



Hemas Holdings PLC Investor Presentation
Q1 FY 2017–2018

Hemas is a LKR 43 Bn Sri Lankan Wellness, Leisure and Mobility Business

Group Revenue by Segment
Q1 FY 2017-18

Largest private sector healthcare player with LKR 19 Bn. in revenues

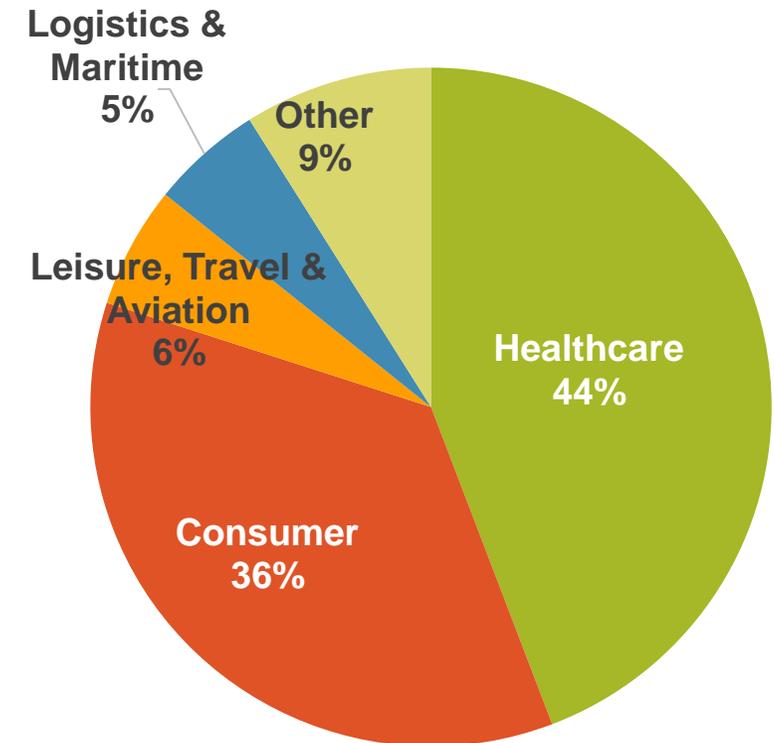
Sri Lanka's leading domestic H&PC manufacturer with 25% market share

Leading maritime house representing 4th largest caller at Port of Colombo

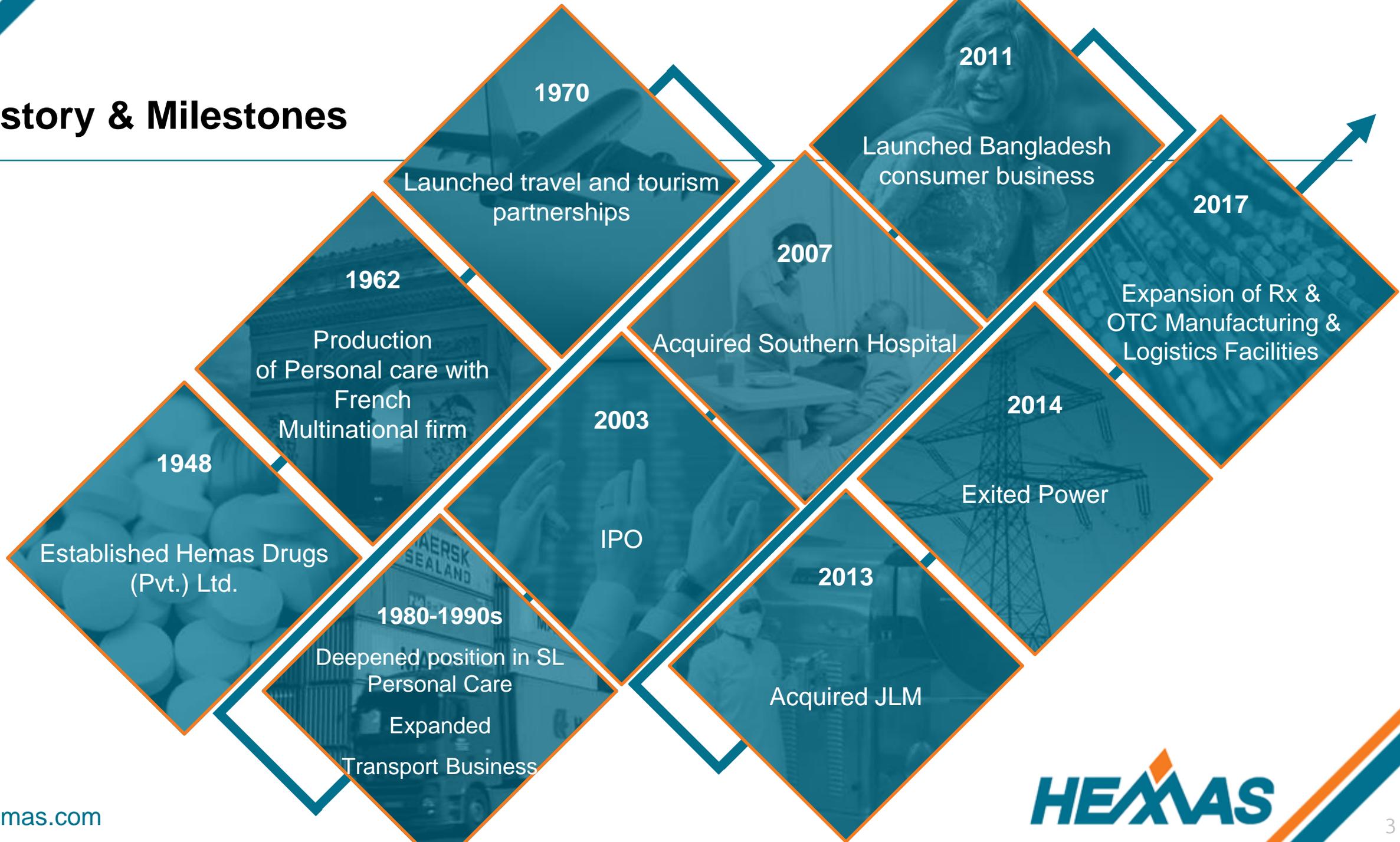
Largest private pharmaceutical manufacturing company

