



Hemas Holdings PLC Investor Presentation
Q1 FY 2018–2019

Hemas is a LKR 51Bn Sri Lankan Wellness, Leisure and Mobility Business

Largest private sector healthcare player with LKR 16Bn in revenues

Largest private pharmaceutical manufacturing company

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

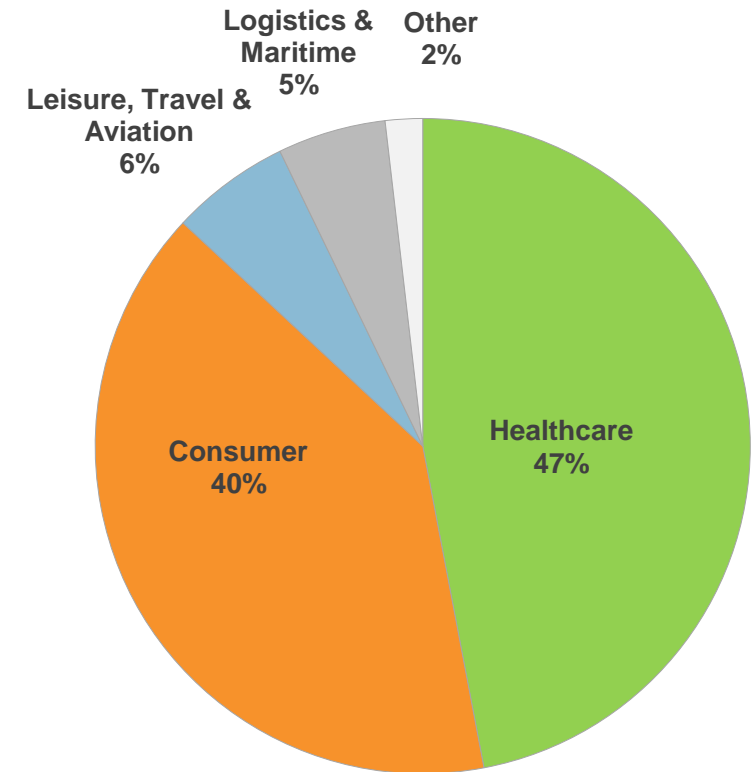
Market leading Value-added Hair oil brand in Bangladesh

Leading office and school stationery brand

Leading maritime house representing 3rd largest caller at Port of Colombo

Furthest reach across the Leisure, Travel and Aviation spectrum

Group Revenue by Segment
Q1 FY 2018–19

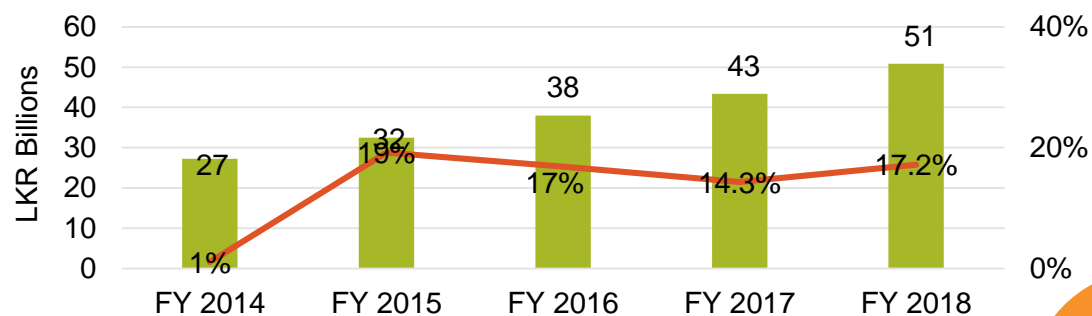


Financial Highlights Q1 FY 2018–2019

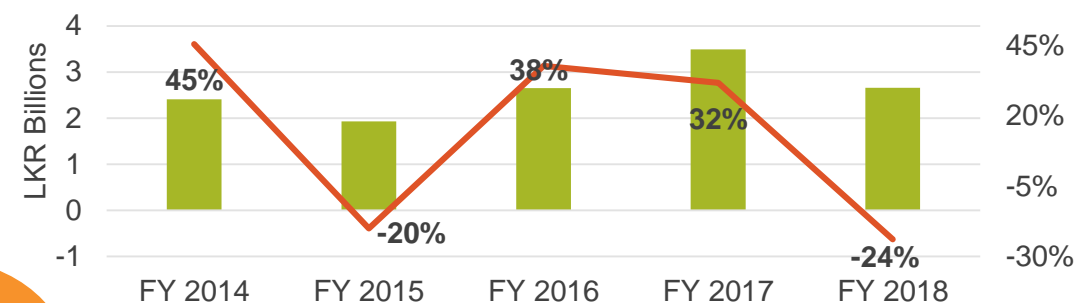
LKR Mn	Q1 2018/19	vs 2017/18	vs 2017/18	
Revenue	13,505	+2,374	+ 21.3%	<ul style="list-style-type: none">• Robust performance of domestic consumer and healthcare sectors
EBIT	895.7	+30	+3.5%	<ul style="list-style-type: none">• Under-performance of N*Able, technology business• Profitability challenges at Pharmaceutical distribution stemming from exchange rate depreciation and price controls• Increased operating costs at Morison• Start-up losses on digital healthcare and West Bengal
Earnings	554.3	-140	- 20.2%	<ul style="list-style-type: none">• Loss of interest income from investing in Atlas• Working capital requirements from expansion of Pharmaceutical Distribution portfolio• Loan financing Spectra logistics park

Five Year Summary of Group Performance

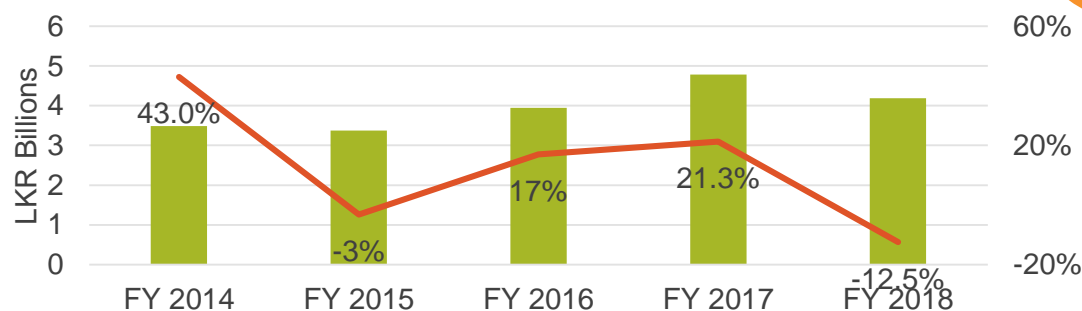
Group Revenue and % Growth
FY 2014 – FY 2019



