

Investor Presentation

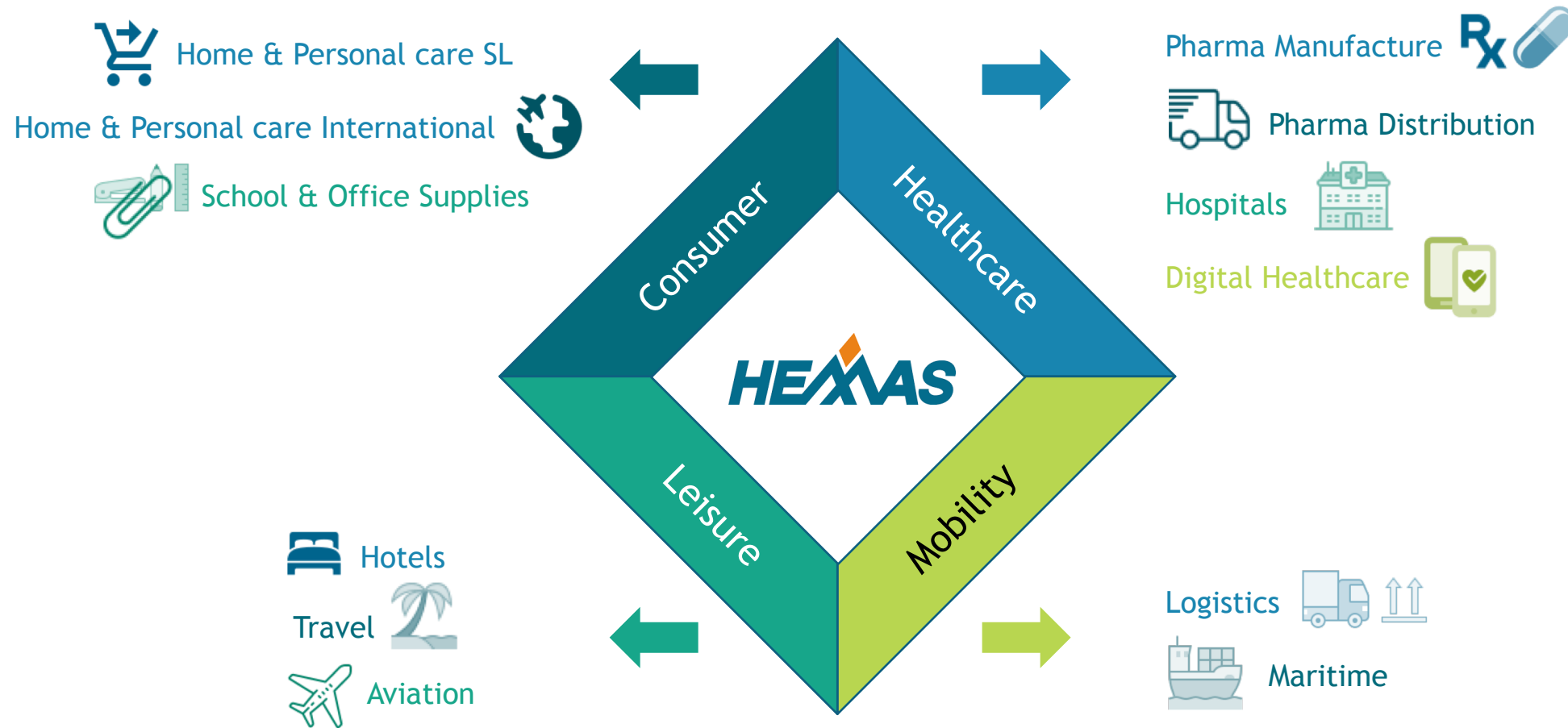
Hemas Holdings PLC

FY 2018-2019

June 2, 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

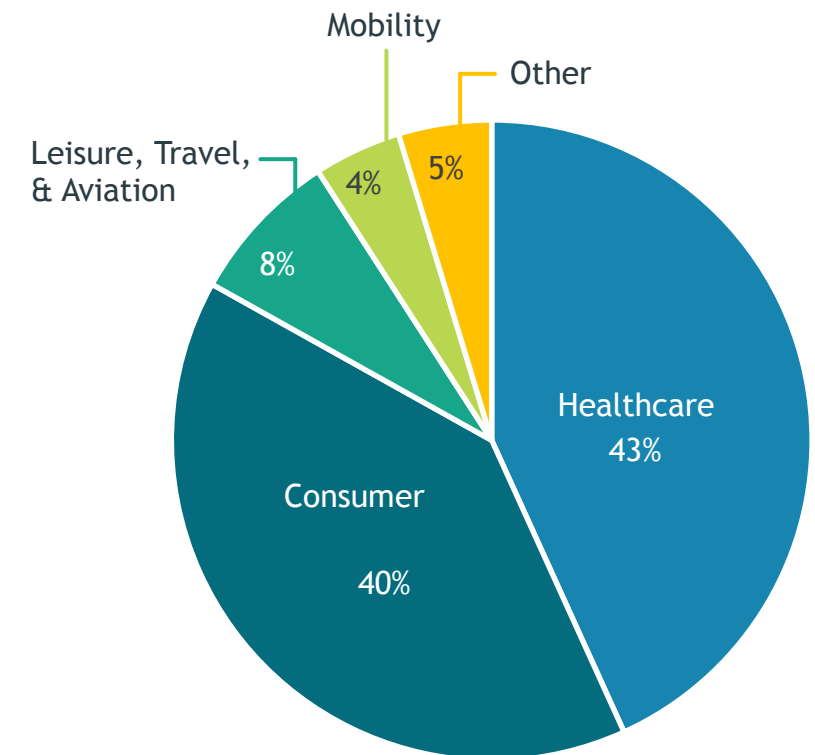


Partnered with Global Maritime
and Logistics Brands

Presence across the Entire
Leisure & Travel Value Chain



Group Revenue by Segment
FY 2018-19



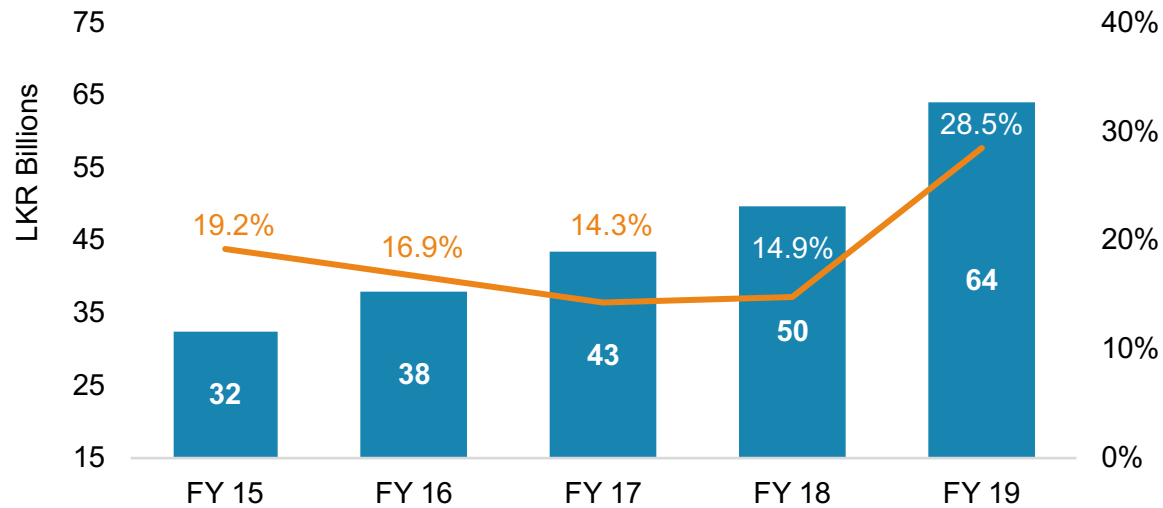
Hemas Holdings PLC: Our Group

- ▶ Market cap: LKR 44.7 billion (US\$ 255 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 Business boards and 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: 23.4%
- ▶ TSR over 5 years: 116.2%