Market leading Value-added Hair oil brand in Bangladesh

Furthest reach across the Leisure, Travel and Aviation spectrum



History & Milestones



Across our businesses we are Enriching Lives and driving towards Market Leadership

Developing great Personal Care products and brands that delight Sri Lankan consumers

Developing our regional footprint by tapping into high growth emerging markets

Elevating our community with a focus on childhood education and development

Providing affordable healthcare outcomes for all Sri Lankans

Outstanding leisure experiences to the upscale traveler and excellence in aviation and travel services

Driving exceptional mobility solutions serving the nation's logistics needs

Business Highlights: Wellness



Premiumisation and Deepening our Positions in fast growth PC categories

- Launched new Velvet bath and body range as a means of expanding our position in skincare. The range is designed for Sri Lankan skin
- Number of relaunches and refreshes took place during the quarter (Kumarika and Baby Cheramy)
- Launched new Kumarika hair serum and shampoo
- Commissioned new soap plant at our Sri Lankan manufacturing facility



Expanding into Emerging International Personal care markets

- Expanded retail distribution footprint in Bangladesh from 114,000 to 132,000
- Launched "Kumarika" facewash and shampoo
- Launched a new feminine hygiene category "Sunny Day" in Bangladesh
- Entered into Pakistan and West Bengal



Streamlining Portfolio and Adding Pharma manufacturing capacity

- Exited the agricultural portfolio at Morison PLC to enable the business to focus on excellence in Rx and OTC manufacturing
- New Morison PLC manufacturing facility in partnership with Sri Lanka's leading nanotechnology research institute.



Reconfiguring hospitals to improve asset utilization

- Added 27 new single occupancy rooms at our flagship hospital – Hemas Hospitals Wattala.
- Added 4 luxury patient room categories at Thalawathugoda hospital and 5 patient rooms at the Galle hospital
- Expanded our surgical capabilities in Orthopaedics and Neurosurgery

Business Highlights: Leisure and Mobility



Expanded portfolio of maritime services

- Secured our first mainline shipping Principal, Evergreen Shipping Lines– one of the largest callers at the Port of Colombo, a significant scale up for Hemas Maritime.
- Broke ground on "Hemas Logistics City", a state of the art container yard and warehouse to serve Sri Lanka's growing logistics needs.



Developing a suite of offerings for the upscale traveller

- Expanded Aviation Representation Portfolio to emerging tourist destinations.
- Opened Anantara Kalutara, the second Anantara Resort developed in partnership with Minor Group; HHL's effective shareholding is 12%
- Anantara Peace Haven Tangalle wins multiple awards including Condé Nast Readers' Choice Award for Top 9 Hotels in Asia, Top 25 Hotels of Sri Lanka, Top 25 Luxury Hotels – Sri Lanka, and Top 25 Hotels for Service – Sri Lanka.
- During Q4, we unified ownership of all our leisure investment property, travel and aviation businesses outside Serendib Hotels, under one single entity, Leisure Asia, 100% owned by HHL.



People and Innovation

Launched First year of development program in partnership with Indian Institute of Management Bangalore (IIMB), to prepare Hemas Future Leaders

Launched a Group-wide Wellness initiative to make Hemas the healthiest workforce in Sri Lanka

Trialling a Wellness Platform across the group and at two of Colombo's largest employment locations (leading IT park – Orion City and World Trade Centre) to meet health and wellness needs via digital delivery modes

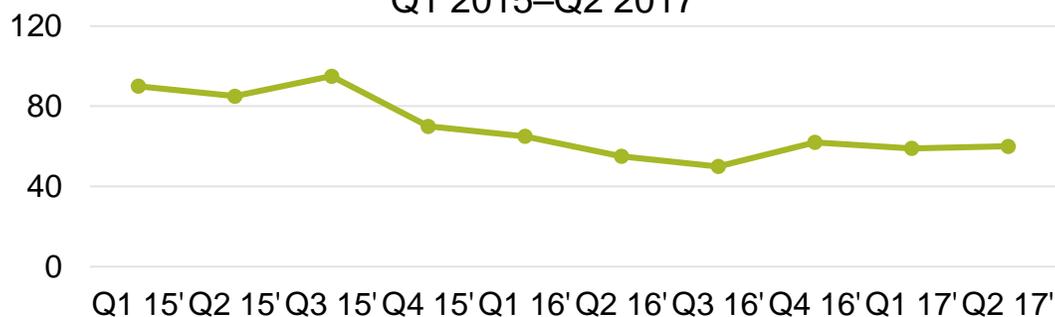
Continue to drive digital initiatives around the group including finding better ways to reach customers through eCommerce across all business segments

Sri Lanka Personal Care Market

- Q1 of FY 18, country suffered a drought and flood at the same time, inflation moved up but is now trending downwards
- Inconsistent growth in the industries sector and slowing growth of services is hurting the overall economy in Sri Lanka
- Some signs of recovery seen in both business and consumer indices as state of personal finance and investment climate expected to improve
- No significant changes in pack size and price points selected during the inflationary periods, marginal move towards medium and large pack sizes
- Consumers experimenting with more categories than before. More focus on premiumisation, problem-solution and adult propositions in personal care
- Tougher rural market conditions, more taxes on consumers. Foreign investment, job creation and exports stimulating demand.

Nielsen Consumer Confidence Index

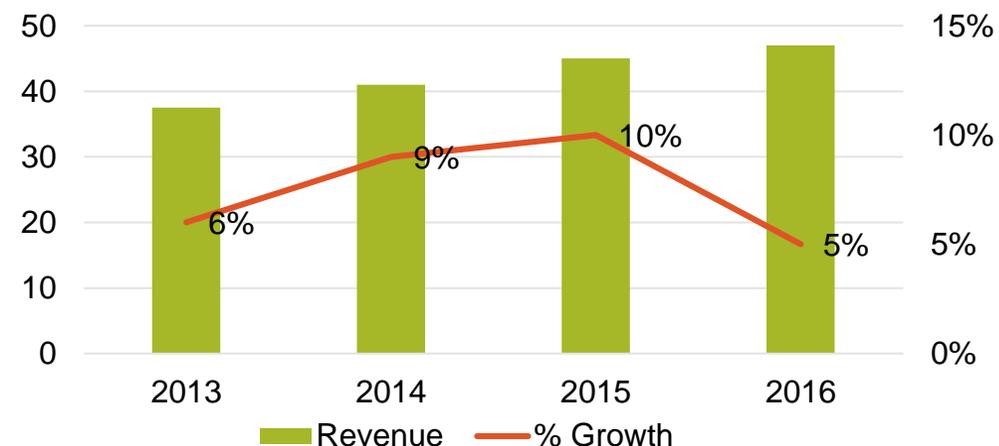
Q1 2015–Q2 2017



24.3%
4-year
Hemas
Consumer
CAGR

Sri Lanka Home & Personal Care Industry Spending and Growth in LKR Bn.

