

Investor Presentation

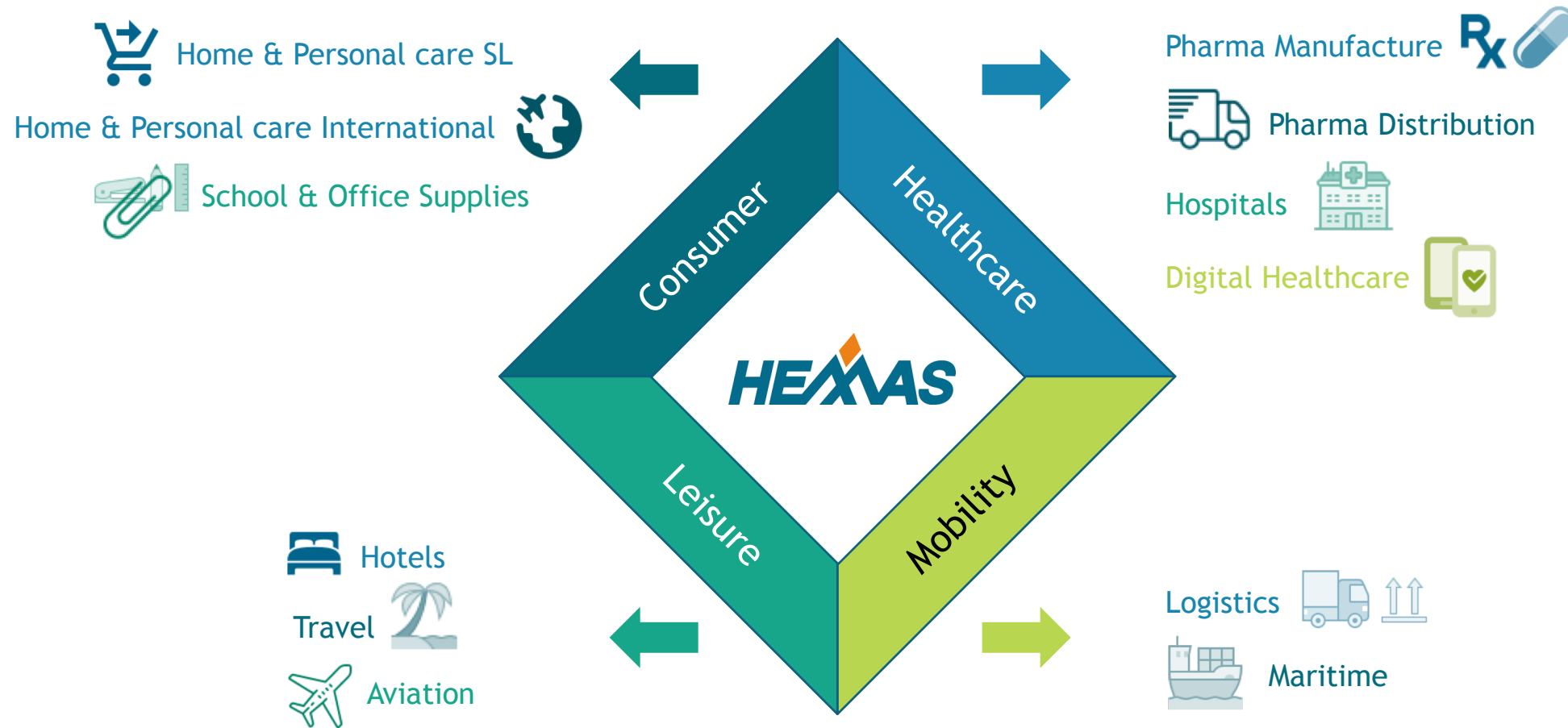
Hemas Holdings PLC

Q3 FY 2018-2019

February 12, 2019



Hemas Holdings PLC: Our portfolio



Hemas Holdings PLC: Market leading positions in Consumer and Healthcare



Sri Lanka's Largest
Pharma Supplier

Market Leading
H&PC Brands



Island-wide Coverage of Diagnostics
& Healthcare Services



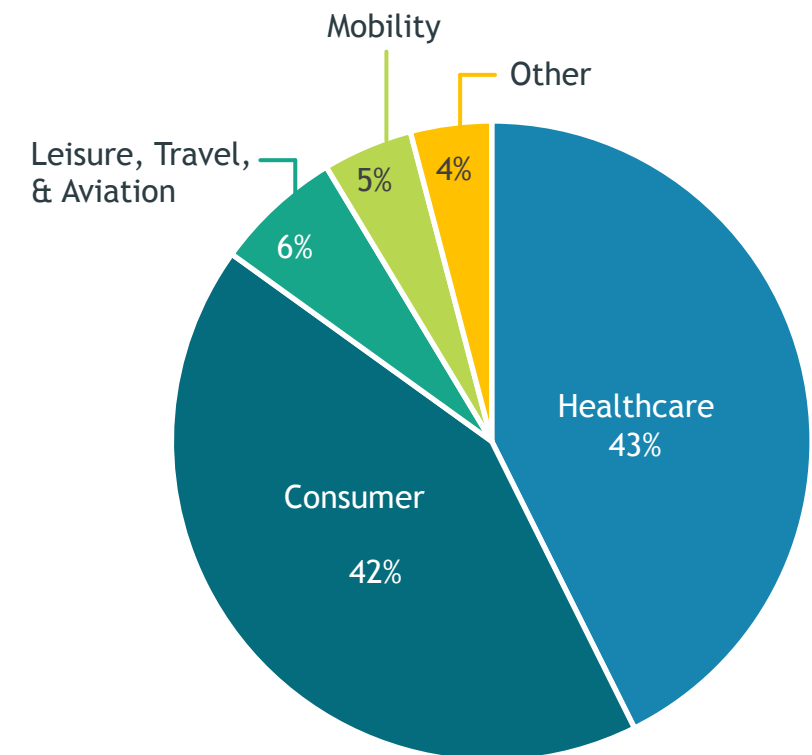
Partnered with Global Maritime
and Logistics Brands

