

**Sunshine Holdings is built on the foundation of trusted relationships. The reporting year was one that validated the trust placed in us, and which we endeavour to safeguard and strengthen as we execute our business strategy in pursuit of value creation.**

Dear Shareholder,

The reporting year was challenging for the Sri Lankan economy. Sunshine Holdings, however, continued to perform following a period of consolidation. Our success is a result of the perseverance and integrity of our teams in the diverse sectors within which we operate. It is also the result of the way we embrace innovation, always keenly aware of our responsibility to our shareholders.

### ARTICULATING OUR IDENTITY

In consolidating our businesses across the sectors, we re-examined what it meant to be uniquely "Sunshine" – going back to the Company's roots as well as evaluating our DNA today. In fact, this Annual Report reflects the character of Sunshine Holdings, structured as it is according to our Corporate Values. While all five of our values are relevant and apt, I believe that Trust is a useful measure with which to talk about our future potential. Since this year's performance is elaborated on in the following pages, I wish to explore the trust we place internally – for example, in our financial capital, our stewardship, our brands, and the soundness of our systems and processes; and the trust placed on us by external parties.

### TAKING STOCK OF THE OPERATING ENVIRONMENT

Looking ahead, we can be cautiously optimistic about a more conducive global economic environment for business. A US-China trade deal, if satisfactorily resolved, could help loosen financial markets, increase global demand and be beneficial for our consumer and agribusiness sectors. With political elections around the corner in Sri Lanka, and the uncertainty following the terrorist attacks in April 2019, volatility and unpredictability will remain the norm. However, with the IMF (International Monetary Fund) releasing the final tranche of its loan to Sri Lanka, following a suspension in November 2018 due to political instability, the country has received a thumbs up that could positively influence foreign investors and the international business community. The IMF's requirement that the Government complete its energy pricing reforms will directly impact our Group through our renewable energy sector. Continuation of the Extended Fund Facility will help Sri Lanka strengthen external resilience and macroeconomic stability, which would, in turn, boost medium-term economic growth while enhancing market confidence.

### RESILIENCE THROUGH DIVERSIFICATION

With these opportunities and risks in the horizon, we sought avenues to anchor the Group during the year, so that it will emerge stronger and more resilient than ever before.

Sunshine Holdings maintained its trend of performing resiliently in a year that had its fair share of challenges, particularly in some of our well-established lines of business. Group revenue growth during the year was an appreciable 6.9% to Rs. 22,642 Mn. Strong returns were generated through our healthcare and consumer sectors while diversification came to the fore in the agribusiness sector with our palm oil business making up for negative trends in global markets which impacted the tea plantation sector. Our nascent renewable energy business and dairy farm are proving their worth as robust additions to our Group. In general, our portfolio strategy has proved effective and provided the Group with the required resilience to post satisfactory results in a tumultuous market. The Board and I, together with the leadership teams across the Group are committed to ensuring that our businesses are governed sustainably, in harmony with the communities and environment within which we operate. Our recent strategic investments on new partnerships, streamlined systems and processes, and capacity building are expected to deliver solid results, sustained growth, and greater value creation across all our business sectors.

### IN APPRECIATION

As we move beyond the first 50 years of our legacy, I thank my colleagues on the Board whose support and counsel I hold in high regard. Together with the Board, I extend my gratitude to our investors, business partners, and customers for being part of our legacy. I also thank all employees for their dedication towards making the Group's Vision and Mission a reality.

Going forward, as we look to strengthen our brand and signal to stakeholders that their trust in us is well placed, as we remain open to prudent growth while strengthening relationships, increasing capacity, and being responsible stewards for the sustainability of the generations that follow.



**Munir Shaikh**  
Chairman

30 May 2019