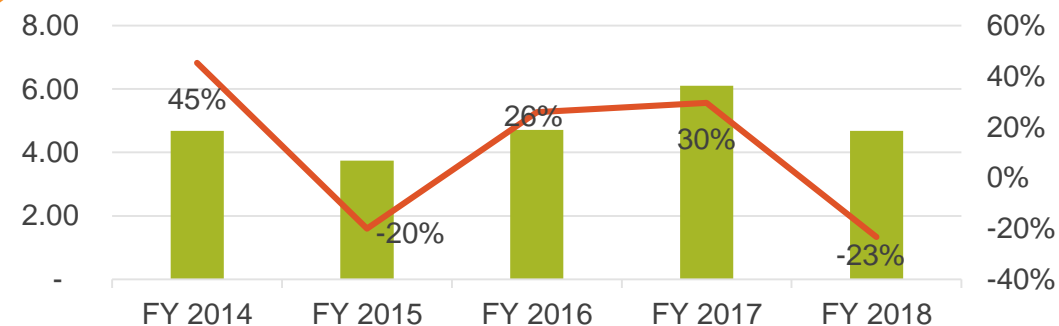
Group Earnings and % Growth
FY 2014 – FY 2018



Group EBIT and % Growth
FY 2013 – FY 2018



EPS and EPS Growth %
FY 2014 – FY 2018



18%
5-year
Revenue
CAGR

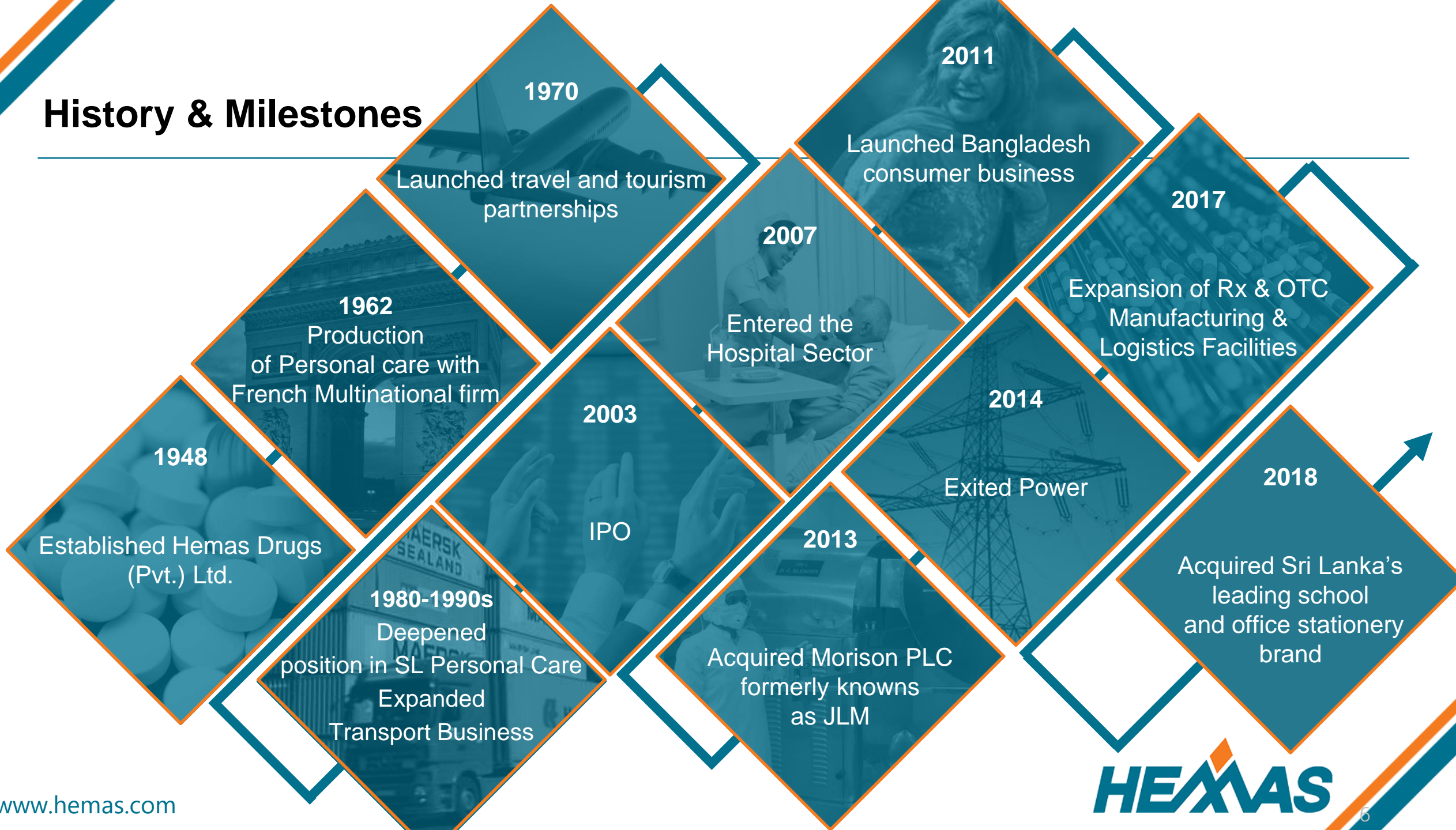
Note: 2013/14 Net Earnings have been impacted by one-off item i.e. Capital gain due to the transfer of Peace Haven hotel land to a joint-venture at fair value Rs.1.5 bn

Key Performance Indicators

As at 30 th June	Q1 2016/17	Q1 2017/18	Q1 2018/19
Total Shareholder Return	6.7%	40.8%	-9.4%*
ROE %	12.5%	11.2%	8.4%
EPS (Rs.)	1.2	1.2	0.9
Net Asset Value (Rs.)	37.9	44.7	45.8
Share Price as at June 30 (Rs.)	86.0	153.1	113.1
Market Cap in Mn as at June 30 (Rs.)	Rs.49.3Bn	Rs.87.7Bn	Rs.65.0Bn

Note*: Q1 2018/19 Total Shareholder Return was calculated from 31st March 2018 to 30th June 2018 where share price declined from 124.9 to 113.1 over the period.

