

SECTOR REVIEW

HEALTHCARE

CONTRIBUTION TO GROUP



Hemas Healthcare Sector is one of Sri Lanka’s largest private healthcare providers with a strong presence across the healthcare value chain.

Pharmaceutical Distribution

The largest pharmaceutical distribution operation in the country representing over 50 global principals through its well-established distribution network.

Pharmaceutical Manufacturing

One of the largest private pharmaceutical manufacturers in the country focusing on building homegrown brands, having a world class manufacturing facility.

Hospitals

Two multi-specialty hospitals accredited by the Australian Council on Healthcare Standards International and chain of medical laboratories.



SLFRS S2 Indicators

| Pharmaceutical Distribution | Hospitals |
|--|--------------------------|
| No. of pharmacy locations | Number of Facilities |
| 3,200+ | 2 Hospitals |
| Total area of retail space | Wattala - 129 Beds, |
| 850,000 m ² | Thalawathugoda - 79 Beds |
| Number of surgical units sold (Both Surgicals and diagnostics) | Labs - 25 |
| 6,133,221 units | Collection Centers - 19 |
| Number of pharmacists | In patient admissions |
| 8,000+ | 17,593 |
| Number of pharmaceutical units sold | Out patient visits |
| 43,075,775 units | 453,279 |



STRENGTHS

PHARMACEUTICAL DISTRIBUTION

- Well established with over seven decades of existence
- Strong and enduring partnerships with principals
- Offering a wide range of products
- Sustained market leadership
- Wide distribution and sales network spanning the entire country

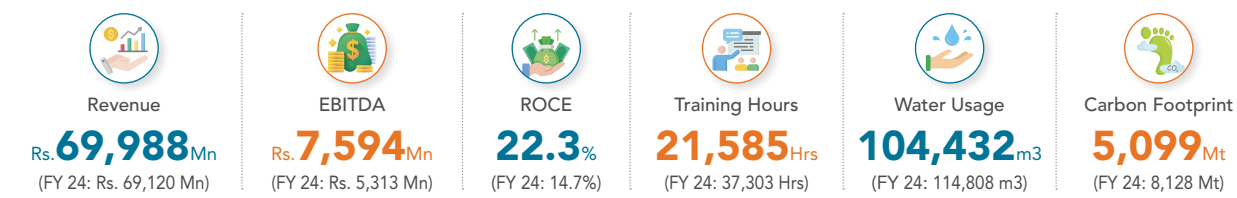
PHARMACEUTICAL MANUFACTURING

- Trusted household Over the Counter (OTC)/ consumer range
- The new state-of-th-art wordclass pharma manufacturing facility at Homagama
- Healthy traction for Morison's new branded pharma range with a unique value blend - EmpaMor is now the highest selling Empagliflozin brand in SL
- Strong new product development pipeline in the Non-Communicable Diseases (NCD) space with niche novel molecules
- Synergies of being part of the Hemas Healthcare ecosystem

HOSPITALS

- Trusted Healthcare brand (since 2007)
- Located in underserved areas, having high potential
- Achieved operational excellence
- Provision of a wide variety of services & specialties
- Lab network and sample collection centers currently in 44 key locations

PERFORMANCE HIGHLIGHTS





CHALLENGES

PHARMACEUTICAL DISTRIBUTION

- Highly regulated market
- Price fluctuations due to volatility in world market prices and exchange rates.

PHARMACEUTICAL MANUFACTURING

- Lack of clear and consistent policies to support the development of local pharma manufacturing industry
- Lack of a proper promotional code for pharmaceutical marketing creates challenges when attempting to increase awareness about the benefits and standards of our products among the medical fraternity
- Intense competition
- Retention of skilled and trained staff
- Inherent capital intensive nature of the industry with higher payback periods

HOSPITALS

- Relatively smaller player
- Retention of skilled staff
- Increasing cost of healthcare and reduced purchasing power impacting overall demand
- Constantly evolving and emerging technologies



ACTION

PHARMACEUTICAL DISTRIBUTION

- Increase partnerships to provide greater range and the latest medicines and medical equipment
- Leading the consultations with stakeholders on industry matters such as the finalisation of the pricing formula
- Reduce working capital requirement through enhanced working cycle management

PHARMACEUTICAL MANUFACTURING

- Ensuring strict quality standards with a patient centric approach
- Entry into the cardiovascular segment with three promising advanced molecules.
- Intensified focus on pharmaceutical manufacturing and brand building
- Liaise with industry bodies to develop a strong policy framework for pharmaceutical manufacturing
- Partnership with the Sri Lanka College of Endocrinologists (SLCE), to launch a training course for primary healthcare professionals on diabetes management

HOSPITALS

- Introduction of new specialties (Cardiology)
- Introduction of new services - Home care
- Digitisation initiatives
- Tie up with SLIIT to promote healthcare education
- Land acquired for Thalawathugoda hospital expansion



WAY FORWARD

PHARMACEUTICAL DISTRIBUTION

- Finalise and operationalise the pricing formula in a manner which is fair for all stakeholders
- Increase distribution network
- Explore more partnerships with the added objective of addressing underleveraged areas of strategic interest to further strengthen its market position.

PHARMACEUTICAL MANUFACTURING

- Pursue EU GMP accreditation
- Further strengthen the new product development pipeline
- Explore export opportunities
- Conducting capability building initiatives for teams
- Strengthen engagement with the medical fraternity with a meaningful and professional approach

HOSPITALS

- Increase in insurance penetration will drive greater demand for private healthcare
- Expansion of the Thalawathugoda hospital
- Capacity and Government spending constraints provides an opportunity for the Private sector to step in.
- Introduction of new specialties such as Oncology and Neurology
- Further expand the Lab network