HHL Group Performance: Five year summary

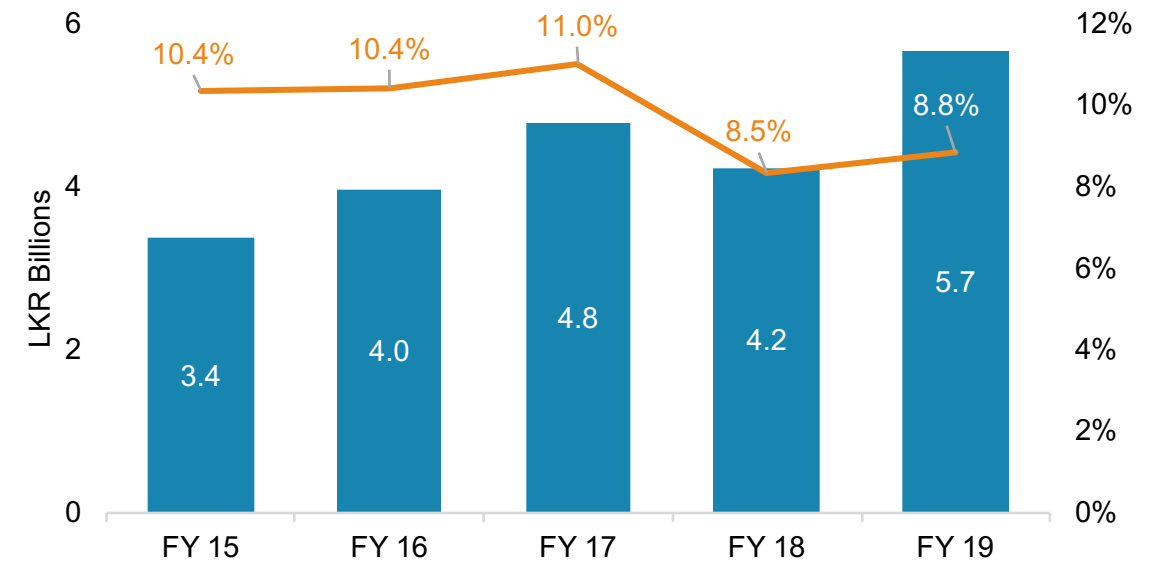
Group Revenue and % Growth

FY 2014 - FY 2019

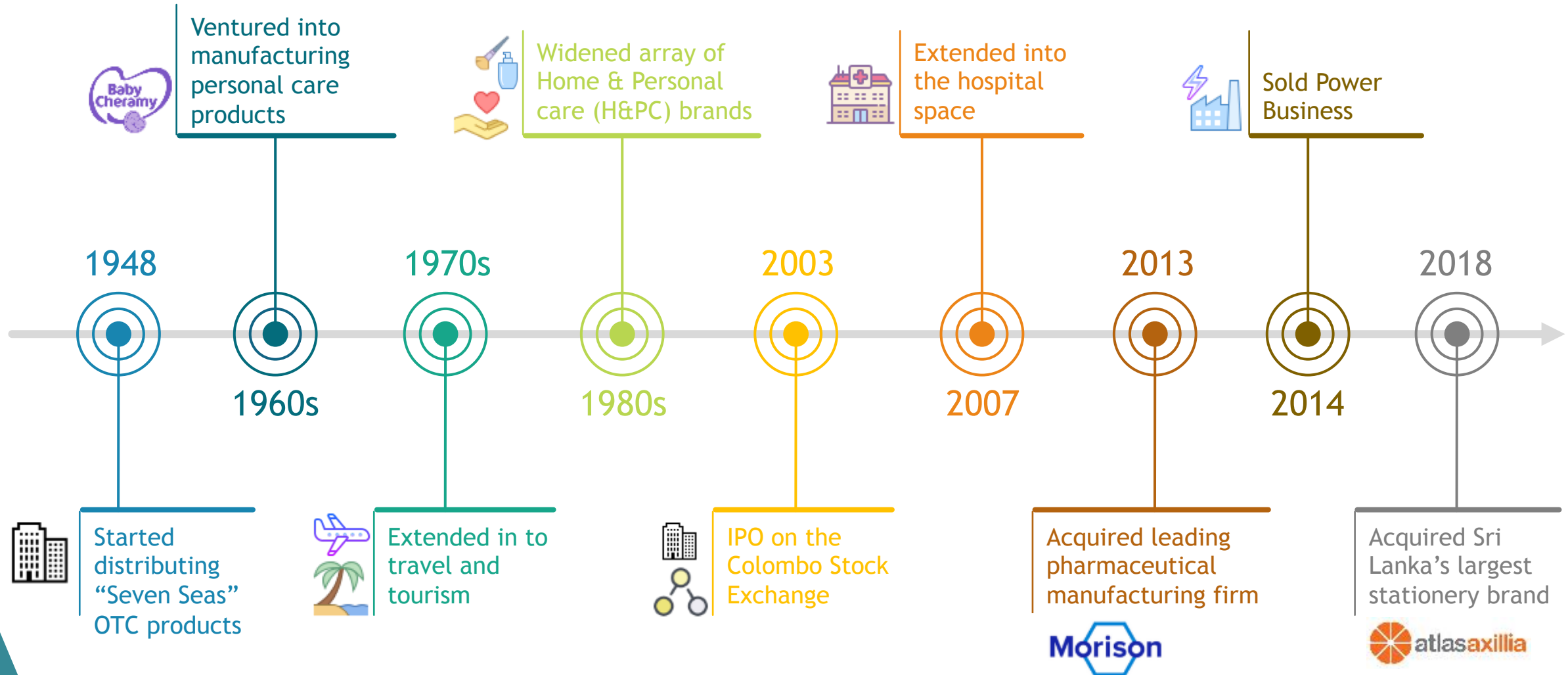


EBIT and EBIT margin (%)

FY 2014 - FY 2019



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

- Exceptional supply chain solutions for innovator medicines in emerging markets
- Superior range of OTC and Wellness offerings, including own brands
- Excellence in pharma manufacturing and self sufficiency in core therapies

Tapping into the emerging Asian consumer

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

Providing Affordable healthcare and diagnostics services

- Wide portfolio of 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



Connect patients to excellent digital health solutions

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

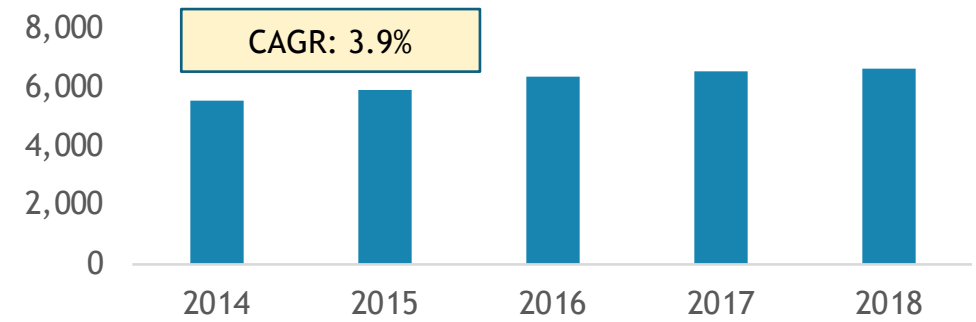
Experiential leisure to upscale travellers

- Focus on building out a portfolio of experiential assets
- Serve the aviation and cargo needs of the region

Industry Focus: Home & Personal Care Sri Lanka—driving branded personal care consumption in emerging categories