History & Milestones



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

Developing great Consumer 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

FY 2018 Business Highlights: Consumer & Healthcare



Premiumisation and deepening our positions in fast growing Personal Care categories

- Re-launched *Dandex* Shampoo
- *Fems* launched 3D Sanitary napkin

Building for sustainable growth

- Profit improvement project with global consulting firm
- Re-defined our Route-To-Market excellence both in Sri Lanka and in Bangladesh



Expanding our footprint in Emerging International Personal care markets

- Relaunched *Kumarika* hair oil with improved formulation in December 2017
- Continued focus on expanding into rural markets in Bangladesh
- Introduced a marbleized herbal beauty soap under *Kumarika* brand in Bangladesh and continue to push visibility of *Kumarika* facewash
- Continuing to drive early stage performance of West Bengal; Pakistan on hold due to resource constraints



Streamlining Portfolio and Adding Pharma manufacturing capacity

- Introduced “Morison”—a new identity for JLM in line with the ambition to be an innovator in pharmaceuticals
- Morison adds Biocon’s affordable diabetes range to the portfolio
- Hemas Pharmaceutical Distribution commenced operations in Myanmar through a joint venture partnership
- Morison PLC launches baby diapers in Myanmar under the brand “Bunnies”.



Improved hospitals operating model:

- Added high-demand bed capacity
- Recertifications for quality excellence: Australia Council on Healthcare Standards International (ACHSI) and ISO

FY 2018 Business Highlights: Leisure and Mobility



Expanded portfolio of maritime services and deepen offering in domestic logistics and distribution

- Launched “Spectra”, our joint venture 3PL brand with GAC Global, commencing operations with a new state-of-the-art container yard in the Muthurajawela Industrial Zone



Developing a suite of offerings for the emerging and upscale traveller

- Serendib Group acquired 100% stake of the boutique beach-front properties ‘Lantern’ Group for an investment of LKR 417.0Mn
- Serendib Leisure Management also took over the management of Villa 700, a five-room property located in Induruwa
- Expanded aviation representation portfolio to emerging carriers, adding IndiGo and China Southern



January 2018: Hemas Consolidates FMCG position by acquiring Atlas - Sri Lanka's most loved brand of 2017

- Hemas acquired 75.1% of Atlas Axillia Company (Private) Limited, Sri Lanka's leading School and Office brand, for a purchase consideration of Rs.5.7Bn (10x PE and 6X EBITDA)
- Atlas holds a leading position in School and Office with over 40% market share and has been voted Sri Lanka's most loved brand including 2017
- The business has a strong financial and dividend track record.
- Atlas will be the third largest business in the Hemas Holdings Group and will operate independently as a subsidiary of Hemas Holdings PLC.
- Atlas will add approximately 15% to our revenues but will introduce increased seasonality to our earnings due to the importance of the back to school season in Q3 of the financial year.
- With the acquisition of Atlas, Hemas is seeking to consolidate its leadership in Sri Lankan consumer brands.

Value Creation: continuing to drive Atlas' excellent sales and profitability growth

- Leverage synergies in sales and distribution
- Explore new routes to market
- Continue to drive lean manufacturing agenda
- Brand building and premiumization
- Extend brand selectively to emerging markets



People and Innovation

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

Second year of Group-wide Wellness initiative to make Hemas the healthiest workforce in Sri Lanka with encouraging results

Continue to invest and improve the operating models of “Ayubo.life” and other digital healthcare start-ups

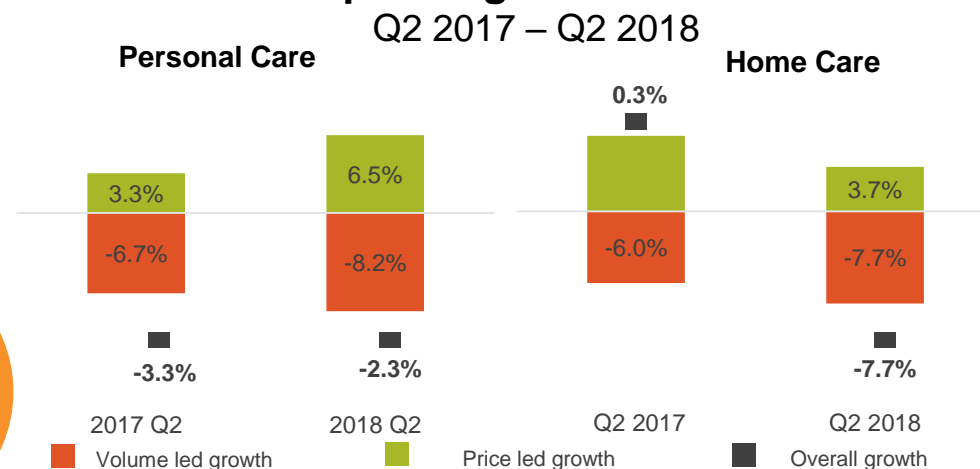
Continue to find better ways to reach customers through eCommerce across all business segments

Sri Lanka Home & Personal Care Market

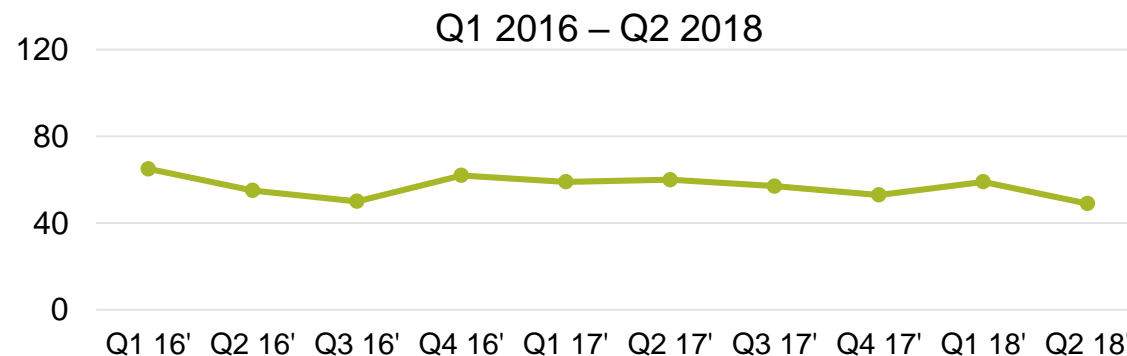
- Continued volume decline in personal care and home care industry
- FMCG value sales growth in Sri Lanka experienced a -3.0% drop during MAT June 2018
- Prices have stabilized for personal care and home care
- Emerging categories of personal care and home care are driving growth
- FY 2017/18 was one of depressed consumer sentiment
- Though inflation is easing now, consumers are still wary of personal finances and consumption expenditure
- Discretionary spends are pushed for later as households prefer to save and spend on future