2013–2016



Source: Lanka Market Research Bureau (LMRB), Nielsen Sri Lanka.

Our Consumer Business develops products specifically for Sri Lankan needs

- 50 year old business and 6 Power Brands, that are household names
- Market leader in Baby care, Beauty soap and Hair oil
- Relentless focus on delighting the Sri Lankan consumer

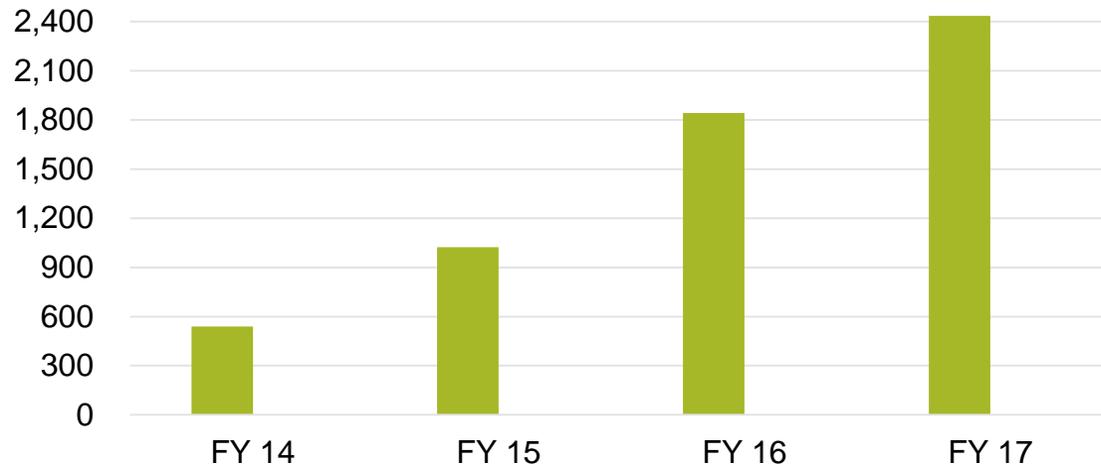


Hemas Consumer Bangladesh

- Kumarika hair oil has 20% share in the value-added hair oil segment in Bangladesh
- 132,000 retailers reached through own distribution
- Launched 2 variants of a “Science + Nature” based face wash in 2016 under the Kumarika brand
- Consumer willingness to premiumise, explore new variants drives growth
- Selective exploration of other categories including feminine hygiene.



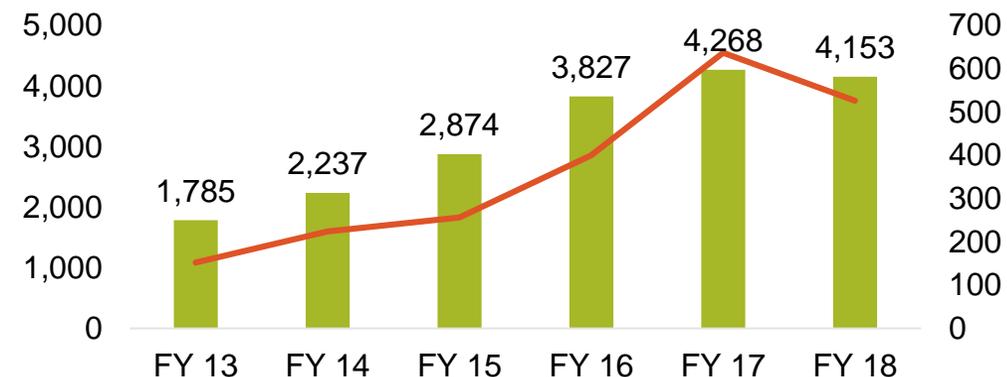
Bangladesh Revenue in LKR Mn
FY 2013/14 - FY 2016/17



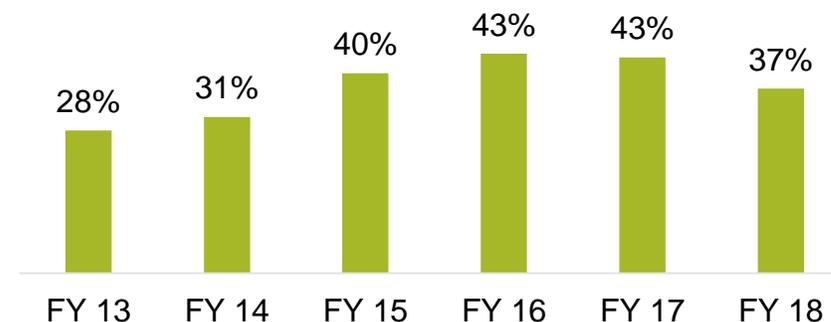
Consumer Sector Performance & Highlights

- Consumer sector revenues are Rs.4.2Bn
- Total revenue indicated a decline of 1.5% YoY. Operating profits were Rs.526.4Mn 17.3% YoY drop
- Revenue and profitability impacted by sub-par Bangladesh performance, restructuring programme of Bangladesh Sales & Distribution and bad weather conditions in both countries during Q1
- Sanitary napkins, Shampoo and Skincare products indicate marginal growth. All the other categories have remained stable
- Driving growth in underpenetrated categories – e.g Feminine hygiene and Baby diapers
- International markets are a key vector of growth