Presence across the Entire
Leisure & Travel Value Chain



Group Revenue by Segment

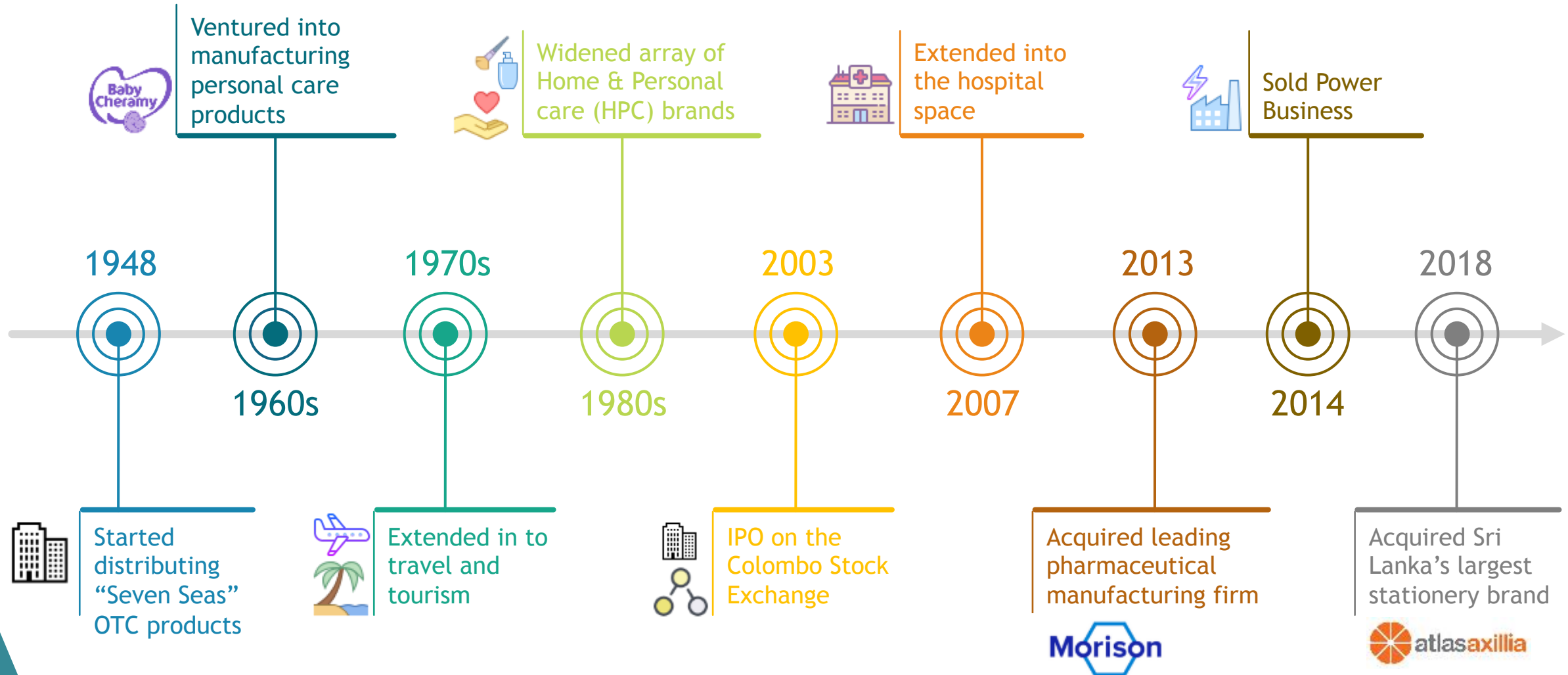
Q3 YTD FY 2018-19



Hemas Holdings PLC: Our Group

- ▶ Market cap: LKR 51 billion (US\$ 285 million)
- ▶ Shareholding structure: Esufally family holds 64.3%, 35.7% public holding.
- ▶ Governance:
 - HHL is governed by a 12-member board including 6 Independent Directors who are thought leaders in their respective fields of FMCG, Healthcare and Private Equity.
 - The board is supported by a system of Audit and Risk committees to uphold robust levels of governance.
- ▶ Management:
 - Experienced senior management team with diverse backgrounds in FMCG, Healthcare, Finance, M&A, Supply Chain and Innovation.
 - Top 50 business leaders are entitled to stock options.
- ▶ Debt-Equity ratio: 36.4%
- ▶ TSR over 5 years: 194%

Hemas Journey: 70 years of serving the nation



We do this by building strong consumer brands and providing access to a wide range of affordable healthcare solutions...

Developing a portfolio of consumer brands that delight

- Consolidate market-leading positions in H&PC, and School & Office
- Expand share-of-wallet in branded Consumer products
- Deepen equity positions through premiumisation and localisation

Delivering quality medicines and therapies to patients who need them

- Offer exceptional supply chain solutions for innovator medicines in emerging markets
- Extending into OTC and Wellness offerings including own brands
- Expand pharma manufacturing, driving toward self sufficiency in core therapies



Tapping into the emerging Asian consumer

- Growing *Kumarika* brand platform in select South Asian markets
- Selective expansion of consumer portfolio into emerging South Asia

Affordable healthcare and diagnostics services

- Widen portfolio tertiary healthcare services in our hospitals
- Focus on wellness, screening and early detection through our lab network

... And connecting suppliers with their customers, travellers with unique experiences and digital-first driven Wellness solutions

Serving the region's logistics and route-to-market needs

- Drive superior mobility solutions to serve the region's logistics needs
- Extend into 3PL and last-mile RTM solutions

High quality leisure experiences to upscale travellers

- Focus on building out a portfolio of experiential assets
- Offer strong partnerships to serve the aviation and cargo needs of the region



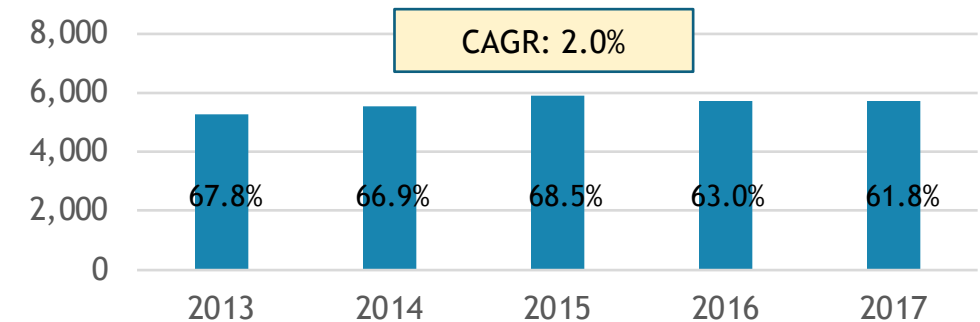
Connecting patient to excellent healthcare outcomes via digital

- Develop digital-first access point for a range of Wellness products and services
- Connecting the medical community with their patients and high quality therapies

Home & Personal Care—Sri Lanka: Driving branded personal care consumption in emerging categories

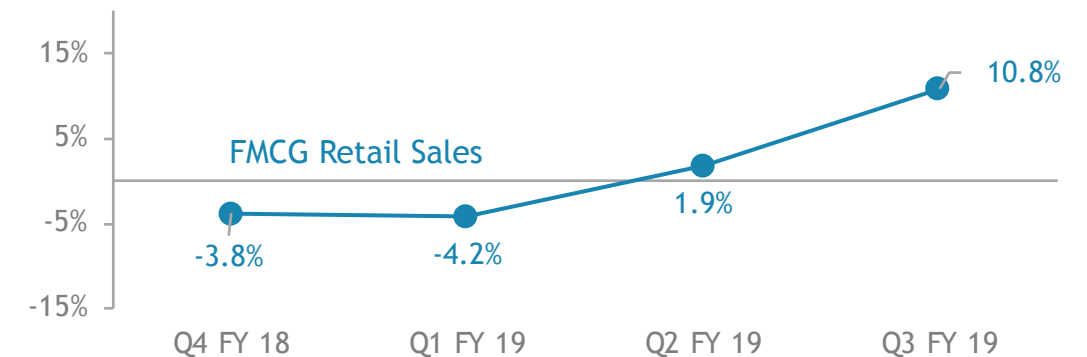
- ▶ Sri Lanka has high levels of private household consumption—driving 65% of GDP.
- ▶ Encouraging growth momentum of branded FMCG, underpinned by an expansion of modern trade formats.
- ▶ Basic home and personal care categories are highly penetrated
- ▶ Volume driven by advanced personal categories including feminine hygiene, skin and hair.
- ▶ Consumer seeks higher order benefits in addition to functionality—consumer seeks to premiumise.
- ▶ Hemas Home and Personal care sector has consistently outperformed FMCG retail sales growth.
- ▶ We drive growth in the sector by maintaining market leading positions in sizeable categories, depth of distribution and continuous refreshment of an innovative product portfolio.