16%
3-year end
Hemas
Consumer
Rev CAGR

Sri Lanka Home & Personal Care Industry Spending and Growth



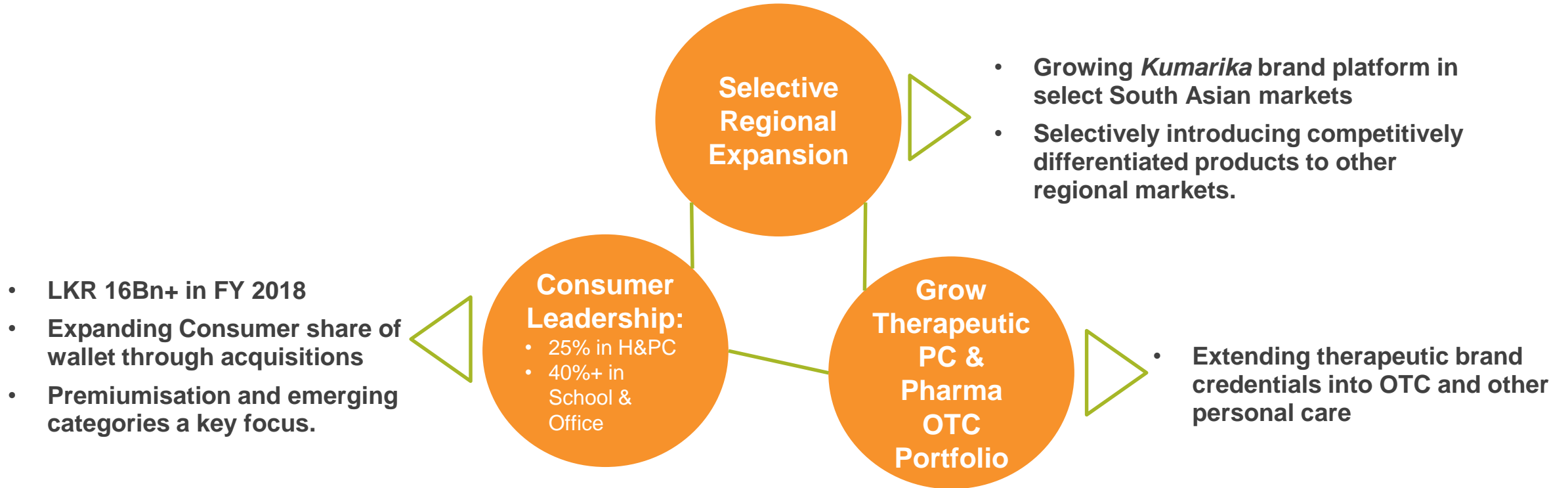
Nielsen Consumer Confidence Index



Source: Nielsen Sri Lanka.



Building a stronger presence in Consumer markets



Our Domestic Consumer Business develops products specifically for Sri Lankan needs



Consumer Brands Portfolio:

- Market Leadership – either #1 or #2 in categories
- Developing portfolio for local needs
- Building differentiated “Sri Lankan” brands

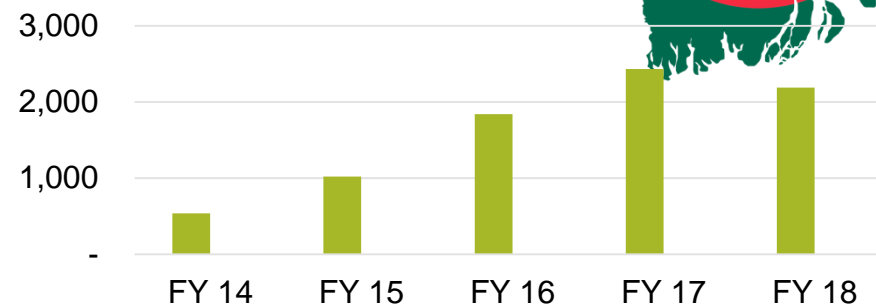
FY 2018 Market Share

Baby Care	48%
Toothpaste	31%
Beauty Soap	20%
Hair Oil	54%
Laundry detergent	26%
Feminine Hygiene	23%
School & Office	40%

Overseas we have entered Bangladesh with our brand *Kumarika*

- Leading Value-added hair oil with *Kumarika* brand and 20%+ share
- Relaunched formulation and brand architecture
- Reaches 135,000 retail points directly
- Selective extension of the *Kumarika* brand
- Exploration of other categories – feminine hygiene

Bangladesh Revenue in LKR Mn
FY 14–FY 18



HEXAS

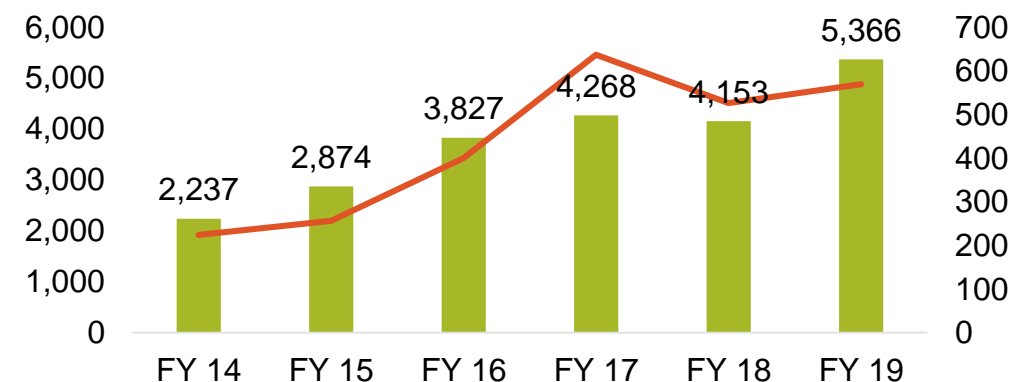
Consumer Sector Performance Q1 2018–2019