Hemas Consumer Sector Revenues & EBIT in LKR Mn.
Q1 FY 2012/13– Q1 2017/18



Consumer Revenue Share of Group
Q1 FY 2012/13– Q1 2017/18



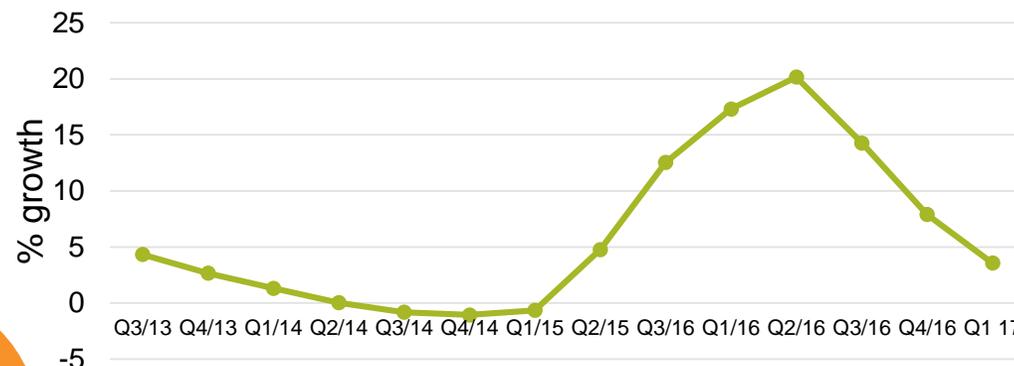
Sri Lanka Healthcare Trends

- Growing burden of NCDs, underpinned by aging population contributing to increased Cardiovascular disease and Diabetes
- Middle class consumers seeking convenience: 50% of patients use private outpatient services compared with 5% inpatient
- Government agenda is to reduce cost burden, and limit healthcare cost inflation
- Price regulation enacted in November 2016 covering select pharmaceutical molecules
- State encouraging more domestic manufacturing of pharmaceuticals in the current 85%+ import market
- VAT applied to portion of Private hospitals' room charges and consultation fees

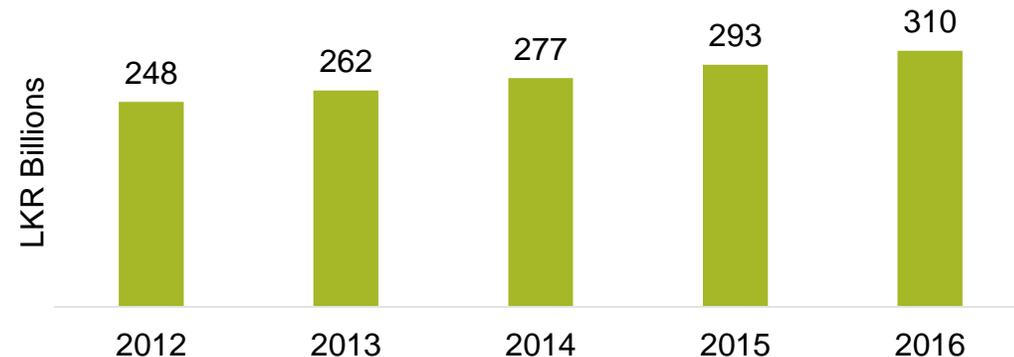
23%
4-year
Hemas
Healthcare
CAGR

Source: IMS, Institute of Health Policy, Internal Analysis

Private Retail Pharmaceutical Market Growth
FY 2013–FY 2017



Sri Lanka Total Health Spending in LKR Bn.
FY 14 – FY 16E



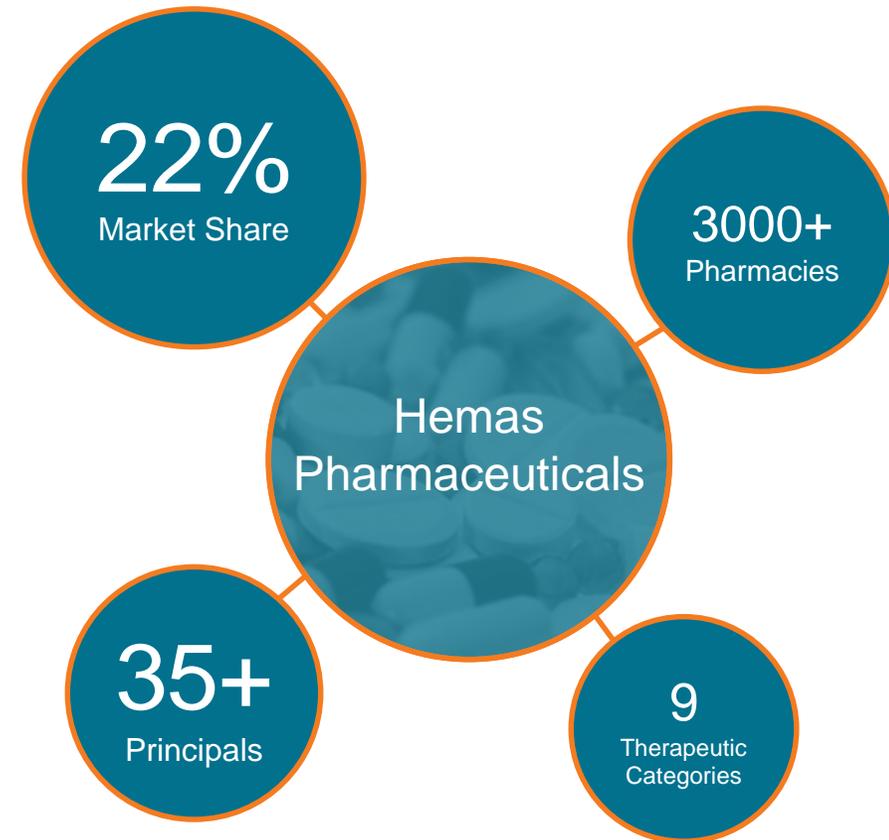
Hemas Healthcare: Leadership in Pharmaceutical Distribution, Manufacturing and Healthcare Services

- Market leader in private retail pharmaceutical distribution services with 22% share
- Representation of major Multinational pharmaceuticals and Branded generics manufacturer
- Leading private suburban hospital network with 237 beds
- 34 laboratories—largest diagnostics footprint in Sri Lanka
- Morison PLC is the leading Rx and OTC manufacturer in Sri Lanka and one of the largest suppliers to government.