Household Final Consumption in LKR Mn and as a % of GDP 2013-2017



Source: Department of Census & Statistics

Sri Lanka FMCG Sector Value Growth Q-o-Q Growth

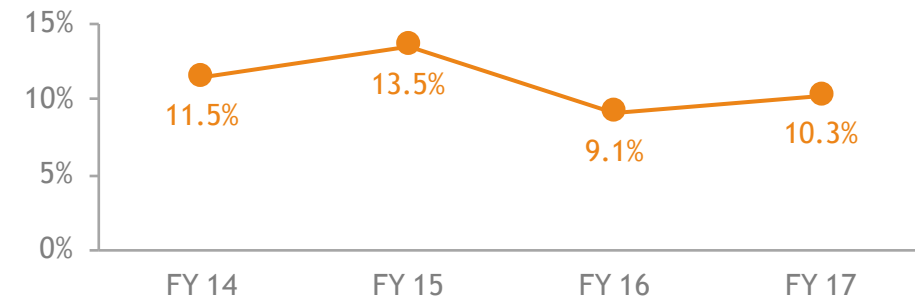


Source: Nielsen Sri Lanka

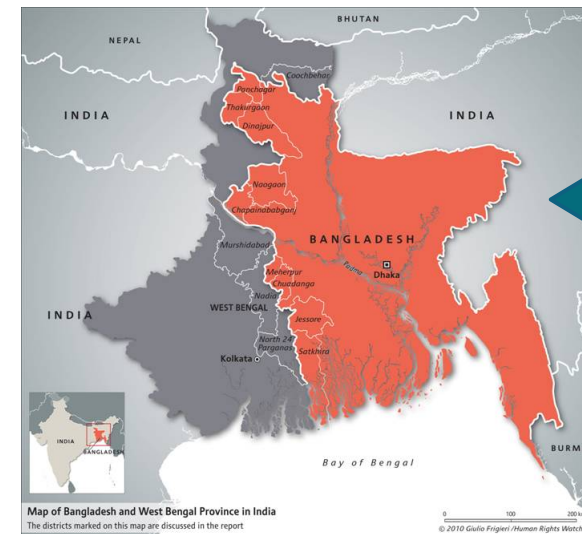
Home & Personal Care—International: Taking herbal beauty equity of *Kumarika* to select South Asian markets

- ▶ Rapid growth of personal care consumption in emerging middle class, adding nearly 30Mn consumers through 2030.
- ▶ Seeking functional, modern formats of recognizable herbal personal care traditions.
- ▶ Rapid premiumization in consumption of FMCG
- ▶ Relative under-penetration of key categories such as shampoo, feminine hygiene and oral care present opportunities.
- ▶ Hemas selectively positions in under-penetrated categories, leading with the herbal equity of *Kumarika*.
- ▶ Targeting a combined population of 250Mn with current product offerings in Bangladesh and India.

FMCG & Household Consumption Growth, Bangladesh
FY 14 - FY 17



Source: FMCG Industry Review of Bangladesh, EBL Securities Bangladesh, 21st June 2018

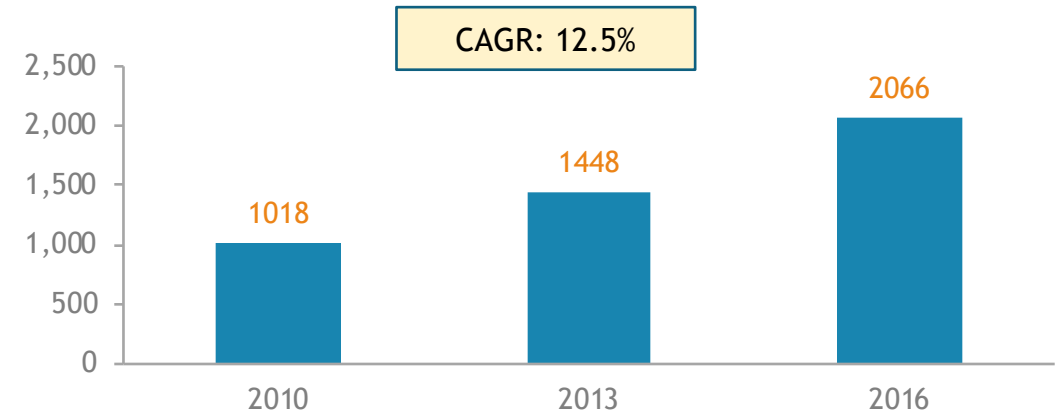


Hemas
current
addressable
population:
250Mn

School & Office Supplies: Strong outlook as education spending deepens in importance to the South Asian householder

- ▶ Education: an investible asset for the Sri Lankan family:
 - 4.5 million school going population, with rapid rise of per-child education spend.
 - Sri Lankan families place high importance on education, and are seeking higher functionality, reliable brands and competitive edge for children.
- ▶ Acquisition of 75.1% of Atlas Axillia—Sri Lanka’s leading School consumer brand:
 - Hemas acquired Atlas for a consideration of LKR 5.7Bn (10x PE), the business will add 15% to revenues.
 - The brand holds a market leading position with over 40% share, and has been voted the “Sri Lanka’s Most Loved Brand of 2017
 - Atlas will introduce seasonality to our business due to the importance of the Q3 back to school season.
 - Atlas consolidates Hemas market leading position in Sri Lankan consumer brands.

Monthly Household Education Spend
2010-2016



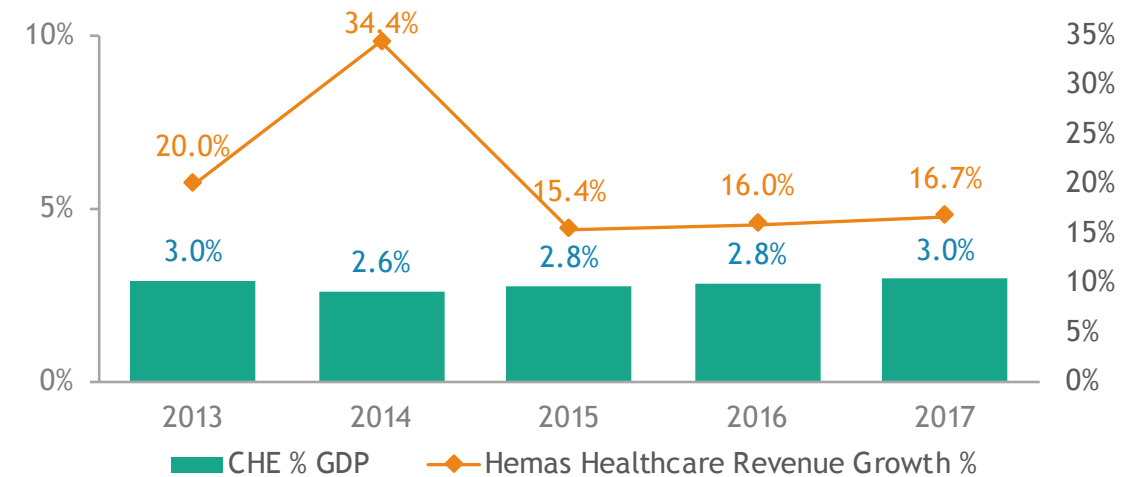
Source: Sri Lanka Household Consumption Survey, 2016; DCS.