Revenue
+36.0%

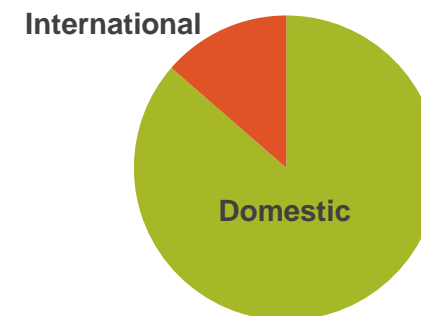
EBIT
8.1%

- Consumer sector revenue stood at Rs.5.4Bn with a YoY growth of 36.2%, growth excluding Atlas was 6.8%.
- Operating profit of Rs.569.3Mn grew by 8.1% during the quarter.
- Bangladesh business witnessed a revenue growth of 6.1% post Kumarika relaunch.
- Atlas performance has been on track during Q1, 8.8% revenue growth and break even in profits with its seasonal performance trend

Hemas Consumer Sector Revenues & EBIT in LKR Mn.
Q1 FY 2012/13– Q1 FY 2018/19



Consumer Share of Revenues
Q1 FY 2018/2019

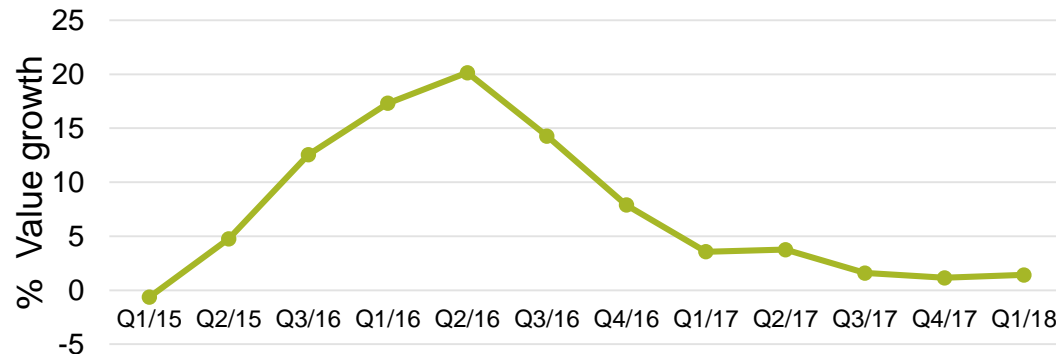


Sri Lanka Healthcare Trends

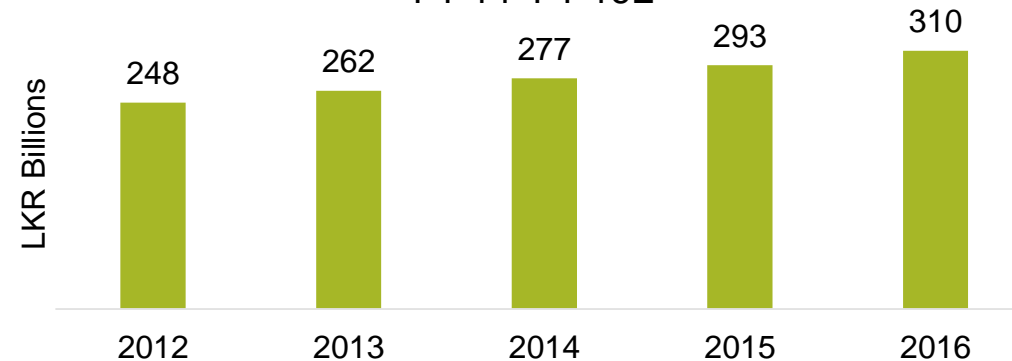
- Healthcare spend driven by growing burden of NCDs, underpinned by aging population contributing to increased Cardiovascular disease and Diabetes
- Middle class consumers seeking convenience: 50% of patients use private outpatient services
- Government agenda is to reduce healthcare cost burden, and limit healthcare cost inflation
- Price ceiling enacted in November 2016 covering 48 pharmaceutical molecules, but 5% increase in late 2017
- Regulatory pressure on pricing continues to impact the sector
- State encouraging more domestic manufacturing of pharmaceuticals in the current 85%+ import market
- VAT applied to portion of Private hospitals' room charges and the 15% VAT on fees paid to medical practitioners, medical consultant fees and channelling fees with effect from July 2 was removed

