

Trust is one of the core values of Sunshine Holdings. It is fundamental to the relationship we share with our business partners, our suppliers, our employees, our communities, our shareholders, and our country. It is how we have grown Sunshine Holdings into a Sri Lankan conglomerate that spans multiple sectors, placing us in the diversified position we are in today. It is what has helped us to weather the storms we have faced, including the one we find ourselves in the midst of today.

Dear Shareholder,

We find ourselves in incredibly challenging times. The past few years have been tough on the Sri Lankan economy and it has required incredible perseverance to face the challenges it has posed. Our Company has performed well across all our sectors – healthcare, consumer goods, agribusiness, and renewable energy. Our diversified portfolio is the outcome of our focus on sustainability, and we believe it is paying dividends today. This focus is a result of how we embrace our responsibility towards our country, our natural resources, our communities, our employees, and our shareholders.

The tragedy that struck the nation in April 2019 severely disrupted the country's economic growth that declined to 2.3% in 2019 from 3.3% the previous year. The tourism industry was significantly affected while it also had an adverse impact on other sectors, including air transportation services, domestic transportation, wholesale and retail trade, leisure and entertainment, and agriculture. The exchange rate came under pressure, foreign investment was withdrawn, the Colombo Stock Exchange experienced a fall in price indices and market capitalisation, and business confidence deteriorated.

Sunshine Holdings, like most businesses, was affected. Our employees rallied around the Company and put us back on track in the latter half of the year.

Our healthcare business overcame the odds and exceeded expectations, and our consumer goods business retained its market leadership position, despite stiff competition from our international competitors. Having divested our tea plantations under the financial year under review, our efforts in our agribusiness are now primarily directed towards palm oil and dairy, which we believe will be increasingly important in meeting the growing demand for local products in the market. With a USD 2.0 Mn. investment from SBI Holdings, our renewable energy business will be making a bigger push into rooftop solar to meet the rising energy requirements of the nation. Our partners in these businesses have been invaluable to our efforts and we continue to develop our relationships with them. We continue to pursue building new relationships that can bear fruitful partnerships in the future.

Although the country started recovering towards the end of 2019, the COVID-19 pandemic and the measures that were rapidly implemented to slow it down will have an economic impact that has yet to be determined. According to the Central Bank of Sri Lanka, we can expect the economic repercussions of the pandemic and ensuing lockdown to be even greater than that of the Global Financial Crisis of 2008. The impact on society may even last longer than the economic impact as people seek to minimise the risk of exposure and spreading the virus. We transitioned to remote working with relative ease as a result of our investments in cloud technology and the skilling of our employees, who have once again rallied around the Company to get us operating as effectively as we can under the circumstances and continue serving our customers.

It is difficult to determine at this point in time how our outlook for the rest of the year will have to account for the impact of COVID-19. While we are a traditionally conservative business, we are exercising even more caution regarding our investments and decisions on how to take the Company forward. Our Board continues to provide us with prudent advice and insights, and I thank them for their counsel. I would like to thank our investors, business partners, employees, and customers for their continued patronage and trust in us. The relationships we have built will play a crucial role in how we adapt to the challenges and uncertainties that 2020 brings. We pledge to uphold our values and continue delivering sustainable value to all our stakeholders.



Munir Shaikh
Chairman

27 May 2020