Healthcare: Rethinking private healthcare and widening access to medicines, wellness products and healthcare services

- ▶ Healthcare spend driven by growing burden of NCDs.
- ▶ Middle class consumers seeking convenience: 50% of patients use private outpatient services.
- ▶ State encouraging more domestic manufacturing of pharmaceuticals in the current 85%+ import market.
- ▶ Tele-medicine, direct-to-consumer pharma delivery gaining traction as more patients seek to bypass channeling services and seek healthcare on demand.
- ▶ Hemas' extending leading position in pharmaceutical import and distribution to expanding manufacturing
- ▶ Extending mid-tier hospital and laboratory business into more complex tertiary procedures and diagnostics.

Current spending on health as a % of GDP & overall healthcare revenue growth at Hemas

2013 - 2017

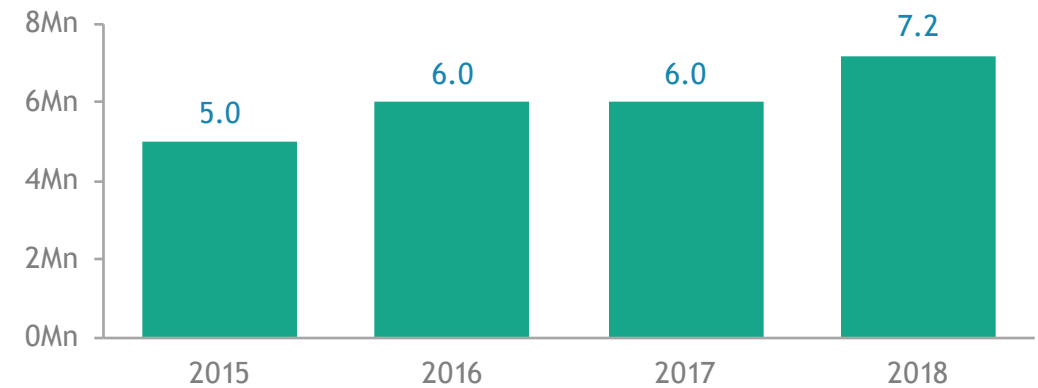


Source: Sri Lanka Healthcare Financing Profile, WHO, 2017

Mobility: Capitalising on Sri Lanka's excellent geo-strategic location

- ▶ Colombo Port ranked as the fastest growing port globally by Alphaliner - 15.6% 1H 18/19
- ▶ Domestic logistics industry estimated to be USD 100Bn growing annual at 10-12%.
- ▶ 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.
- ▶ Port of Colombo saw a YoY growth in the second half of 2018 of 15.6%, transshipment volume growth at Colombo port was 20%.
- ▶ Hemas Mobility solutions encompass the spectrum of transportation, and is seeking to capitalize on both first, middle and last-mile delivery solutions.

Colombo Port's Throughput (TEU)
2015 - 2017

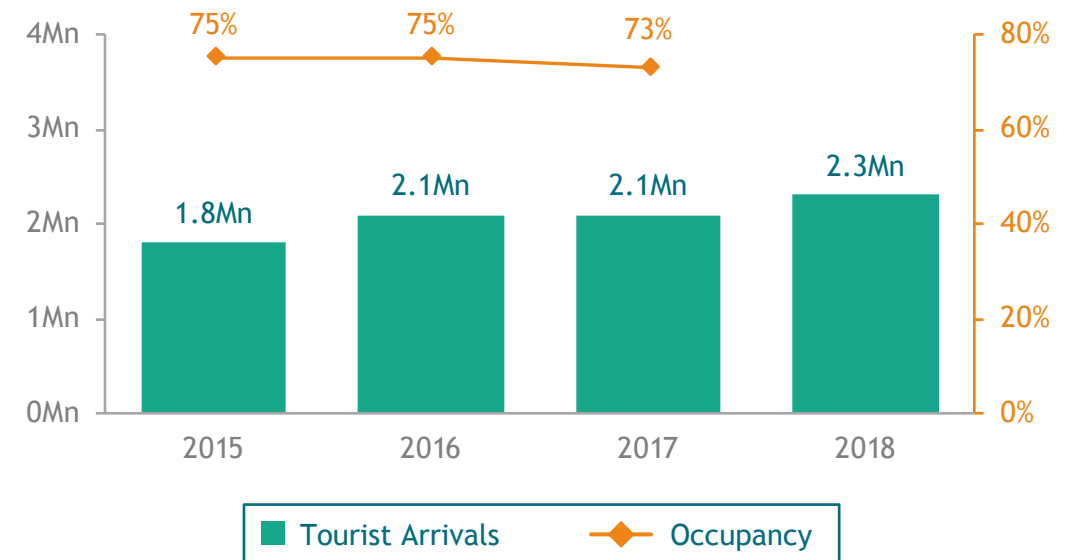


Source: Sri Lanka Ports Authority

Leisure: Focussing on experiential leisure with an asset-light investment strategy

- ▶ Sri Lanka ranked No.1 travel destination in 2019 by Lonely Planet with tourist arrivals up by 10.7% during the quarter.
- ▶ Long haul travellers (Europe, Australia) continue to contribute significantly to source markets.
- ▶ Rise of Asian traveller - Chinese and Indian travellers exploring the island and redefining the tourism offering.
- ▶ New destination brand “So Sri Lanka”, an amplifier brand that supports and engages typical millennial travel exploration debuted at the World Travel Mart in London.
- ▶ Hemas leisure business focusing on extending bespoke and experiential tourism both inbound and outbound.
- ▶ Driving towards being a centre of excellence for Aviation services for leading airlines such as Emirate, IndiGo and Malaysian.