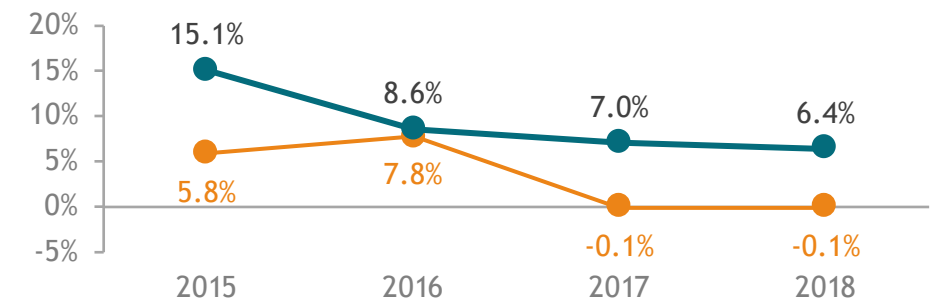
- ▶ Sri Lanka's household consumption grows at 4%, and personal care (H&PC) categories are highly penetrated.
- ▶ A weaker economic environment has kept consumer demand anemic over two years.
- ▶ Volume growth is led by emerging categories such as feminine hygiene as well as hair and skin, and price growth is driven by premiumization.
- ▶ Modern trade represents between 15%-17% of retail sales, expansion of the channel underpins growth in consumption.
- ▶ Hemas H&PC consistently outperformed the market by delighting customers with a continuous refreshment of our portfolio.
- ▶ We maintain deep of distribution of our market-leading brands in sizeable categories.

Household Final Consumption in Constant LKR Mn
2014-2018



Source: Department of Census & Statistics

Sri Lanka FMCG Sector Value Growth & Hemas HPC growth
2015-2018



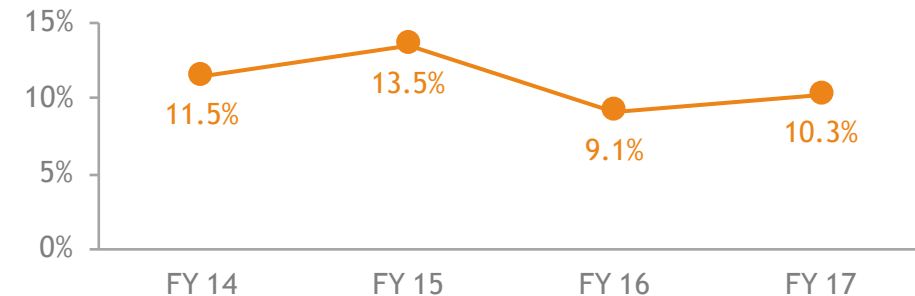
Source: Nielsen Sri Lanka

Home & Personal Care—International: Taking the 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 Sales Growth, Bangladesh