Source: IMS

Hemas represents the largest global multinational pharmaceutical manufacturers

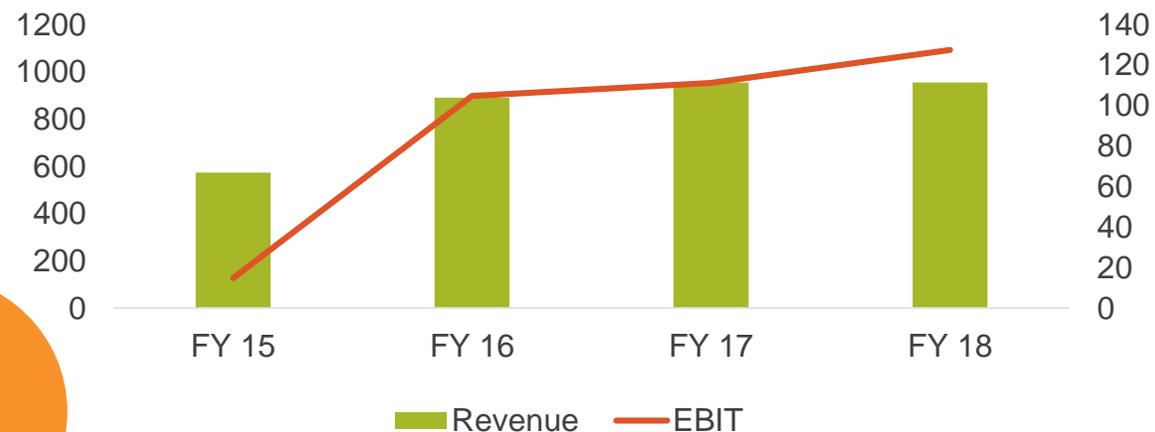


Morison PLC Pharmaceutical Manufacturing

- Through our Morison PLC Rx and OTC manufacturing subsidiary, acquired in 2013, we own and market household brands such as Lactocalamine and Gripe Mixture.
- Manufactures 70 high quality Rx formulations, and recently launched 3 branded molecules under “Morisons” brand.
- Signed a 5 year buy-back agreement in 2015 to provide government with essential medicines.
- Morison posted a revenue of Rs.954.7Mn and PAT of Rs.118.7Mn and underlying growth of 7.6% and 19.5% respectively.
- Broke ground in Q1 2017-18 on new manufacturing facility at an investment of \$13.5Mn to double capacity and significantly enhance quality standards and processes.
- New facility to come online in 2019, in partnership with SLINTECH, Sri Lanka’s leading nano-technology research centre.

35%
Earnings
growth
since
acquisition

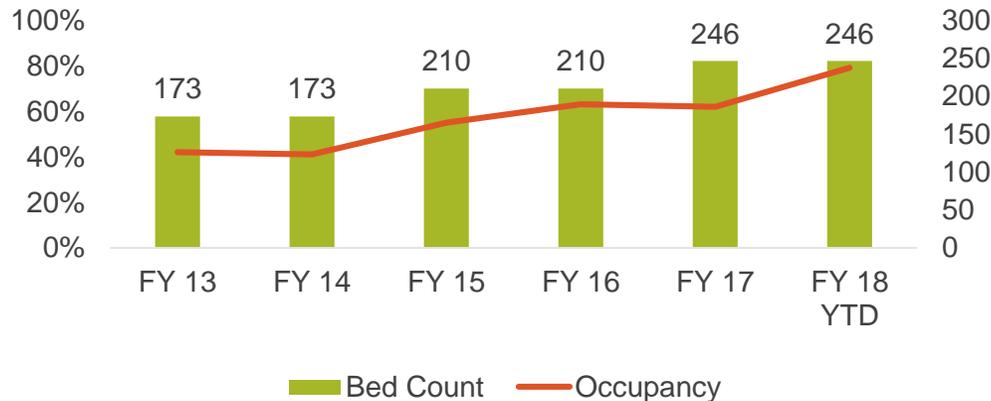
Morison PLC Revenues & EBIT in LKR Mn
Q1 FY 2013/14– Q1 2017/18



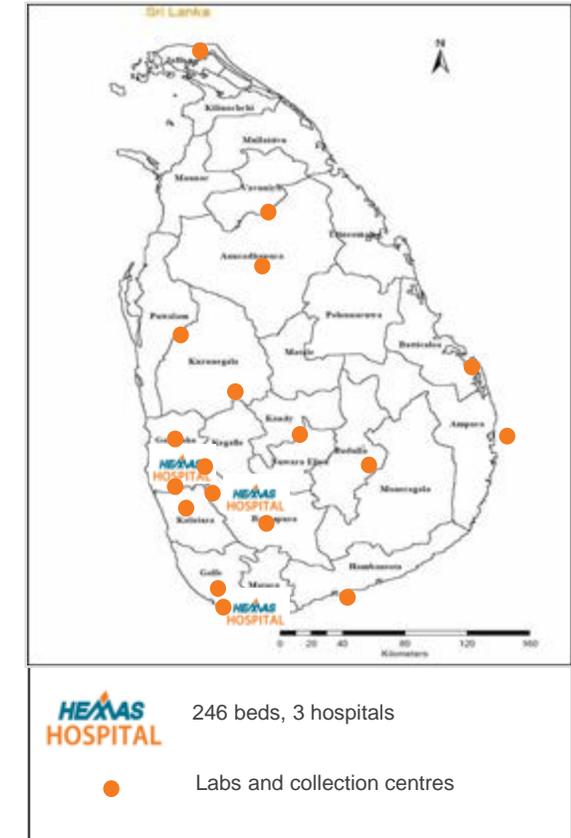
Hemas Hospitals

- Leader in non-urban based hospital and diagnostics services, with a vision of reaching patient populations where they live.
- 3 multi-specialty, ACHSI accredited hospitals in the North of Colombo, East of Colombo and in the Southern Province.
- Focus is on growing healthcare services reach through asset-light models
- Operating a Corporate Polyclinic, at a leading IT park in Sri Lanka
- Digital platform to accompany the rollout of Wellness management programmes