Tourist Arrivals and Occupancy
2015 - 2018



Source: Sri Lanka Tourism Development Authority

Q3 YTD FY 2018-19: Group Update

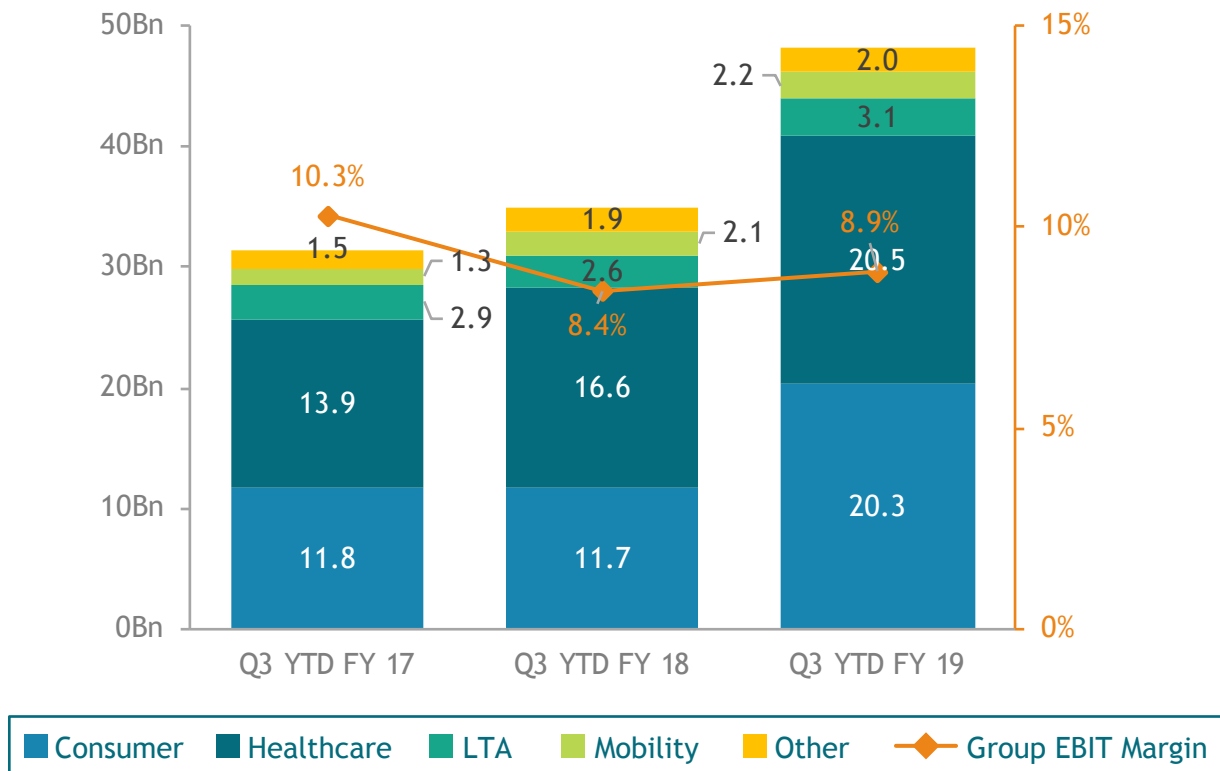
- ▶ We have been executing on our strategic plan by:
 - Integrating Atlas, our recent acquisition and new agency (Cipla), a leading agency (ranked #2) into the portfolio.
 - Building our international market presence by ramping up operations in West Bengal, Bangladesh and Myanmar.
 - Enhancing profit margins in our Home & Personal Care business in Sri Lanka.
 - Building resilience in our route-to-market capability in Consumer and Pharmaceuticals.
 - Ramping up the operations of the newly opened logistics park.
 - Investing behind increasing the user base in digital healthcare.

Strong focus on integrating and delivering value from new acquisitions and markets and building resilience in our route to market

Q3 YTD 2018-19: Operations Summary

Sector Revenue & EBIT Margin

Q3 YTD FY 17 - Q3 YTD FY 19

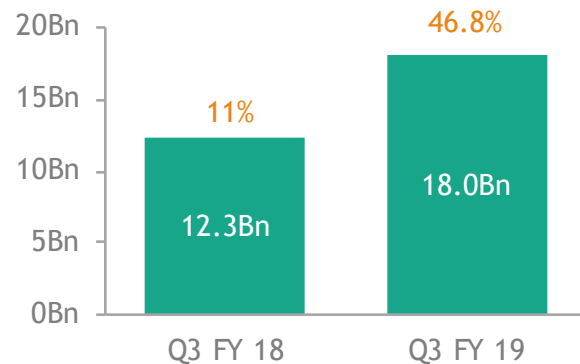


- Strong topline growth, challenges in underlying profitability:
- Good growth in revenue resulting from accelerated contribution by Consumer and Healthcare segments.
 - Year to date organic revenue growth of +15%, supported by increased revenue from Atlas as it delivers on its peak season.
 - Lower growth in profitability due to forex fluctuations, recording organic operating profit growth of +2%.
 - Bangladesh market held momentum despite competitive pressure.
 - Weakening currency led to compressed pharma margins, despite strong topline growth through acquisition of Cipla portfolio.
 - Unrealised forex losses impacted profitability, Anantara and Spectra logistics were main contributors.
 - Continuing negative impact from N*able.
 - Start-up losses from digital healthcare and weakened performance in Morison OTC consumer segment further pressurised group profitability.
 - Earnings growth slowed down due to loss of interest income and increased interest cost primarily at pharma and logistics.

Despite challenging domestic market conditions, satisfactory performance as Atlas seasonality kicks in

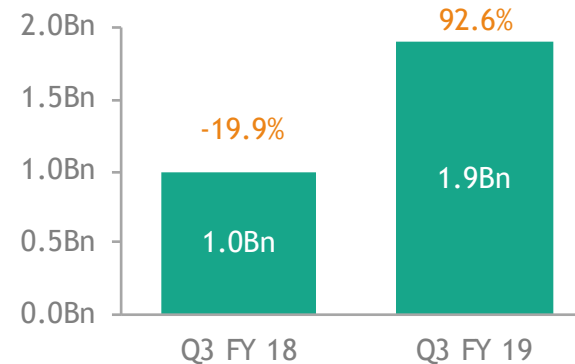
Q3 (3 months) FY 2018-19: Performance Update

Revenue



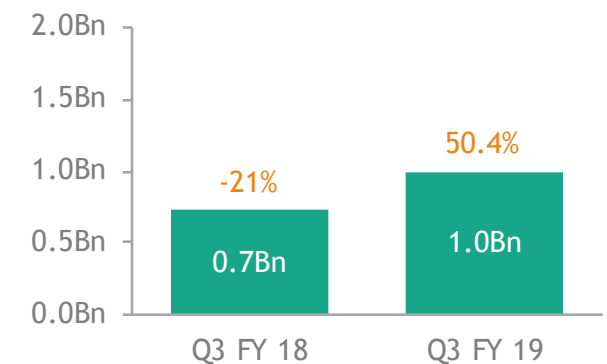
- Strong revenue growth of 47% primarily driven by Atlas and healthcare.
- Major boost in revenue from Atlas, which contributed to more than 85% of Consumer sector revenue growth.
- Mobility sector struggled due to the drop in seasonal demand owing to rupee depreciation.
- Further, Morison faced challenges in its OTC portfolio.