16%
3-year end
Hemas
Healthcare
Rev CAGR

Private Retail Pharmaceutical Market Growth
FY14–FY17

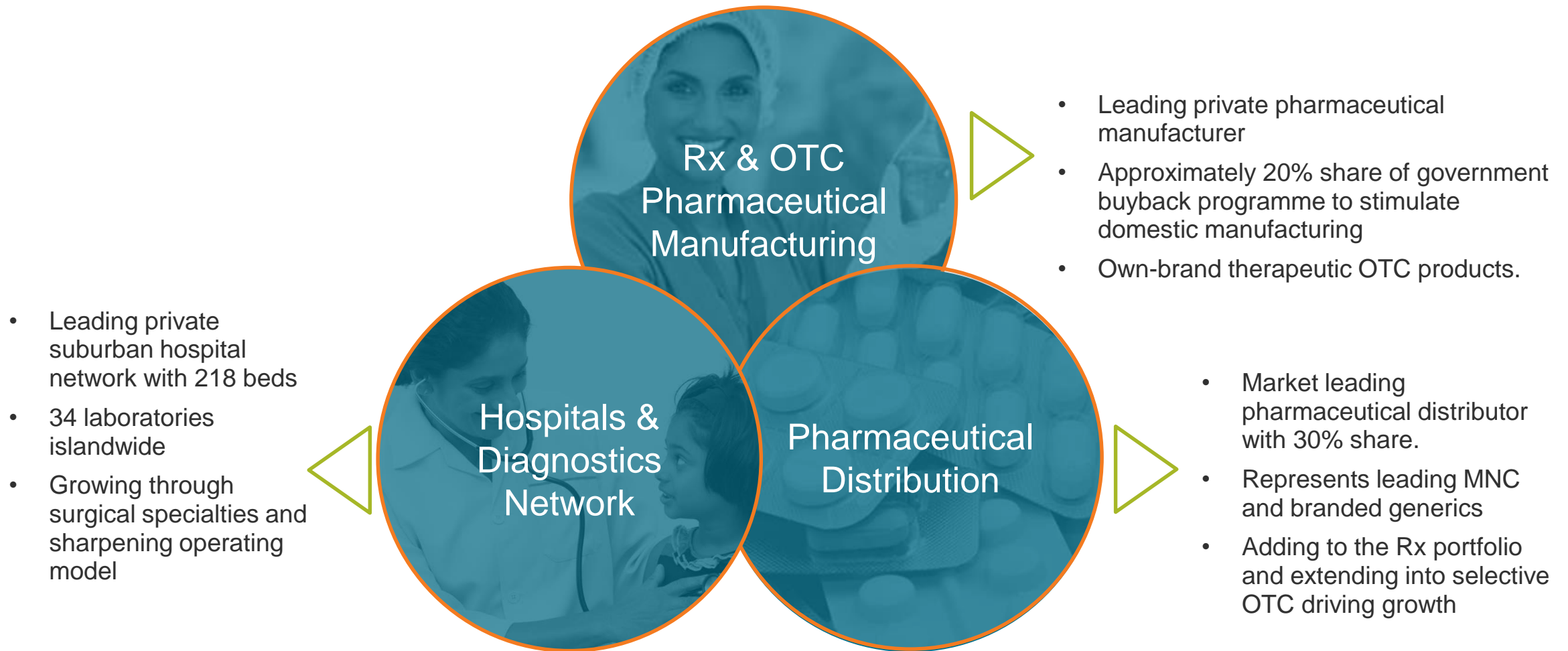


Sri Lanka Total Health Spending in LKR Bn.
FY 14–FY 16E



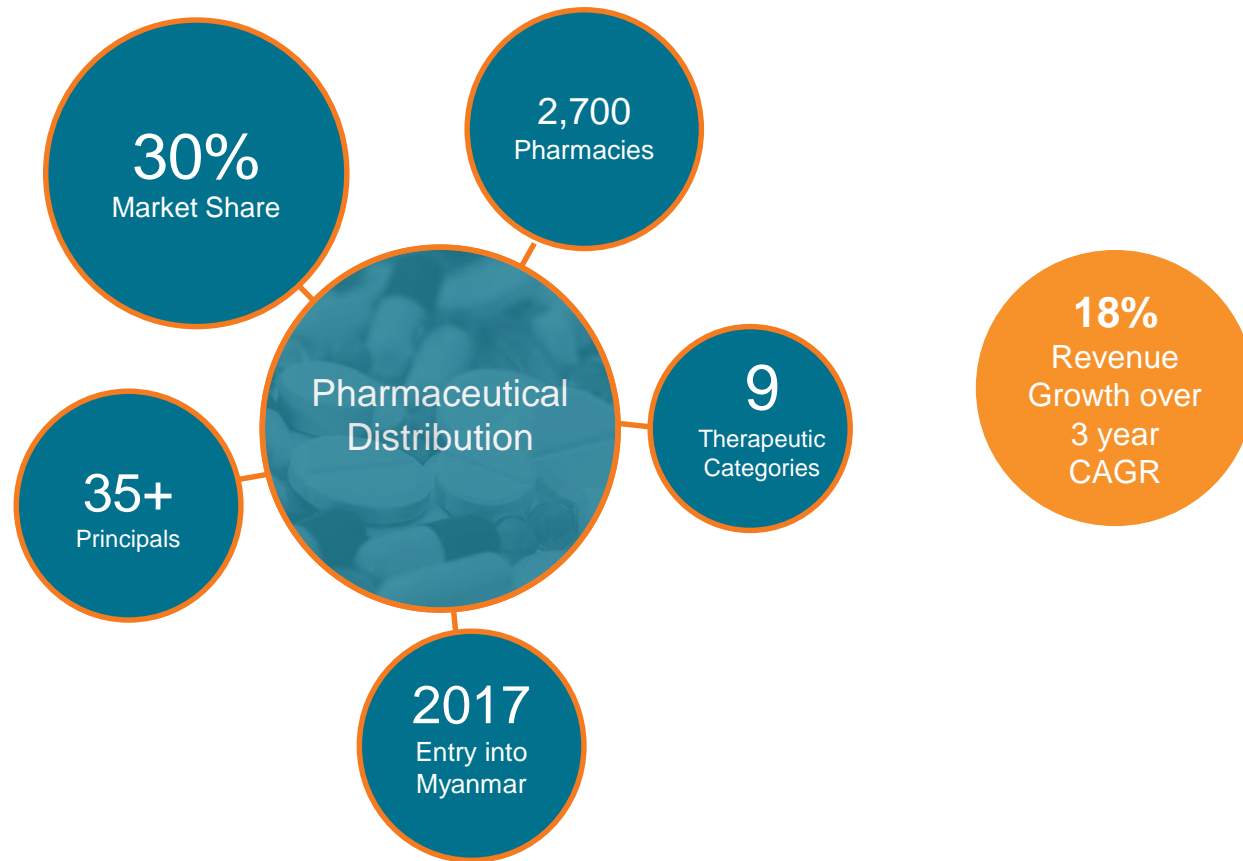
Source: IMS, Institute of Health Policy, Internal Analysis

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



Source: IMS

Hemas Pharmaceutical Distribution represents global pharmaceutical majors including MNCs and Branded Generics



Acquired in 2013, “Morison” is a leading pharma manufacturer, with its own loved OTC brands

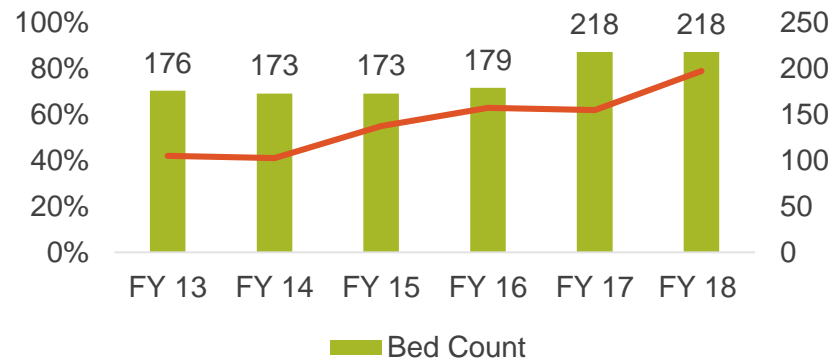


- Acquired by Hemas Holdings PLC. in 2013
- Portfolio includes Pharmaceutical manufacturing, distribution and own OTC brands
- Significant contracts from the government through the buyback programme
- New identity unveiled “Morison”, emphasizing innovation in pharmacotherapies.
- Extended into Myanmar through “Bunnies” baby diaper brands.