FY 14 - FY 17



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

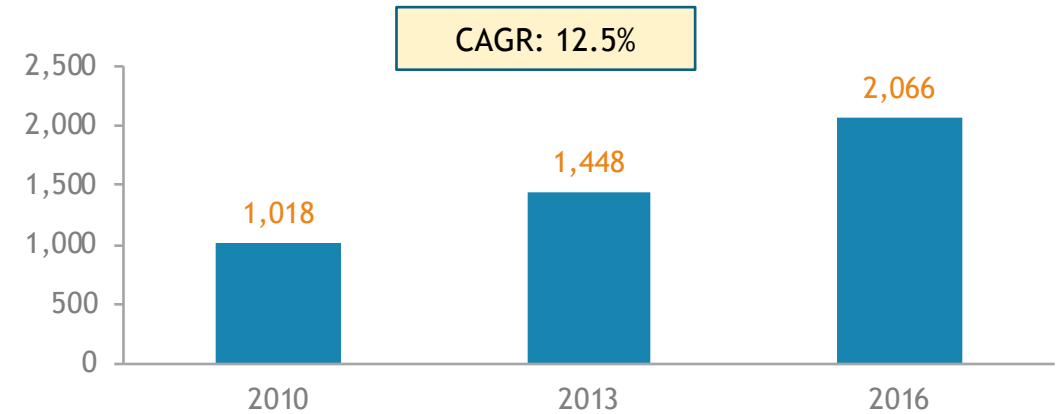


Bangladesh & West Bengal population = 250Mn

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

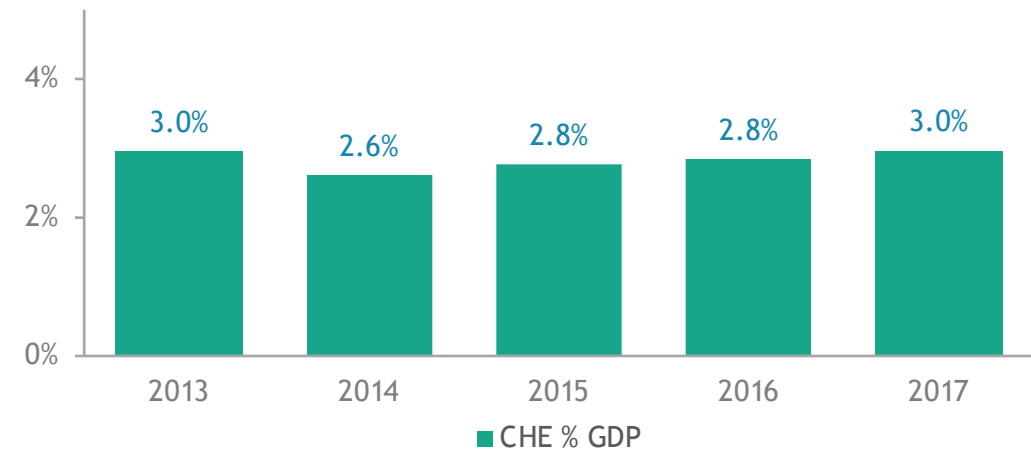


Source: Sri Lanka Household Consumption Survey, 2016; DCS.

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
2013 - 2017

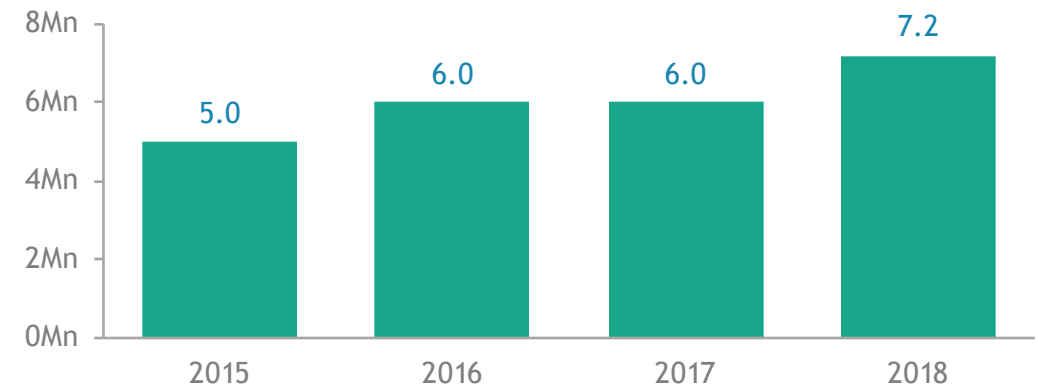


Source: Sri Lanka Healthcare Financing Profile, WHO, 2017

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

- ▶ Port of Colombo saw a YoY growth 13.5% in 2018, transshipment volume growth at Colombo port was 20%.
- ▶ 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.
- ▶ 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

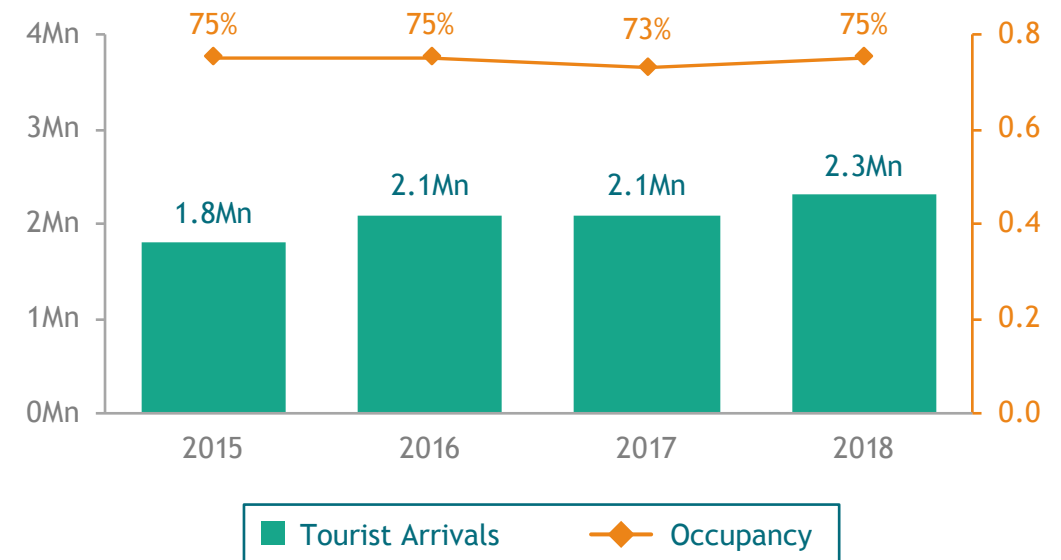


Source: Sri Lanka Ports Authority

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

Full Year Overview: FY 2018-2019

- Strategic Priorities Update
- Group Operational Highlights
- Sector Performance

FY 2018-19 Group Update: we have been executing on our Strategic priorities and capacity building investments