EBIT



- 93% EBIT growth over LY Q3, contributed by Atlas during its peak season.
- Overall, 3Q was challenging due to currency depreciation
- Galle hospital disposal recorded a gain of Rs.73Mn during the quarter
- Operating pressure across all businesses:
 - Currency depreciation at pharma
 - Underperformance of Morison OTC segment
 - Exchange losses at Anantara
 - Lower contribution of HPC - Bangladesh

Earnings



- Growth in earnings by 50% over the year, resulting from Atlas.
- Increased Logistics, Pharma and Atlas financing and working capital costs:
 - Funding loan and exchange rate depreciation impacting Logistics sector
 - Working capital funding for Pharma due to delays in government receivables
 - Atlas seasonal credit

Weakened LKR and loss of interest income continues to suppress earnings growth.

Q3 YTD 2018-19: Sector Highlights

Sector Highlights during Q3

Sector	Revenue		EBIT	
	LKR Bn	%	LKR Bn	%
Consumer	20.3	73%	2.8	100%
Healthcare	20.5	24%	1.5	-10%
Mobility	2.2	6%	0.6	-1%
Leisure, Travel & Aviation	3.1	19%	(0.1)	39%
Other	2.0	4%	(0.5)	12%
Total	48.0	38%	4.3	46%

Consumer

- ▶ Pricing and favorable product mix in personal care segment.
- ▶ Flat growth in the personal wash and home care segments.
- ▶ School and Office supplies made a significant contribution during its peak season.
- ▶ International segment holding up, flat growth.

Healthcare

- ▶ Revenue growth in Pharma supported by new principles.
- ▶ Decline in OTC performance at Morisons.
- ▶ Currency depreciation eroding margins at pharma and increased interest costs to working capital funding.
- ▶ Satisfactory performance from hospitals and improved EBITDA margins.
- ▶ Start-up losses at digital.

Mobility

- ▶ Good growth at Maritime stemming from increased transshipment and partner volumes.
- ▶ Pressure on margins due to the hike in fuel price and currency depreciation.
- ▶ Logistics experiencing operational challenges due to ramping up of the facility and depreciation impact

Leisure

- ▶ Hotels recorded satisfactory growth, average occupancy at 75% and increased ARR's.
- ▶ Strong profitability growth seen during the quarter due to forex depreciation and cost controls.
- ▶ Inbound and outbound recorded satisfactory performance.
- ▶ Profitability remained a challenge due to dollar loan financing at Anantara Tangalle.

Consumer Sector Performance: Q3 YTD 2018-2019

No. 1 School & Office Supplies Brand



No. 1 Baby Care Brand



No. 2 Oral Care Player



No. 1 Hair Oil



No. 1 Beauty Soap



No. 2 Washing Powder Brand

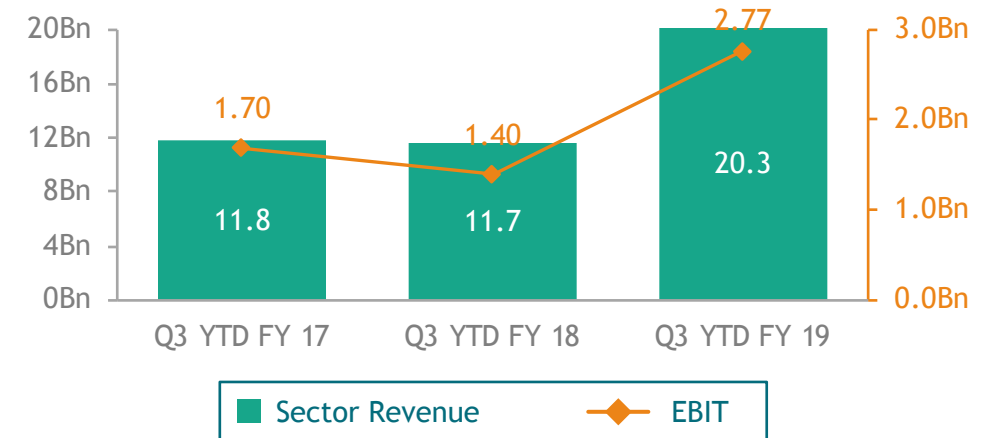


No. 2 Feminine Hygiene Brand



Sector Revenues & EBIT in LKR

Q3 YTD FY 17 - Q3 YTD FY 19



Source: Restated revenue in accordance with IFRS 15

Business Update

- ▶ Progressively reaping benefits of the profit improvement project
- ▶ Won 4 awards at the recent “Effie Awards 2018”
 - Most effective brand of the year - “Velvet”
 - Gold award - velvet body lotion
 - Silver award - Baby care category - “Baby Cheramy”
- ▶ Atlas launched a digital initiative, and had a strong Back-to-School campaign.

International entry to Bangladesh with our brand *Kumarika*

Sector Highlights

- ▶ 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

Hair Oil



Face Wash



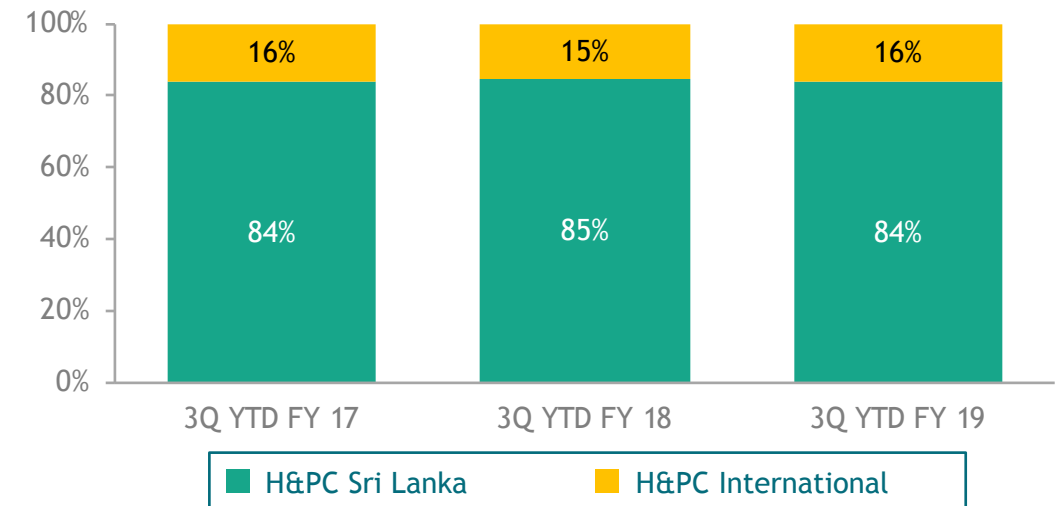
Herbal Beauty Soap



Feminine Hygiene



International Segment as a % of total H&PC segment 3Q YTD FY 17 - 3Q YTD FY 19



Business Update

- ▶ International segment contributes 10% to our total Consumer revenue, a dilution post our recent acquisition of Atlas.
- ▶ Kumarika maintained its VAHO market share through the year at 19%.
- ▶ Total retail availability now over 200K, as restructured distribution benefits kick in.