Hemas Hospitals & Laboratories

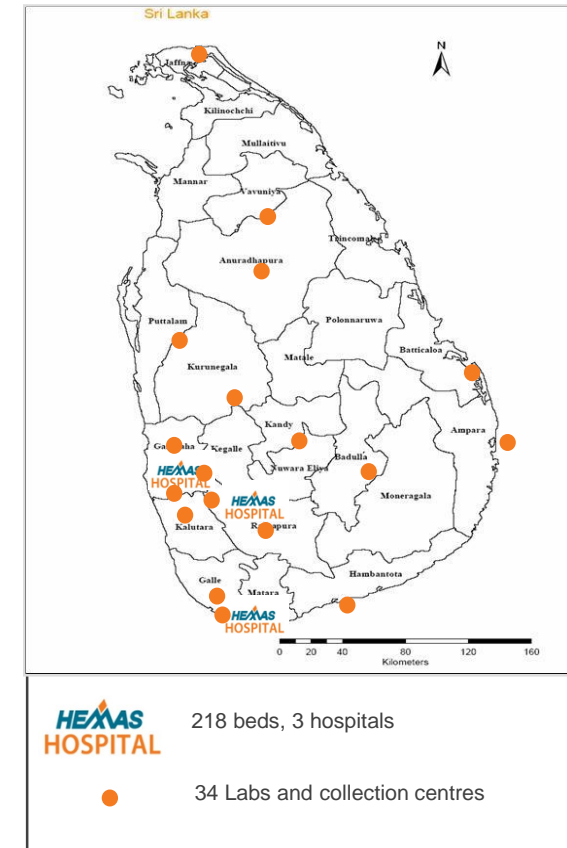
- 3 multi-specialty, ACHSI accredited hospitals in the North of Colombo, East of Colombo and in the Southern Province.
- Leader in non-urban based hospital and diagnostics services, with a vision of reaching patient populations where they live.
- Focus is on growing healthcare services reach through 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
FY13 - FY18



115%
EBIT growth
since
FY 2014-
2015

Hemas Hospital & Laboratory Network, 2017



Healthcare Sector Performance & Highlights

Revenue
+24.7%

EBIT
-2.3%

Pharma Distribution:

- Pharma distribution recorded a strong revenue growth primarily from the new portfolio
- Margins were effected by the price regulation and the depreciation of Rupee

Morison (Pharma Manufacturing):

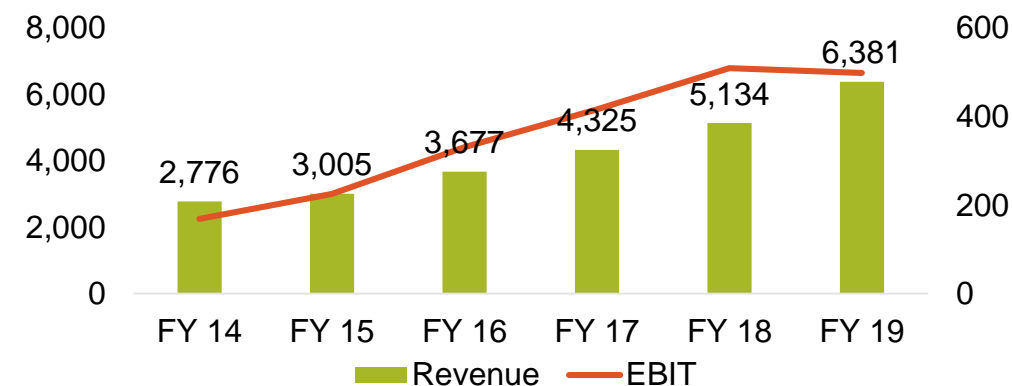
- Morison recorded an underline revenue growth of 4.2% excluding Alcon distribution
- Earnings had a negative growth due to increased operating costs

Hemas Hospitals:

- Hemas hospitals has achieved 60% occupancy rate during first quarter
- Profitability was flat compared to Q1 last year when occupancy levels were higher due to dengue epidemic

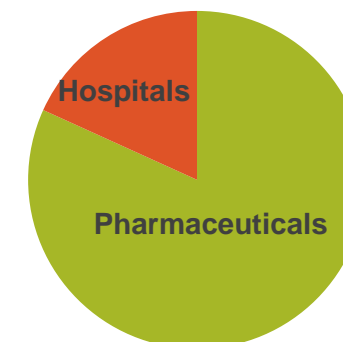
Healthcare Sector Revenues & EBIT in LKR Mn.

Q1 FY 2013/14 – Q1 FY 2018/19



Healthcare Share of Revenues

Q1 FY 2018/2019



Sri Lanka's Logistics and Maritime Industry

7%-8%

Domestic Logistics
Growth

- Domestic logistics industry estimated to be USD 8Bn – 9Bn
- More customers demand end to end supply chain solutions from logistics operators
- Market tendencies to move out from traditional warehouse model to 3PL
- Infrastructure development via ports, airports and expressways, FTZs adding to total logistics capacity.

- Port of Colombo saw a YoY growth of 15%, transshipment volume growth at Colombo port was 20%
- Limited Deep water berths available in Port of Colombo has direct impact on Transshipment volume growth
- 75% of shipping volumes are transshipments
- Port of Colombo to serve as major transshipment hub for South-Asia

8%

Increase in Annual
Shipping Volumes

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

Logistics



- 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.
- Developing Spectra Logistics City, a state-of-the-art warehouse and container park; a 50-50 JV with global 3PL provider, GAC Global

Maritime

EVERGREEN



- Appointed General Agents for Evergreen, the fourth largest mainliner calling at the Port of Colombo
- 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