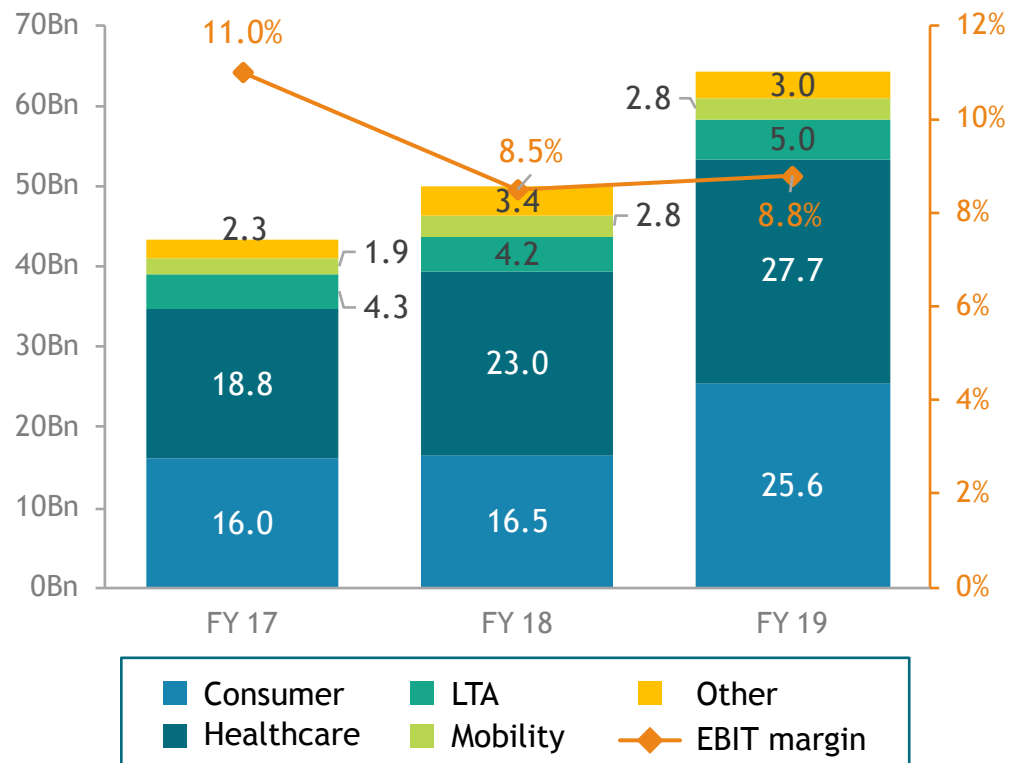
- ▶ Integrating Atlas and our new pharmaceutical agency, a leading agency (ranked #2) into the portfolio.
- ▶ Building our international market presence by ramping up operations in West Bengal, Bangladesh and Myanmar.
- ▶ Enhancing profit margins in our Home & Personal Care business in Sri Lanka.
- ▶ 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

FY 2018-19 Operations Summary: Discontinuous growth from acquisitions, and modest margin improvement in a weak macro environment

Sector Revenue & EBIT Margin (%)

FY 17 - FY 19



- Good growth in revenue resulting from accelerated contribution (>95%) by Consumer and Healthcare segments. Atlas acquisition expanded topline significantly
- Annual organic growth of +13%, as underlying businesses all improved revenues in a challenging environment
- Headwind from sharp Rupee depreciation depressed profitability growth across core operations, leading to lower-than-anticipated margin improvement and organic profit growth of +9%.
- Modest improvement in profits were supported by business improvement initiatives in domestic H&PC business and rebound of the leisure sector.
- Operating performance was suppressed by weaker performance at Morison OTC segment and start-up losses in Digital Healthcare, Myanmar Pharma and West Bengal H&PC.
- 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

FY 2018-19 Sector Highlights

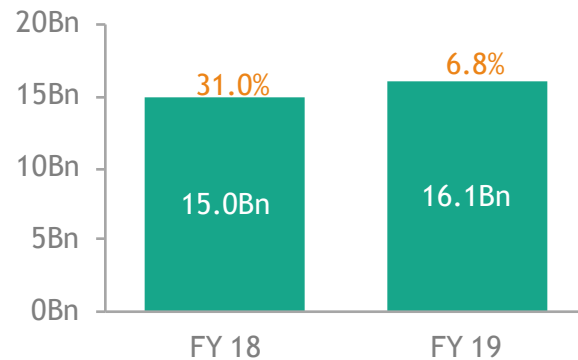
Consumer	Rev (LKR Bn)	% Growth	EBIT (LKR Bn)	% Growth	<ul style="list-style-type: none"> H&PC (>60% contribution) underlying growth of 6% drive by price and product mix. +17% growth in H&PC international as Bangladesh improved and West Bengal also pulled through. Atlas YoY growth in sales was +15% YoY as it grew share in major categories and delivered a strong back-to-school season. Underlying operating profit growth modest at +7% as OTC segment sales decline impacted MORI, but H&PC domestic profit improvement pulled through.
	25.6	55.0%	2.7	91.1%	
Healthcare	Rev (LKR Bn)	% Growth	EBIT (LKR Bn)	% Growth	<ul style="list-style-type: none"> Strong growth in pharma import and distribution portfolio core business, and satisfactory growth in manufacturing despite loss of distributed revenues. Hospitals focused on operating improvements and delivered improved margins. Currency depreciation eroded pharmaceutical margins and interest costs impacted working capital funding.
	27.7	20.3%	2.2	-5.0%	
Mobility	Rev (LKR Bn)	% Growth	EBIT (LKR Bn)	% Growth	<ul style="list-style-type: none"> +14% growth in Maritime revenues Spectra JV in startup phase as it ramps up capacity utilization at the facility. Pressure on Mobility margins due to the hike in fuel price and currency depreciation on \$US loan facility.
	2.8	0.7%	0.7	-17.3%	
Leisure	Rev (LKR Bn)	% Growth	EBIT (LKR Bn)	% Growth	<ul style="list-style-type: none"> Hotels average occupancy at 91% and increased ARR during Q4, peak season. Inbound and outbound recorded satisfactory performance. Strong profitability growth seen during the quarter due to forex depreciation and cost controls, though challenged due to dollar loan financing at Anantara Tangalle.
	5.0	19.4%	0.4	94.1%	