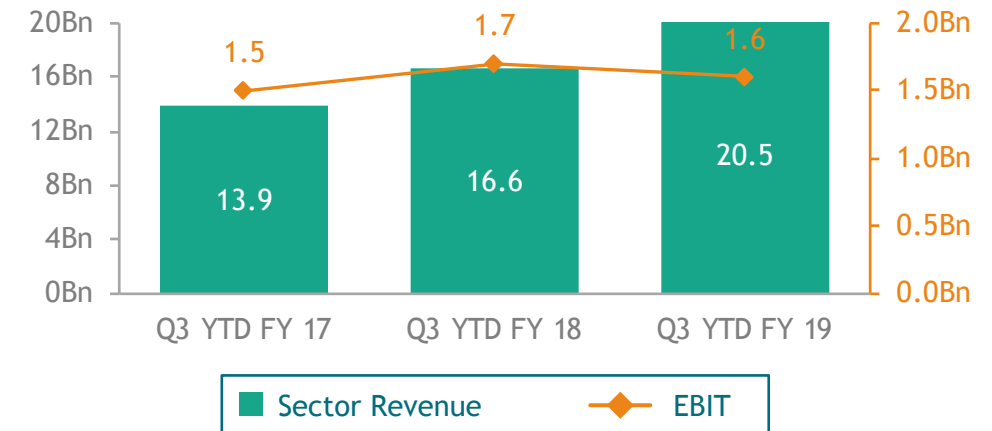
Healthcare Sector Performance: Q3 YTD 2018-2019

Hemas Healthcare Sectors



Sector Revenues & EBIT in LKR

Q3 YTD FY 17 - Q3 YTD FY 19



Source: Restated revenue in accordance with IFRS 15

Business Update

- ▶ Introduced neuro diagnostics and rehabilitation as a new therapeutic area in our hospitals.
- ▶ Growth in surgical volumes in areas such geriatric, palliative and NCD
- ▶ Hemas Hospitals awarded Runner Up in the Healthcare category at the National Business Excellence Awards (NBEA) 2018.
- ▶ Ayubo.life accredited by Health Informatics Society of Sri Lanka (HISSL) for digital and data security.

Mobility Sector Performance: Q3 YTD 2018-2019

Logistics



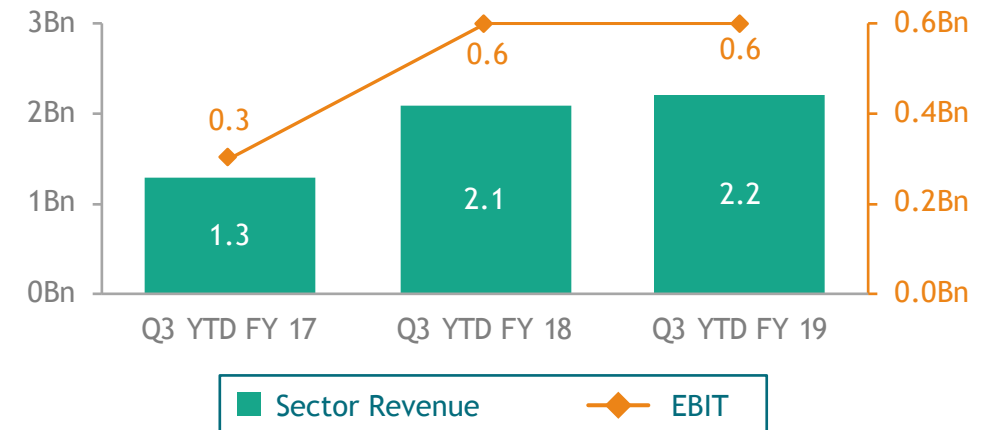
Maritime

EVERGREEN



Sector Revenues & EBIT in LKR

Q3 YTD FY 17 - Q3 YTD FY 19



Business Update

- ▶ The new logistics park facility is now up and running with newly secured customers moving in since August.
- ▶ We are developing critical capabilities in our management by adding experienced logistics professionals to our team.

Leisure, Travel & Aviation Sector Performance: Q3 2018-2019

Hotels



Travel

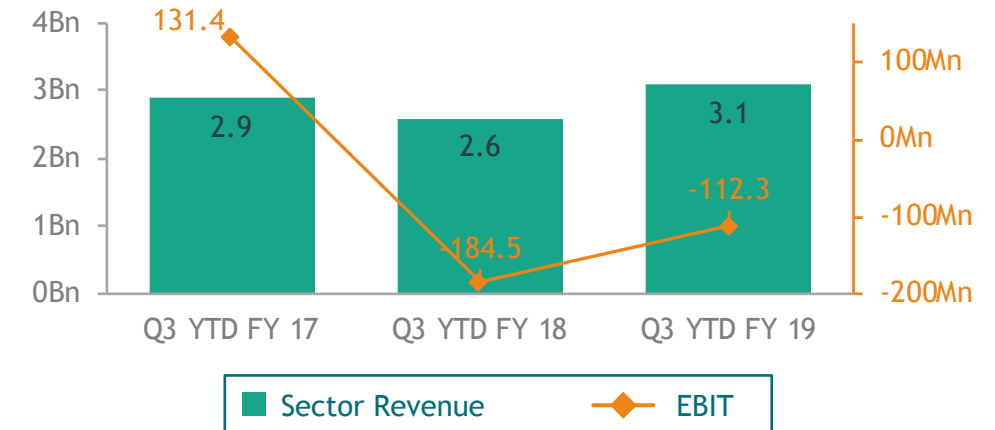


Aviation



Sector Revenues & EBIT in LKR

Q3 YTD FY 17 - Q3 YTD FY 19

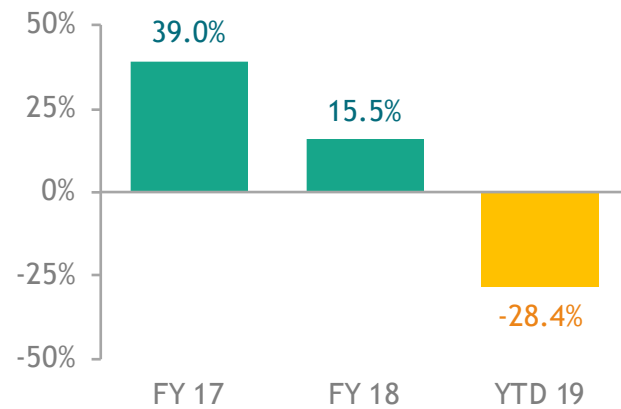


Business Update

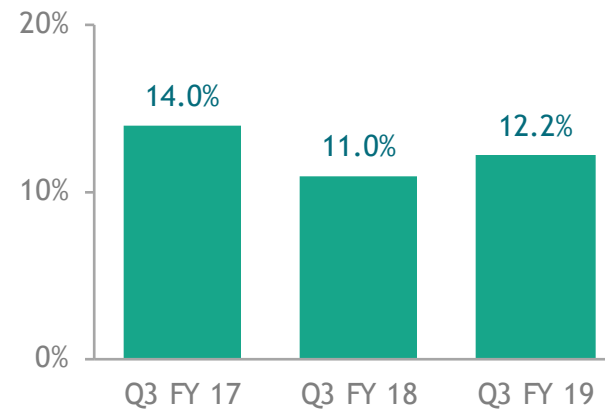
- ▶ Part closure at Avani Bentota and soft renovations at the Hotel Sigiriya amounting to an aggregate cost of LKR 32Mn had an impact on room occupancy and profitability both during the first half.
- ▶ 86% average occupancy across owned hotels and 50% at Anantara Peace Haven Tangalle.
- ▶ Recent additions to our aviation portfolio, Indigo and China Southern brought in volume growth

