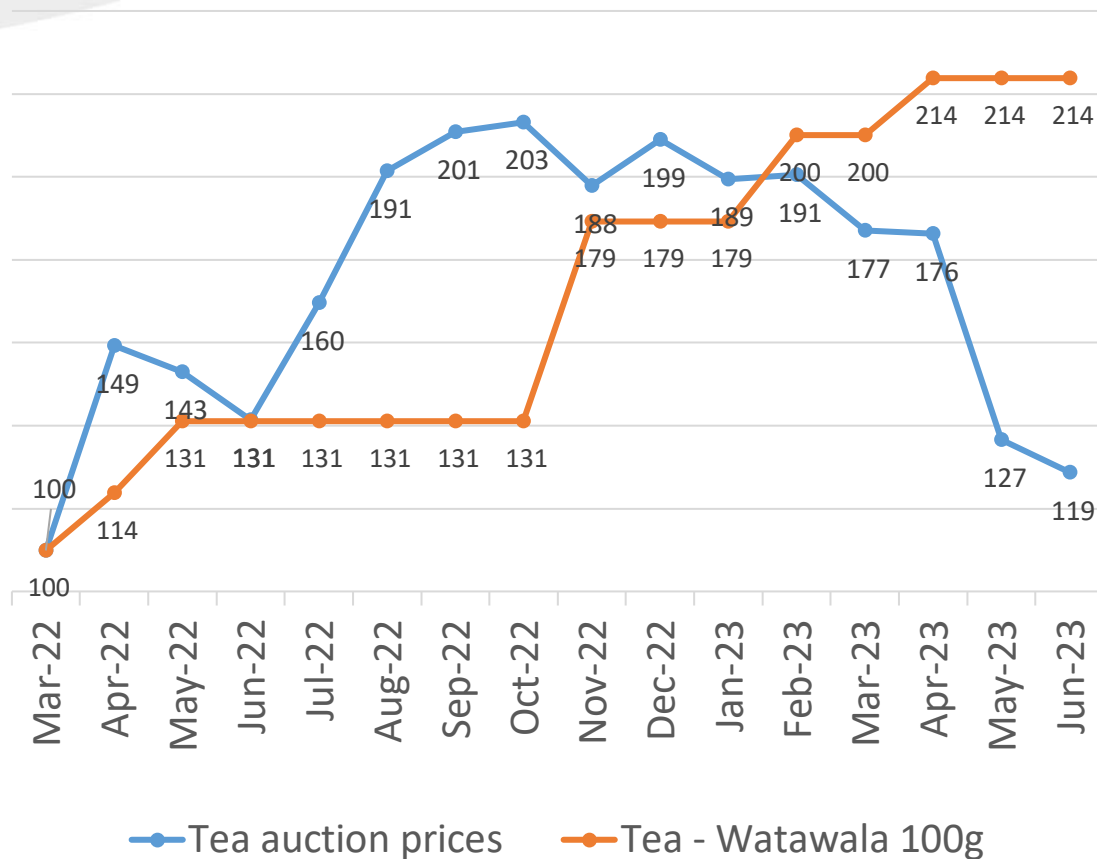


Source: Peppercube RMS

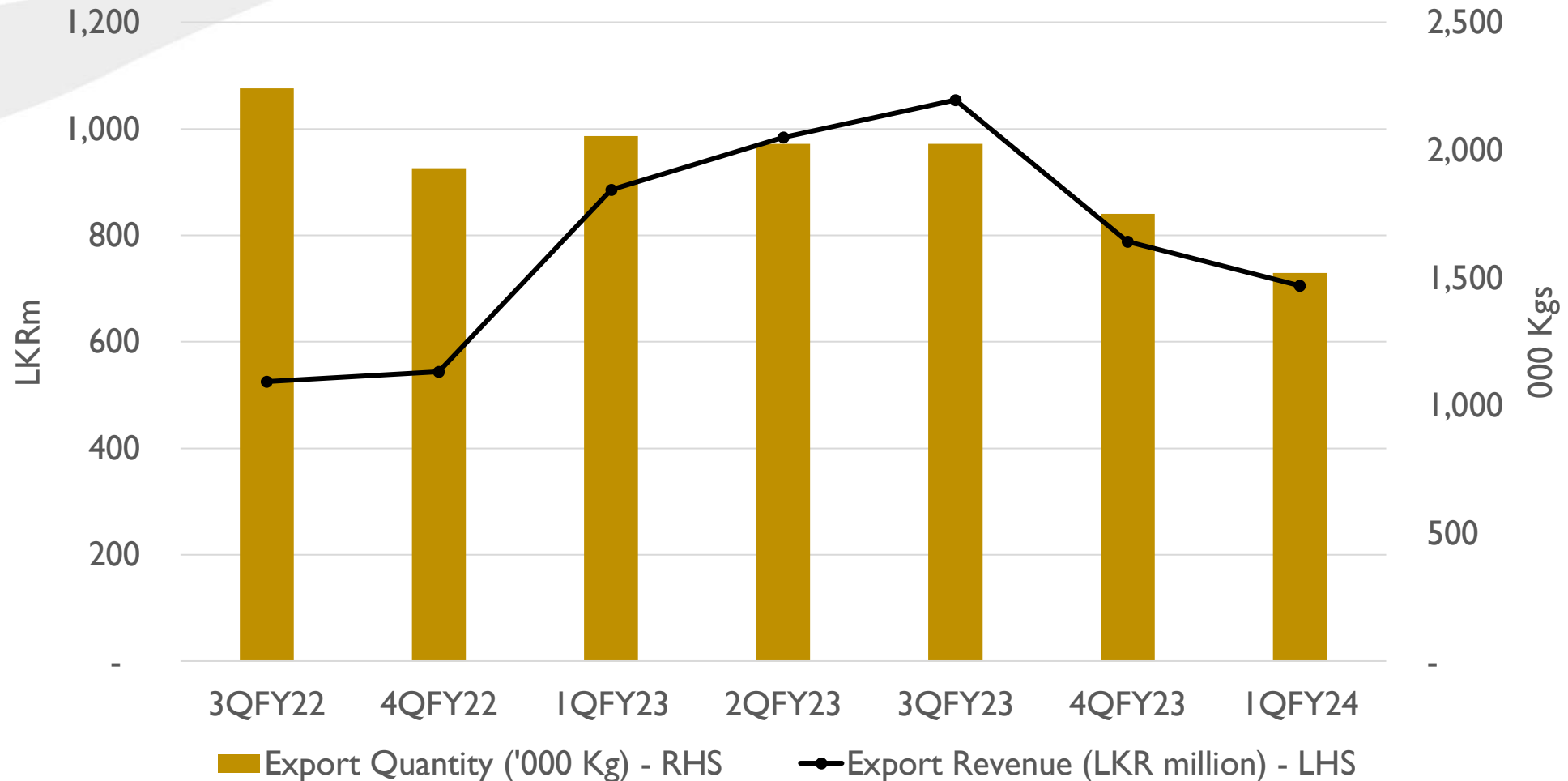
# Price Index – Tea and Confectionary



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



# Sunshine Tea - Exports



- The revenue contracted 20% YoY mainly due to the appreciation of the Sri Lankan rupee from Rs 360/- to Rs 285/-, along with the drop in tea prices.

# Agribusiness

# Agribusiness— Performance Highlights

(LKR millions)

LKR m	IQFY24	IQFY23	Growth (YoY) %	4QFY23	Growth (QoQ) %
Revenue	2,357	1,852	27.3%	2,119	11.2%
EBIT	809	757	6.9%	235	244.3%
<i>EBIT margin</i>	<i>34.3%</i>	<i>40.9%</i>		<i>11.1%</i>	
PAT	751	734	2.3%	(203)	n/m
<i>PAT margin</i>	<i>31.9%</i>	<i>39.6%</i>		<i>-9.6%</i>	

- Subsegment revenue growth IQFY24 vs IQFY23
  - Palm Oil: 23.8% YoY
  - Dairy: 53.2% YoY
- Palm oil business revenue growth was driven by a 50.4% YoY increase in production, despite the lower price.
- GP margin for IQFY24 contracted to 42.0% from 44.2% last year due to the increase in feed cost and cost of operations in the dairy business.