Most Recent Quarter Performance: Q4, FY 2018-2019

- Group Operational Highlights
- Quarterly Sector Update
 - Consumer - Domestic
 - Consumer - International
 - Healthcare
 - Mobility
 - Leisure, Travel and Aviation

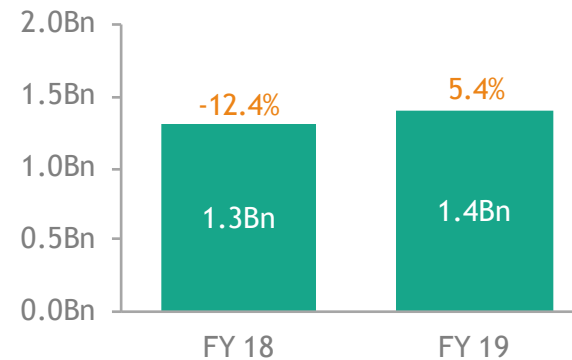
Q4 (3 months) FY 2018-19: Group Operational Highlights

Revenue



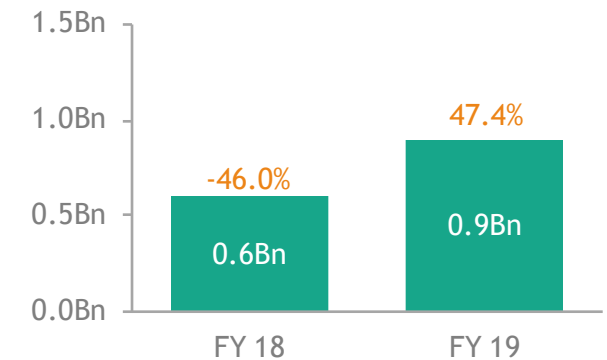
- Group revenue growth was 6.8% driven by Domestic & International Consumer growth and Healthcare.
- Leisure sector growth stood at 20% underpinned by strong revival of Inbound.
- Logistics revenue depressed by 20% due to delays in operational readiness at the new facility and low off-season demand.

EBIT



- Consumer sector posted EBIT losses:
 - Raw material cost increases due to tariffs and commodity price increases
 - Brand investment towards relaunches Q3 launches in Domestic H&PC
 - Regular off-season losses at Atlas.
- Rupee appreciation in Q4 improved profitability in pharma distribution.
- Profitable quarter for LTA with improved margins across the sector.

Earnings



- +50% growth in earnings driven by LTA sector, including +113Mn addition due to fair value gain in property.
- Drag in logistics earnings owing to ramp up delays
- Increased Logistics and Pharma financing and working capital costs:
 - \$US debt and exchange rate depreciation impacted Spectra
 - Working capital funding for Pharma due to delays in government receivables

Modest topline growth underpinned by good demand for tourism, but weakened LKR and loss of interest income continues to suppress earnings growth.

Consumer Sector Performance: FY 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

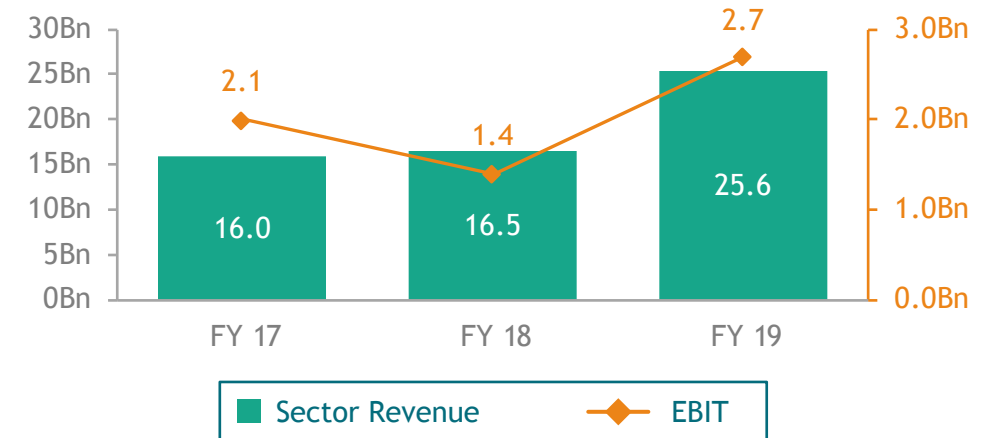


No. 2 Feminine Hygiene Brand



Sector Revenues & EBIT in LKR

FY 17 -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



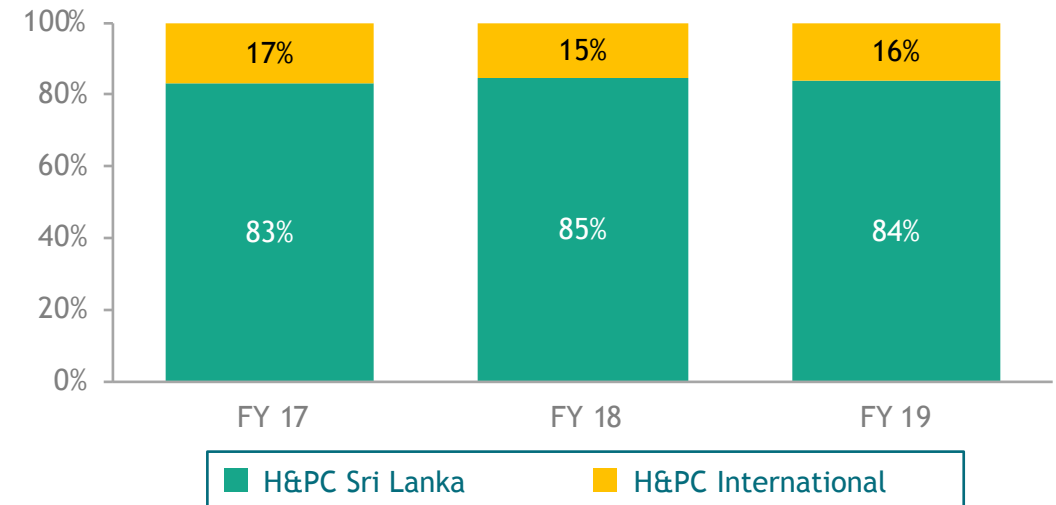
Herbal Beauty Soap



Feminine Hygiene



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



Business Update

- ▶ H&PC International grew 20% off a lower base in Q4, with revived sales post *Kumarika* relaunch.
- ▶ *Kumarika* maintained its VAHO market share through the year at 19%.
- ▶ Total retail availability now over 200K, as restructured distribution benefits kick in.