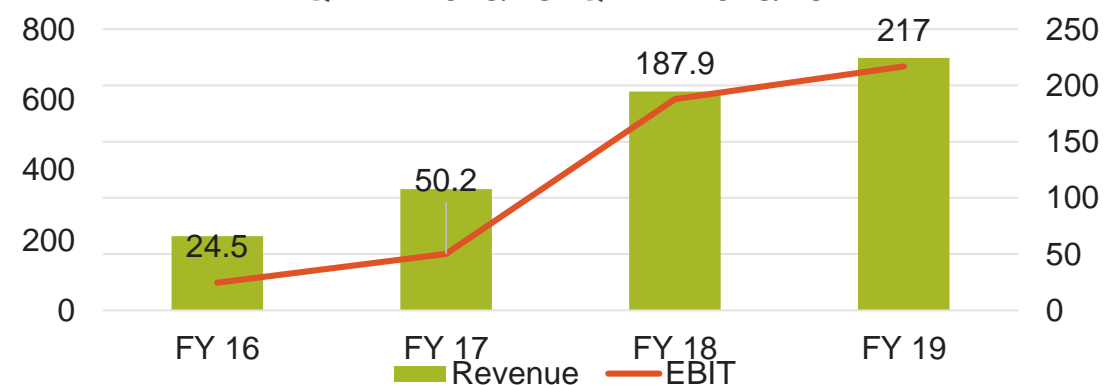
Revenue
+15.4%

EBIT
+15.0%

- Sector recorded a 15.4% YoY revenue growth to reach Rs.718.3Mn
- Profitability of the sector was increased with the improvement of 3PL operation
- Construction of the new logistics park facility is now almost finalized with the first customer moving in early August

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

Q1 FY 2015/16–Q1 FY 2018/19



Mobility Share of Revenues

Q1 FY 2018/19



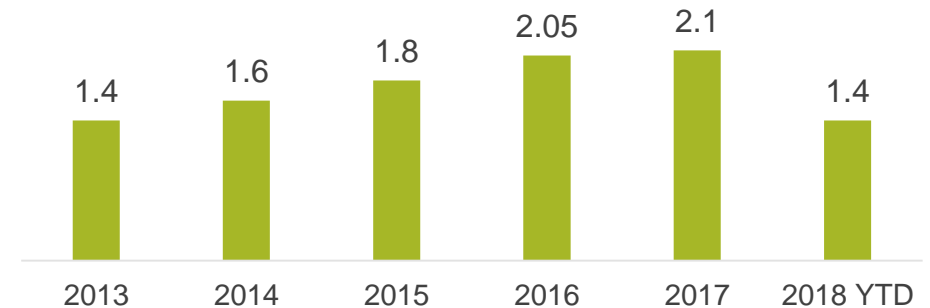
Sri Lanka Tourism Industry

- Sri Lanka recorded a growth of 13% in tourist arrivals against the same quarter last year.
- During the quarter, arrivals from India, UK and Australia grew by 19%, 29% and 71% respectively, while arrivals from China and Germany declined by 1% and 7% respectively.
- 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 under-valued as contribution from informal sector is not captured.
- Slew of new foreign hotel brands including ITC, Hyatt Regency, Ritz-Carlton, Marriot, Radisson and Sheraton developments either in early development or underway.

Source: Sri Lanka Tourism Development Authority

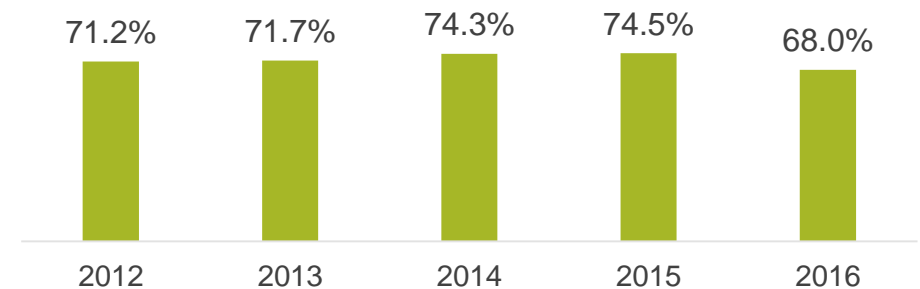
Tourist Arrivals in Millions

2012–2018 YTD



Hotel Occupancy in Sri Lanka

2012–2016



Leisure, Travel and Aviation Business

Hotels:

- Ownership and operation of hotels through listed subsidiary Serendib Hotels PLC
- Joint Venture partnership with the Minor Group to develop Anantara and Avani brands

Travel:

- Inbound Travel joint venture partnership with the Diethelm-Kellar Group
- Wholly-owned Outbound Travel business – Hemas Travels, a leader in Corporate Travel

Aviation:

- 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

Revenue
+16.2%

EBIT
-34.5%

Serendib Hotels (SHOT)

- Hotels recorded a 11.0% revenue growth against the last year.
- Revenue was primarily driven by the increase of occupancy rate and increase of average room prices (Lantern and Dolphin).
- Improved profitability despite minor renovations at Avani Bentota and Hotel Sigiriya, resulting from enhanced revenue contribution from Lantern

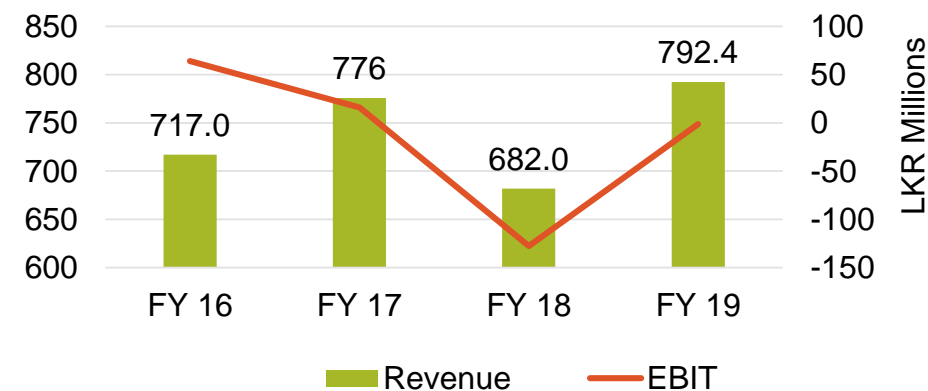
Anantara Peace Haven:

- Anantara recorded good growth over last year despite accumulated exchange losses stemming from the initial loan funding

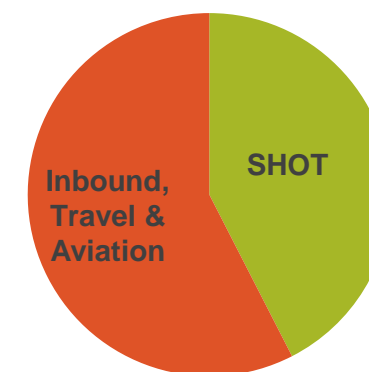
Travel & Aviation

- Travel sector up by 17.1% revenue growth due to satisfactory performance of our key accounts

LTA Sector Revenues & EBIT in LKR Mn
Q1 FY 2015/16– Q1 FY 2018/19



LTA Share of Revenues
Q1 FY 2018/19



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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