# KPI – Agri Business

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

# Palm Oil

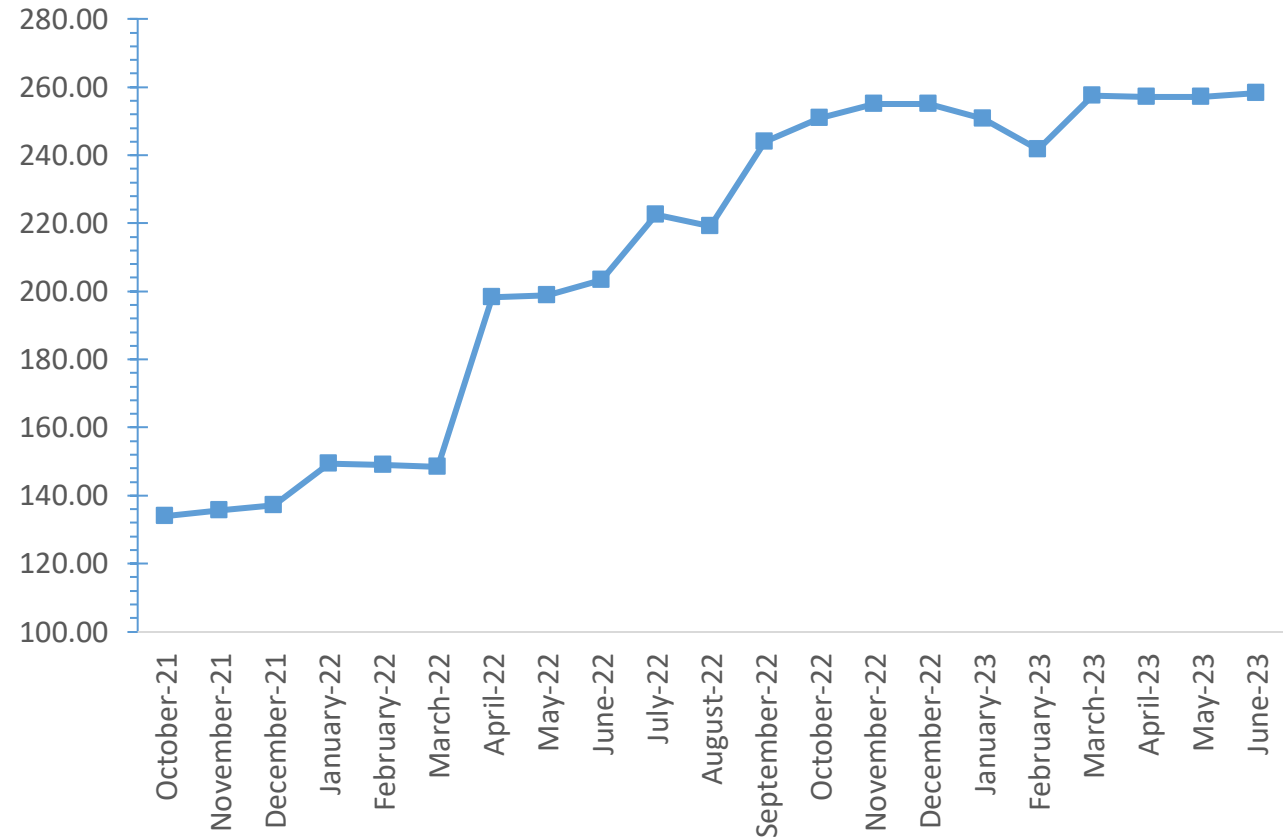


## Settlement Price (RM)



Source: Malaysian contract price

## WDL's Avg Milk Price (LKR/ ltr)



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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