Hemas Hospitals Occupancy and Bed Count
Q1 FY 12/13-FY16/17



Hemas Hospital & Laboratory Network, 2016

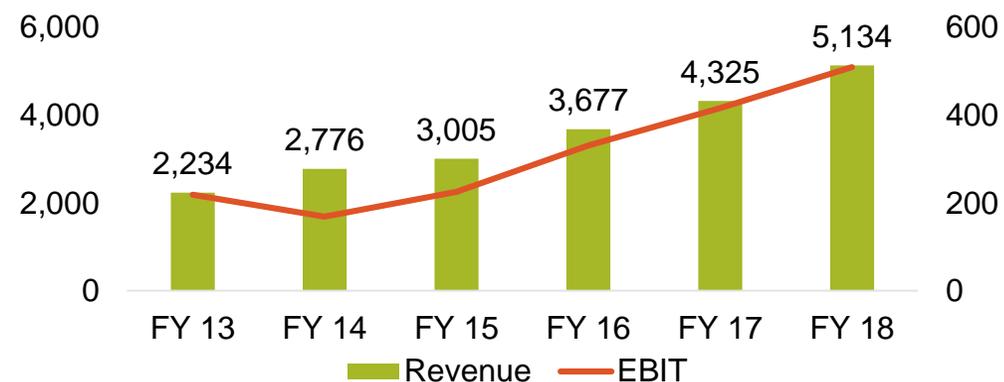


Healthcare Sector Performance & Highlights

- Healthcare sector revenues are Rs.5.1Bn, total revenue growth of 18.7%, EBIT growth of 22.4%
- Revenue growth driven by good volume growth at Pharma distribution and hospitals resulting from nation-wide epidemics.
- Profitability at pharma distribution impacted by government price controls. Managing the subsequent impact and foreign exchange losses as a result of LKR depreciation was a key operational challenge.
- In Pharma distribution, continued focus is on growing portfolio and developing out underpenetrated therapeutic classes and regions.
- Hospitals focus is on driving asset utilization and margin improvement, all three hospitals registered Q4 standalone positive profitability at the PAT level for the first time.
- To add value to the healthcare landscape, Digital Health Services was launched under the brand Ayubo.life in June 2017.

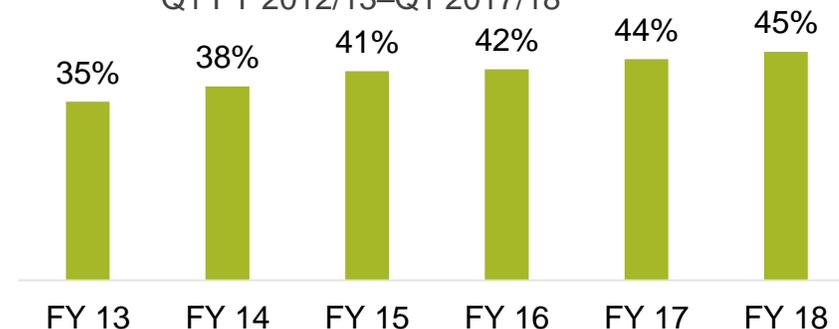
Healthcare Sector Revenues & EBIT in LKR Mn.

Q1 FY 2012/13–Q1 2017/18



Healthcare Revenue Share of Group

Q1 FY 2012/13–Q1 2017/18



Logistics and Maritime Industry

7%-8%

Domestic Logistics
Growth

- Domestic logistics industry estimated to be \$6Bn - \$7Bn
- More customers demand end to end supply chain solutions from logistics operators.
- Infrastructure development via ports, airports and expressways, FTZs adding to total logistics capacity.

- Freight rates to continued to see a drop during the past year with declining oil prices
- 75% of shipping volumes are transshipments
- Port of Colombo to serve as major transshipment hub for South-Asia
- Trend in low costs carriers entering the SL market – eroding current yields

6%

Increase in Annual
Shipping Volumes

Through our Mobility arm, we are securing new accounts and growing capacity in logistics, warehousing and haulage



- Integrated portfolio of container haulage, container operations, warehousing, and transportation of project and over-dimensional cargo.
- Growing base of leading domestic and MNC 3PL clients.
- 6 acre container terminal.
- Broke ground on \$18Mn Logistics City, a state-of-the-art warehouse and container park; a 50-50 JV with global 3PL provider, GAC Global



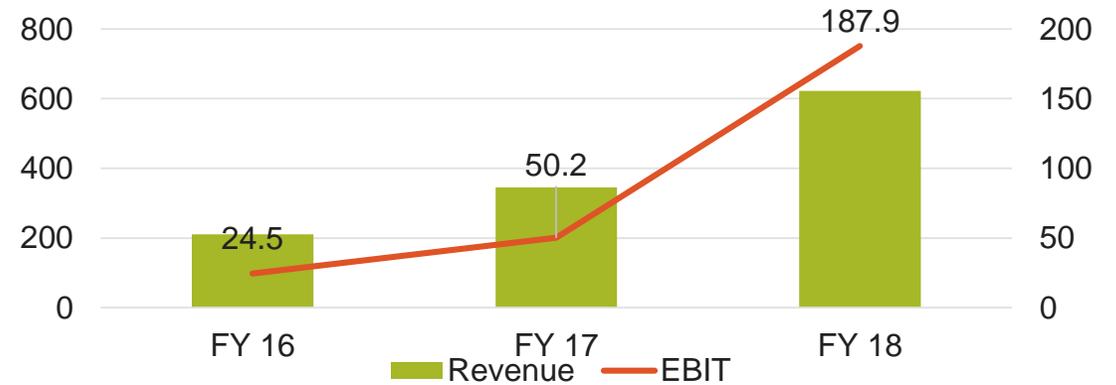
- Appointed General Agents for Evergreen, the fourth largest mainliner calling at the Port of Colombo with revenues of US\$ 4 Bn.
- Operates the largest feeder service to the Bay of Bengal
- Representatives of Far Shipping Lines (FSL) Singapore
- Exclusive agent for 'HC line' and NVOCC operator 'Asian Tiger Shipping'

Mobility Sector Performance & Highlights

- Mobility sector revenues are Rs.622Mn; revenue growth of 80.8%, EBIT growth of 274.0%
- Revenue growth driven through increased volumes from shipping line Evergreen and Far Shipping (earlier reported as a JV).
- Logistics growth from increased handling volumes and 3PL services for new clients.
- New state-of-the-art Logistics Park to be underway at an investment of \$10 million to consolidate warehousing, improve capacity and provide a range of new services to clients.
- This new investment is through a joint venture with GAC and our investment will be USD 5.2Mn.
- Continue to develop deeper competences in maritime services and build closer relationships with existing Principals.

