



# Hemas Holdings PLC

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## Earnings Call – Q2 FY23

# WHO WE ARE

Established in 1948, Hemas Holdings is one of Sri Lanka's leading conglomerate with focused interest in Consumer and Healthcare.

Listed in the Colombo Stock Exchange Hemas has presence in Sri Lanka and Bangladesh, bringing healthful living to life through its offerings.

74

Years in  
Operation

USD  
104<sup>mn</sup>

Market  
Capitalisation

35%

Free Float

USD  
256<sup>mn</sup>

Total Assets

AAA

Long-term  
Fitch Rating

>5k

Employees

## Key Milestones

1948

*"Established Hemas Drugs Pvt Ltd"*

2003

*"IPO on the Colombo Stock Exchange"*

2007

*"Extended operations into Hospital Space"*

2013

*"Acquired leading Pharmaceutical Manufacturing firm – JL Morison"*

2018

*"Acquired Sri Lanka's Largest Stationery Brand- Atlas"*

# IMPLICATIONS OF KEY MACRO ECONOMIC PARAMETERS ON HHL

## ✓ Surge In Inflation

*“Change in consumer buying patterns with reduced disposable income”*

**69.8%**

CCPI

**73.7%**

NCPI

YoY change (Sept 2021 vs Sept 2022)

## ✓ Depreciation of LKR

*“Input cost inflation with increased cost on imported raw materials and pharmaceuticals”*

**81.5%**

\$/Rs

YoY change (Sept 2021 vs Sept 2022)

## ✓ Global Commodity prices

*“Prices of key commodities saw a declining momentum on QoQ basis easing the margin pressure on consumer businesses”*

**-39.4%**

Palm Oil

**-24.9%**

Crude Oil

QoQ Change (Sept vs June 2022)

## ✓ Interest Rates

*“7x QoQ growth in Group finance cost due to inflationary pressure and increased working capital to ensure product availability”*

**333 bps**

Weekly AWPLR

QoQ change (June 2022 vs Sep 2022)

## ✓ Tax Reforms

*“Increased corporate tax and domino effect on consumer demand and consumption-driven growth”*

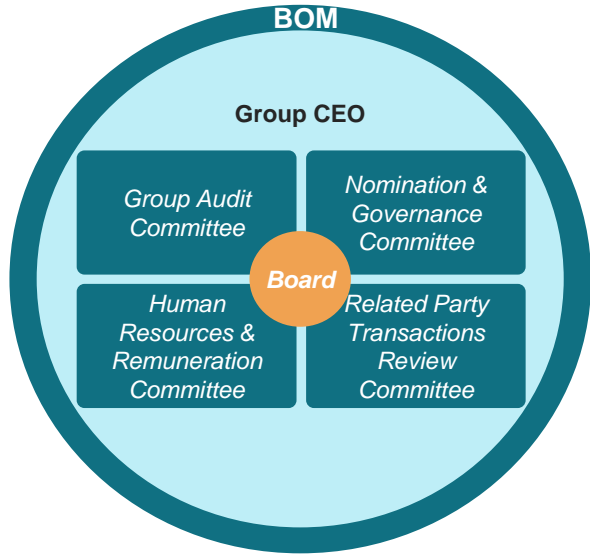
**30%**

Corporate Tax rate

**1.2 Mn**

Personal tax relief threshold

***“If Sri Lanka fails to meet the December 2022 deadline to secure an International Monetary Fund (IMF) loan, the next meeting is scheduled to be in March 2023”***