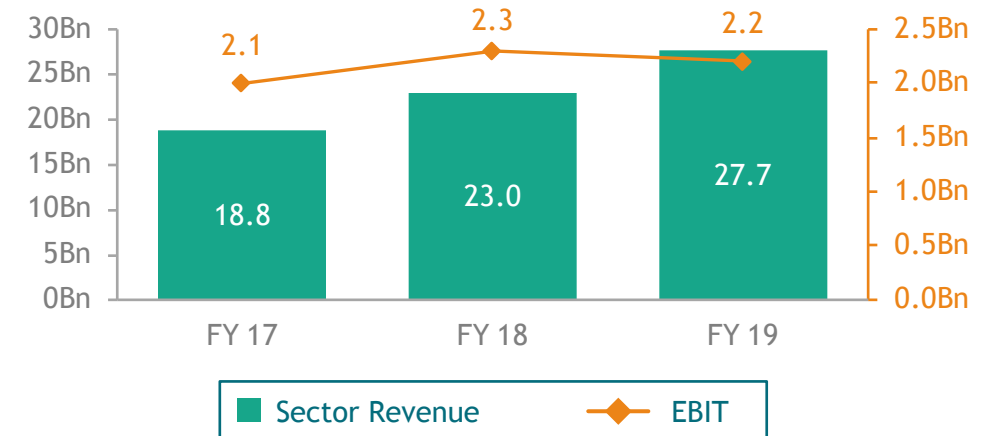
Healthcare Sector Performance: FY 2018-2019

Hemas Healthcare Sectors



Sector Revenues & EBIT in LKR

FY 17 - 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 (HISL) for digital and data security.

Mobility Sector Performance: FY 2018-2019

Logistics

SPECTRA
SYNERGIZING LOGISTICS

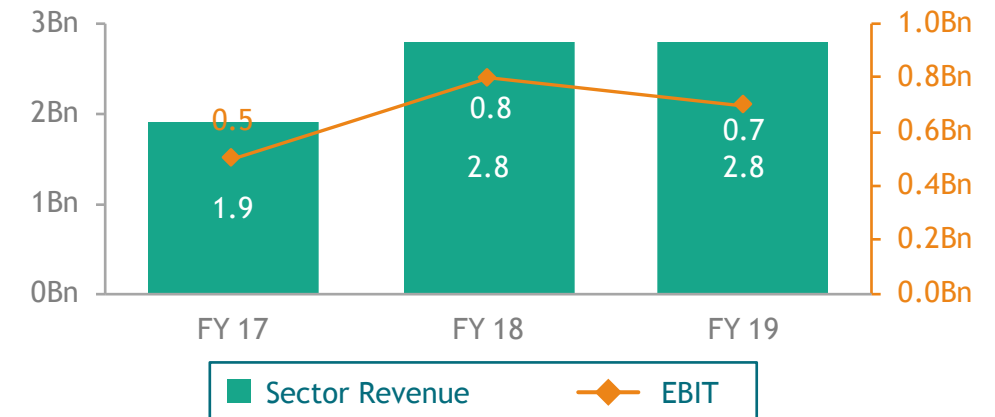
Maritime

EVERGREEN



Sector Revenues & EBIT in LKR

FY 17 - FY 19



Business Update

- ▶ Operational challenges in the past quarter due to facility readiness.
- ▶ 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: FY 2018-2019

Hotels

ANANTARA
PEACE HAVEN · TANGALLE
RESORT

AVANI
BENTOTA
RESORT & SPA

Club Hotel
Dolphin

ANANTARA
KALUTARA · RESORT

AVANI
KALUTARA
RESORT

Hotel
Sigiriya

Travel

DIETHELM
TRAVEL

sto
TRAVEL

gta
powering
global travel

HEMAS
HEMAS TRAVELS

HRG

Aviation

Emirates

malaysia
airlines

Drukair
Royal Bhutan Airlines

UIA

IndiGo

Alitalia

CHINA SOUTHERN AIRLINES

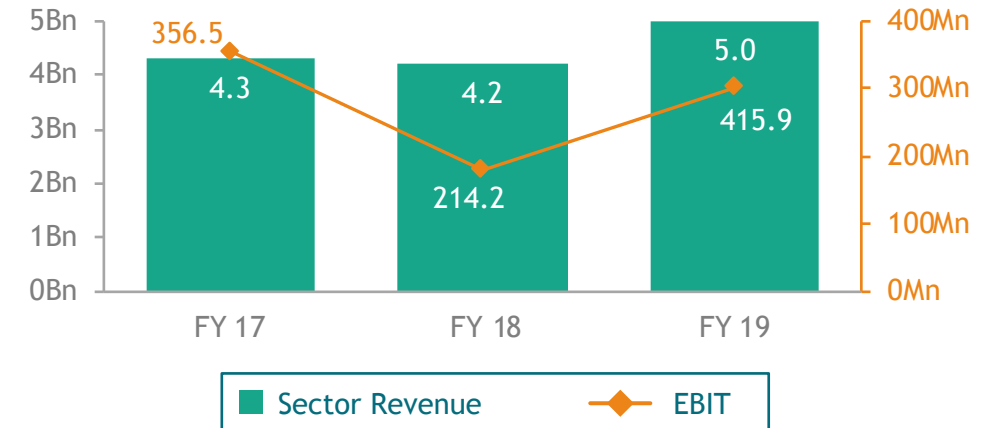
TRAVEL
Sri Lanka

maldivian

EVA AIR

Sector Revenues & EBIT in LKR

FY 17 - FY 19



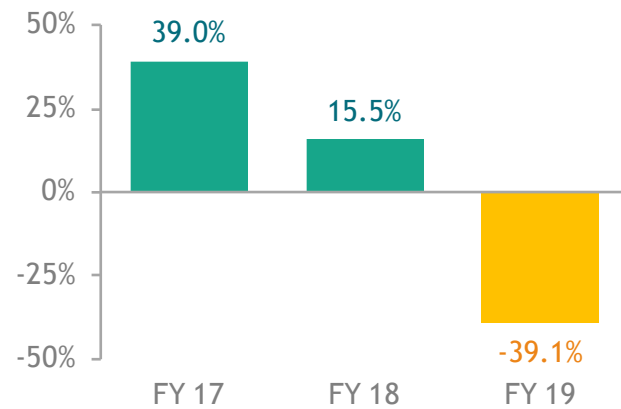
Business Update

- ▶ Strong quarter in inbound travel and aviation sector, growing at +25%.
- ▶ Part closure at Avani Bentota and soft renovations at the Hotel Sigiriya amounting to an aggregate cost of LKR 32Mn
- ▶ 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