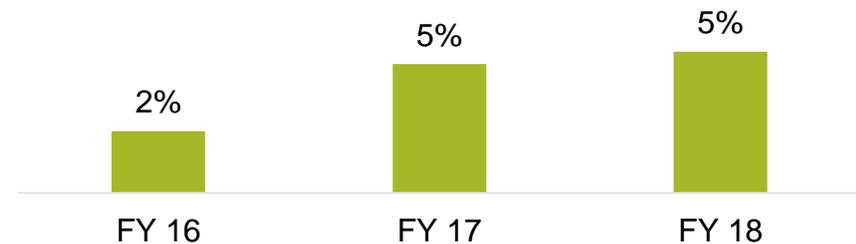
Mobility Sector Revenues (LKR Bn) & EBIT (LKR Mn)

Q1 FY 2015/16–Q1 2017/18



Mobility Sector Revenue Share of Group

Q1 FY 2015/16–Q1 2017/18

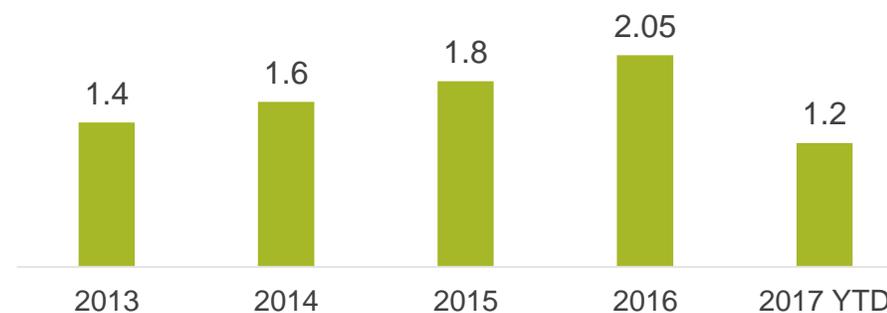


Sri Lanka Tourism Industry

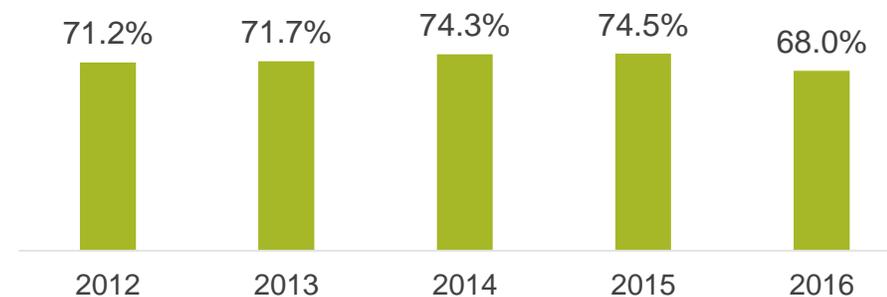
- Significantly subdued quarter in a typically slow season for tourism compounded by travel advisories related to dengue epidemics and inclement weather.
- Double-digit tourist arrivals growth down to 7% during Q1 of FY 17/18; decline in emerging markets of China, Maldives, Middle East and Russia.
- Occupancy rates at graded hotel establishments growing along with inventory, however informal sector growing much faster.
- Formal tourism sector earnings crossed \$3 Bn, but significantly undervalued as contribution from informal sector is not captured.
- Graded (1–5 Star) establishments increased their capacity by 7.9%, up from 18,078 rooms in 2014, to 19,377 rooms by December 2015.
- Slew of new foreign hotel brands including Shangri-La, Movenpick, ITC, Hyatt Regency, Marriot and Anantara developments either in early development or underway.

Source: Sri Lanka Tourism Development Authority

Tourist Arrivals in Millions
2012–2017



Hotel Occupancy in Sri Lanka
2012–2017



Leisure, Travel and Aviation Business

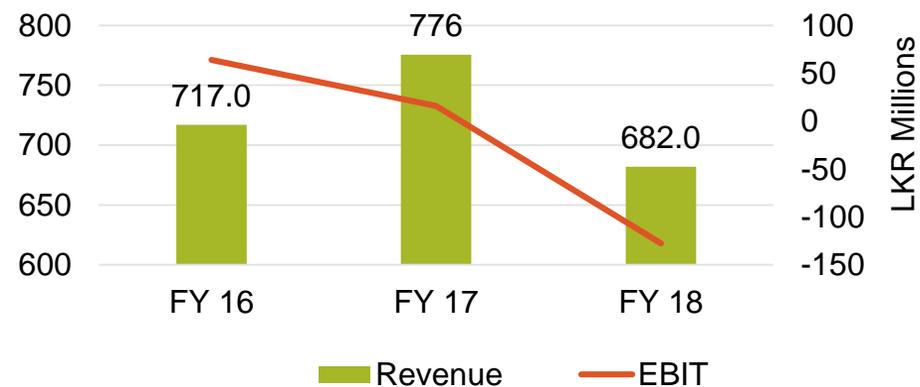
- Ownership and operation of hotels through listed subsidiary Serendib Hotels PLC
- Joint Venture partnership with the Minor Group to develop Anantara and Avani brands
- Inbound Travel joint venture partnership with the Diethelm-Kellar Group
- Wholly-owned Outbound Travel business – Hemas Travels, a leader in Corporate Travel
- Aviation representation services of leading airlines including Emirates and Malaysian Airlines
- Appointed GSA for Eva Air, private Taiwanese Airline subsidiary of Evergreen Corporation



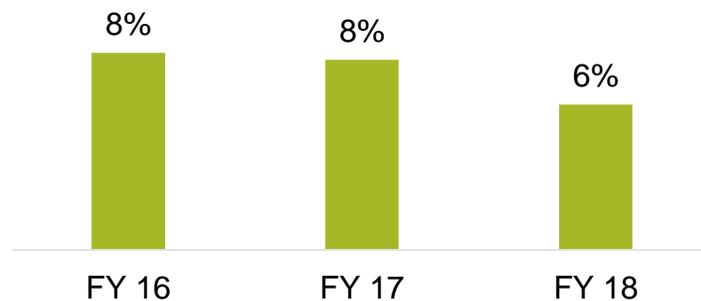
Leisure Travel and Aviation Performance & Highlights

- LTA sector revenues are LKR 682Mn, a decline of 12.1% over the previous quarter; Overall profitability of this segment continued to be below expectations.
- Serendib Hotels reported a 2.5% fall in revenue due to decline in average room rates and occupancies across the group
- Performance of Anantara Peace Haven Tangalle Resort ramped up during the last quarter under review
- Travel and Aviation segment indicated a growth in revenue of 5.4%.
- Focus on the “upscale traveller”, with dedicated products and services targeted towards this segment.
- Developing strong competences around Aviation management services
- During Q4 FY 17, we unified ownership of all our leisure investment property, travel and aviation businesses outside Serendib Hotels, under one single entity, Leisure Asia, 100% owned by HHL.