Investment Highlights

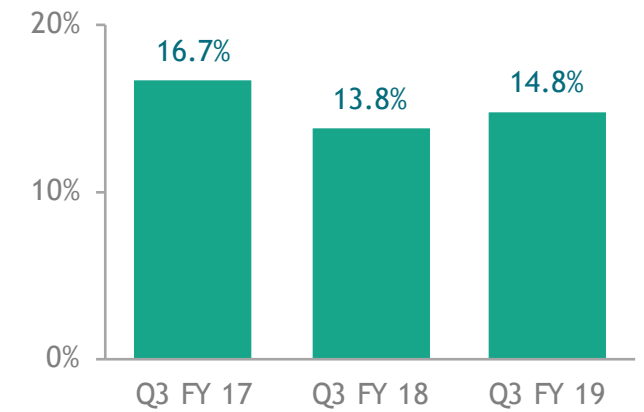
Total Shareholder Return (%)



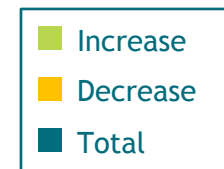
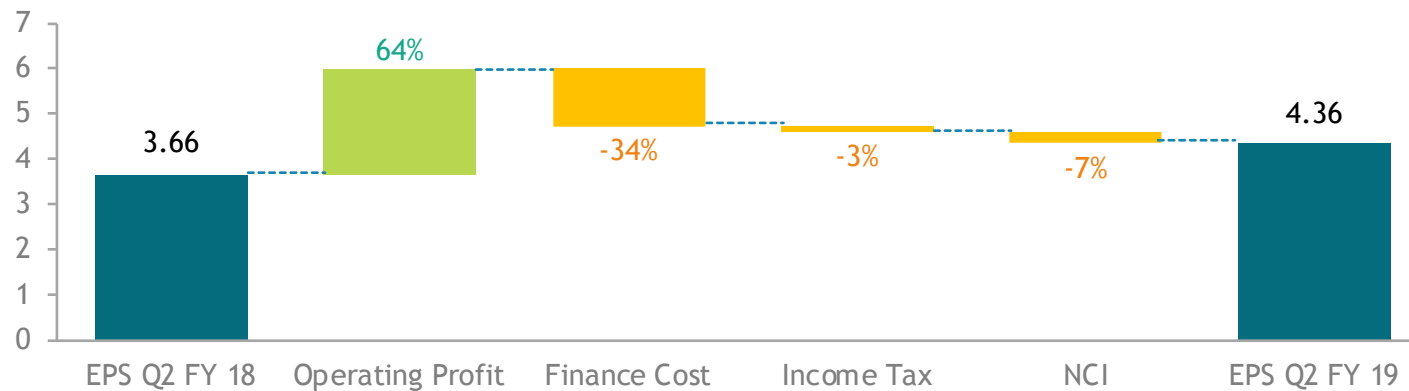
Return on Equity (%)



Return on Capital Employed



EPS Walk



Driving digital and innovation

- ▶ Being driven by Innovation is a core value of Hemas Group, and our digital strategy is at the forefront of our drive towards reinvention in preparation for the business world of tomorrow.

Ayubo.life

Focusing on making Health and wellness more accessible digitally, connecting wellness experts within a click of button and maximizing impact with wellness analytics.

The Hemas Slingshot Program aims to provide talented entrepreneurs/ inventors a chance to commercialize inventions/ projects which fall into the strategic areas of our operations.



The “Adahas” Program of Hemas is an internal crowdsourcing effort aimed identifying and implementing good business related ideas among our 7,000+ team. The best ideas are evaluated and already being implemented.

We continue to invest in people



Be your best self

- “360 You”, the Hemas Employee Value Proposition was launched in October 2017.
- “360 You” is an expression of how Hemas plans to enrich the lives of employees. It’s an acknowledgement that an employee brings their whole self to work.
- Based on five pillars—uniqueness, excellence and balance, empowerment, wellness.



Future Leaders'
Programme

- Third year of development program in partnership with Indian Institute of Management Bangalore (IIMB), to prepare Hemas Future Leaders.
- We have successfully, completed two batches which comprised of 57 mid tier management employees across the group.

Uniqueness

Excellence & Balance

Empowerment

Wellness

Sustainability & Wellness

Group Environmental Goals by 2025



Reduction of
consumption of
water by 50%



50% of energy
consumption to be
renewable energy



Reforestation

Zero waste
to landfills

Employee Wellness

Hemas is on the mission to become the healthiest workforce in Sri Lanka. Our goals for 20/20.

Blood Pressure
↓25%

Cholesterol
↓25%

Halt the
Rise of Obesity

Raised Blood
Sugar Levels
↓

Physical
Inactivity
↓50%

% Salt Used
in Canteens
↓5%

Tobacco
Usage
↓5%

Worksite
Health Score
↑50%

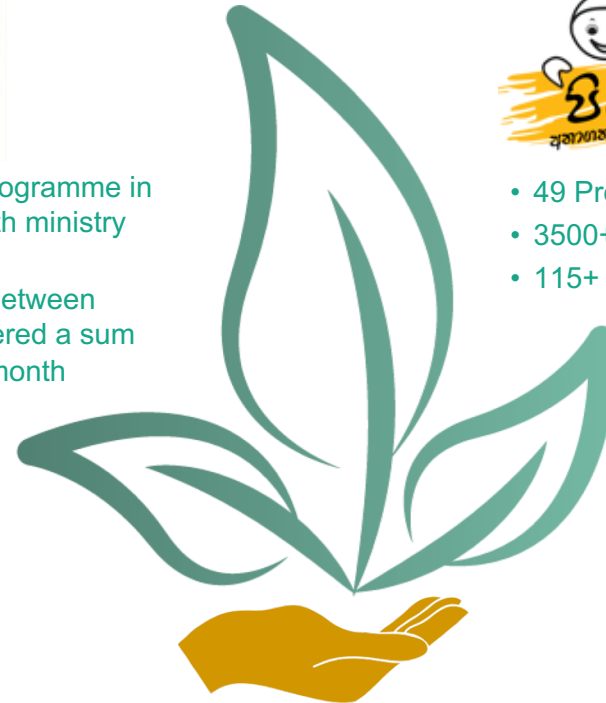
Engaging with Our Community



- Scholarship programme in partnership with ministry of child affairs
- 219 Children between 5-10 years offered a sum of Rs 2000/= month



- 49 Pre schools
- 3500+ children impacted
- 115+ Piyawara teachers



AYATI is a long-term initiative with three main aims:

- Constructing and operating a national centre for children with disabilities
- Changing the mindset of the public to eliminate any stigma and promote acceptance of children with disabilities
- Extending the services to the rural areas of Sri Lanka in time to come

Disclaimer

The material in this presentation has been prepared by Hemas Holdings PLC (“Hemas”) and is general background information about Hemas’ activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

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