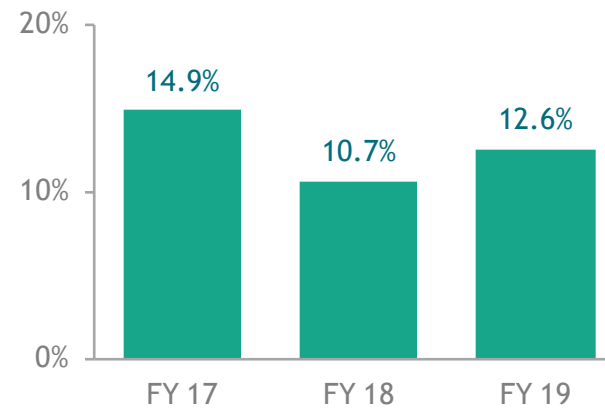
Investment Highlights
Digital & Innovation
People & Talent
Sustainability & Wellness

Investment Highlights

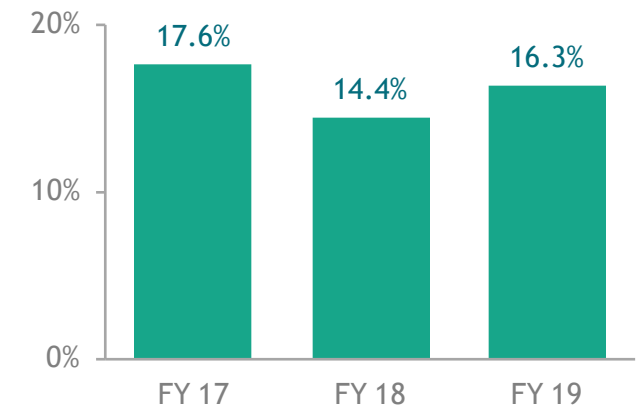
Total Shareholder Return (%)



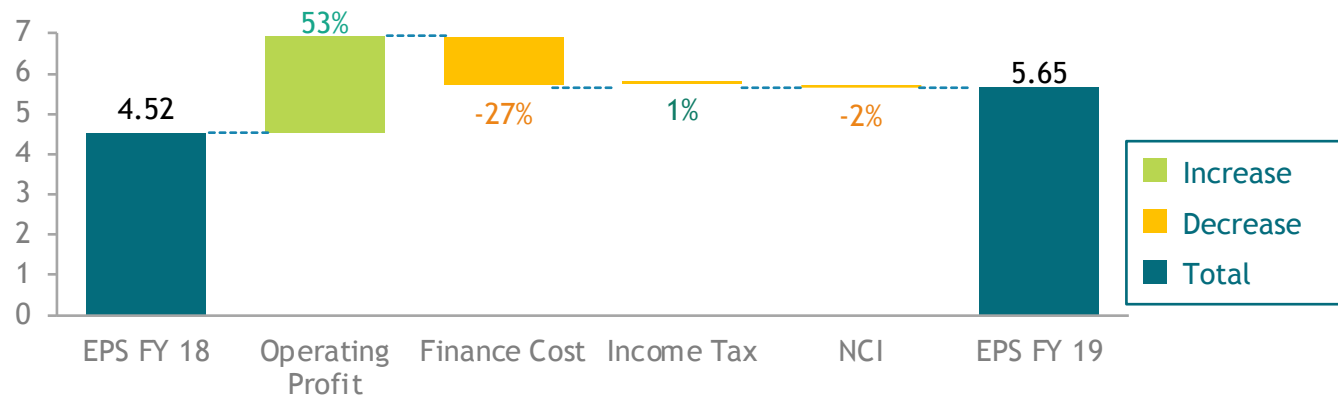
Return on Equity (%)



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 and is an expression of how Hemas commits to enrich employee lives through the acknowledgement that an employee brings their whole self to work
- As an equal opportunity employer, Hemas was highlighted as a case study by #SheWorks Sri Lanka, an IFC led programme in our efforts to provide employer-supported child support.
- Hemas has also introduced flexible working as a policy, and is among the few organisations to offer paternity and adoption leave in addition to maternity leave.



Future Leaders'
Programme

- Successful completion of a third year development program in partnership with Indian Institute of Management Bangalore (IIMB), to prepare Hemas Future Leaders.
- Over 90% of those that went through this programme have progressed in their careers through enriched job scopes and promotions.

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%

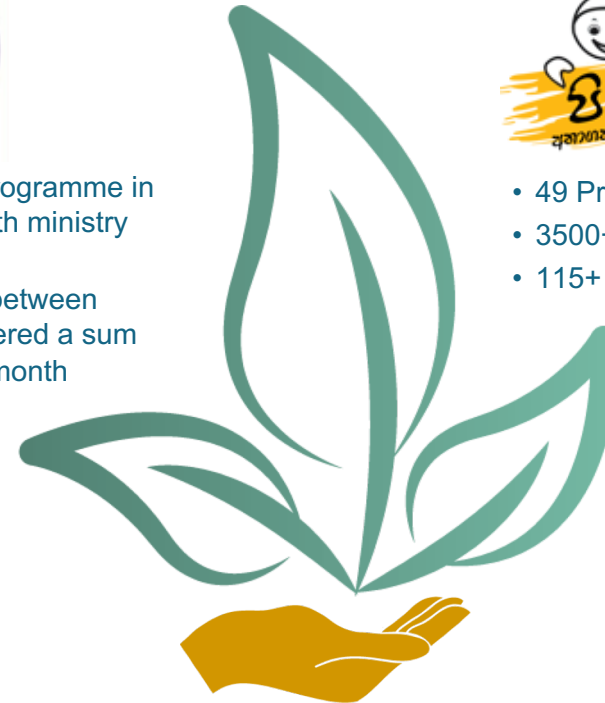
Engaging with Our Community



- 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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