LTA Sector Revenues & EBIT in LKR Mn
Q1 FY 2015/16– Q1 2017/18



LTA Revenue Share of Group
Q1 FY 2015/16– Q1 2017/18

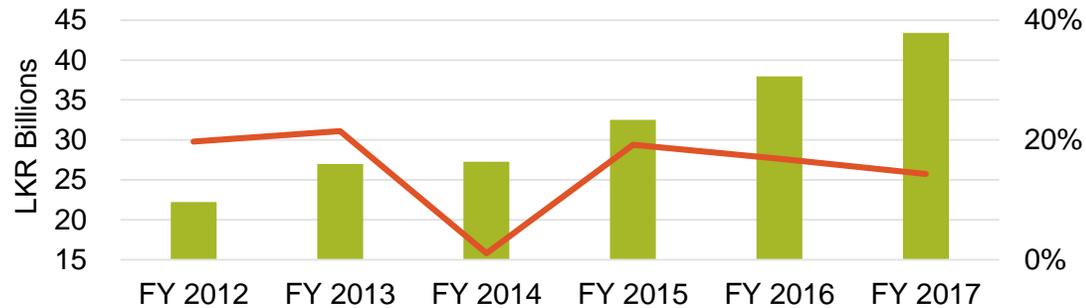


Financial Highlights

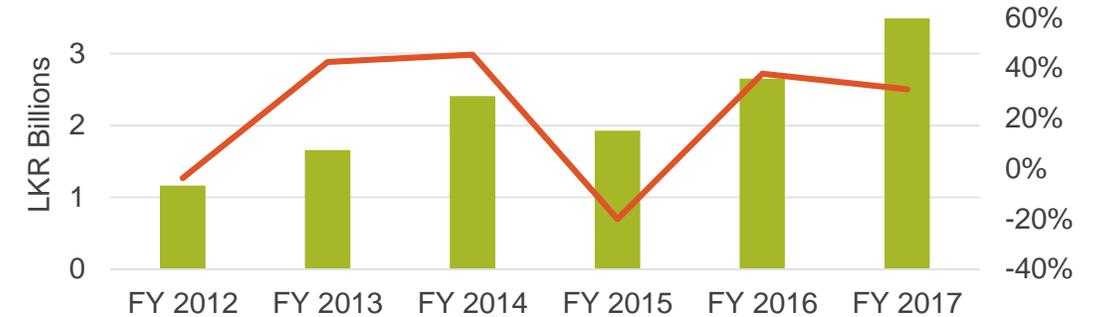
As at 30 th of June	Q1 2014/15	Q1 2015/16	Q1 2017/18
ROE %	10.5%	12.5%	11.0%
EPS (Rs.)	0.7	1.2	1.2
Net Asset Value (Rs.)	35.2	39.7	44.7
Share Price as at March 31 st (Rs.)	82.0	86.0	153.1
Market Cap in Bn as at March 31 st	Rs.47.0Bn	Rs.49.3Bn	Rs.87.7Bn

Group Performance

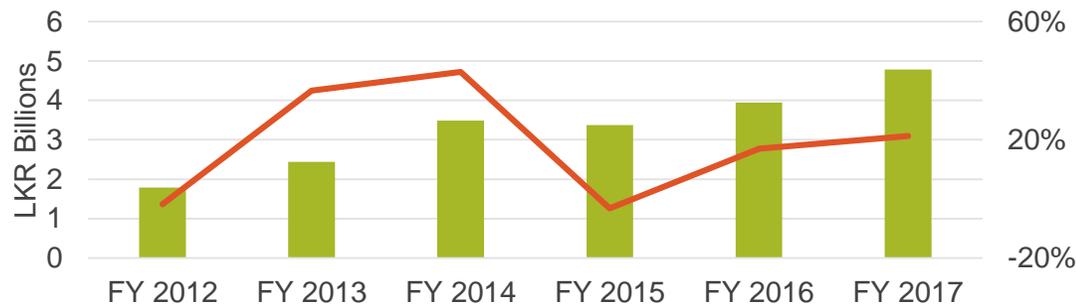
**Group Revenue and % Growth
FY 2012 – FY 2017**



**Group Earnings and % Growth
FY 2012 – FY 2017**



**Group EBIT and % Growth
FY 2012 – FY 2017**



14.3%
5-year
Revenue
CAGR

Note: 2013/14 Net Earnings have been impacted by one-off item i.e. Capital gain due to the transfer of Peace Haven hotel land to a joint-venture at fair value Rs.1.5 bn

Abhimana

- Abhimana is our ethos of sustainability that describes our vision of a sustainable and co-operative society, of people living and working together
- Inline with this, we have released our [Sustainability Report](#) providing insight into the Group's sustainability philosophy and initiatives in line with the Global Reporting Initiative G4 guidelines (GRI- G4)
- Today, our strategic path is governed not only by how well we develop growing commercial opportunities but also by listening to and responding to the communities of which we are a part.



AYATI

- First National Centre for Children with Disabilities to be constructed at the Faculty of Medicine of the University of Kelaniya in Ragama
- Hemas being the largest private sector healthcare Company in Sri Lanka took initiative to address a major gap in the national healthcare system by launching the first national center of excellence for children with disabilities
- The AYATI center will provide opportunities and hope for children with disabilities to achieve their maximum potential and be fully integrated into our society.
- This initiative will address a burning national issue prevailing in the country, by establishing a national center of excellence to provide these children with multidisciplinary care
- The proposed 42,000 sq.ft AYATI center designed by renowned Architect Channa Daswatte, and spread across 1.5 acres in the North of Colombo
- The centre will function as a hub with connected spokes to the peripheries within the 25 districts in Sri Lanka and will pioneer the provision of telemedicine to distant centers within low-resource areas during the initial phase





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