Sound Corporate Governance Structure with an Independent Board



Strong balance sheet with a net gearing of 20%



Diversified and competent Leadership Team

# KEY STRENGTHS

**AAA** <sup>(Ika)</sup>  
FitchRatings

Long-Term Rating of AAA (Ika) Stable Outlook

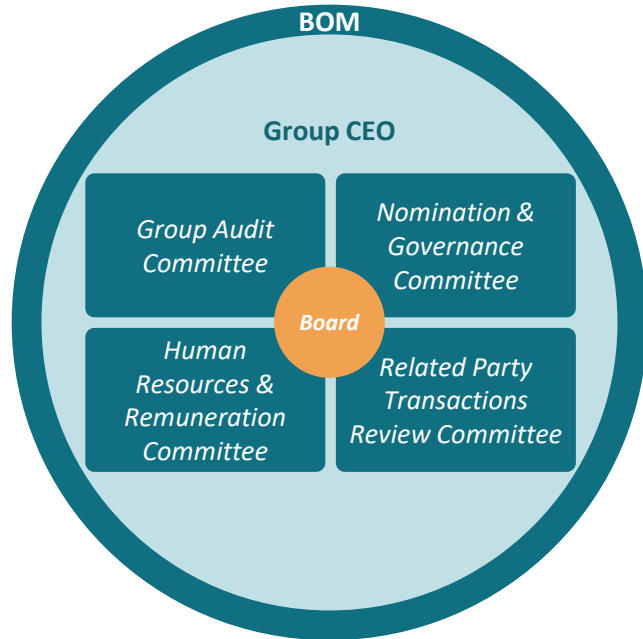


Presence in key defensive segments  
Healthcare and Consumer



Strong value creating partnerships with internal and external stakeholders

# Corporate Governance



## BOM (Board of Management)

Consists of the senior leadership team of 9 members - MDs of our 5 major businesses and 4 leaders from Corporate Office. BOM is responsible for formulation and implementation of Group strategic plan and ensures that the Group works in a collaborative and high-performance manner notwithstanding the circumstances and challenges the Group faces.



## The Board

Takes overall responsibility for the performance and affairs of the Company and the Group



## Board Sub-committees

Ensures in-depth focus on delegated matters



## Group CEO

Leads the Executive Management team. Responsible for strategy development, implementation and Group performance

## Board Composition

- Independent directors
- Non-Executive Directors (including Chairman)
- Executive Directors



## Independence

44%

of the board is independent

## Gender



88% : 12%

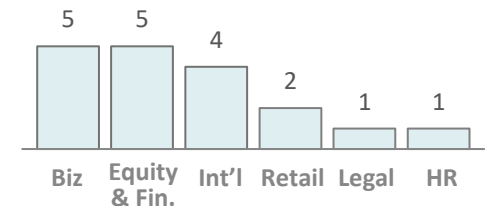
## Board Size

09

Board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements

## Expertise

Experienced Board, combining knowledge and skills relevant to the Group





# STRATEGIC BUILDING BLOCKS



## Building more from the core

*Accelerate current business efforts to drive higher value in core business*



## New within the core and Adjacencies

*Capturing new revenue streams to further strengthen the core and adjacencies*



## New business and Internationalisation

*Explore attractive opportunities in new spaces and international markets*



## Efficiencies

*Efficiency and productivity to further enhance capacity and improve growth*

# Our Strategic Building Blocks – Q2 FY 2022-23



## MORE FROM THE CORE

- **HPC SL** : Achieved the highest ever market shares for brands such as ‘Clogard’ and ‘Fems’ for the quarter. Achieved the highest ever overall reach in September.
- Approximately 50% growth witnessed in exports (YTD).
- **Atlas**: ‘Innovate’ continued to increase brand awareness amongst youth through partnerships e.g. MOU with AIESEC. The brand also strengthened its presence in strategic geographical locations.
- **Hospitals** : Both medical and surgical admissions displayed an upward trend in the first half of FY23.
- **Pharma**: Launched three new pharmaceutical products in anti-Cancer and blood thinning spaces. Additionally, 15 surgical products related to in-patient care and surgical procedures were also introduced.



## NEW WITHIN THE CORE

- **HPC SL**: Dandex launched the ‘Head and Hair’ range for dandruff free soft and smooth hair.
- **Pharma**: Entered into two principal agreements with the objective of venturing into under penetrated spaces.
- **Morison**: Launched Bisoprolol 5mg 250s for high blood pressure for the first time in Sri Lanka. This is to be supplied to government hospitals under the Buyback programme
- **Morison**: Launched ChlorMor (Chlorphenamine 4mg, 100s) an Antihistamine drug at an affordable price under the Morison branded pharma segment.



## ADJACENCIES

- **Atlas**: Launched its online learning platform ‘Atlas Learn’.
- **HPC SL** : Launched Gold 3 in 1 solution, single product for hair, body and face.
- **Hospital**: Increase in revenue for ‘Anchor Specialties’ such as Nephrology and Urology.
- **Exports** : Displayed progress in expanding to new geographical markets



## EFFICIENCY AND PRODUCTIVITY

- **Hospitals** : Focused on 5S, Kaizen and Lean initiatives including process standardisation initiatives for better management of costs.
- **HPC SL** : Conducting waste reduction programmes.
- **Pharma**: Completed mini automation projects to improve streamlining of processes.
- **Atlas**: 4,400+ Lean kaizens implemented. Successfully completed three automation projects in relation to injection molding. Managed to perform value added services for water bottles and lunch boxes in-house through sweating of existing current assets.

# New Product Launches during the Quarter

## Home and Personal Care Sri Lanka



Baby Cheramy 70 g Budget Pack



Velvet cutie 70 G variant



Gold 3 in 1 wash



Diva 500 g "Diriya" pack



New "Dandex" shampoo variants



"Shield" 50 g soap

## Pharmaceutical Manufacturing



Morison 'Bisoprolol 5mg', Chor Mor  
 "Used in treating high blood pressure and other cardiovascular conditions"

Bisoprolol tables are now being manufactured locally for the first time in Sri Lanka

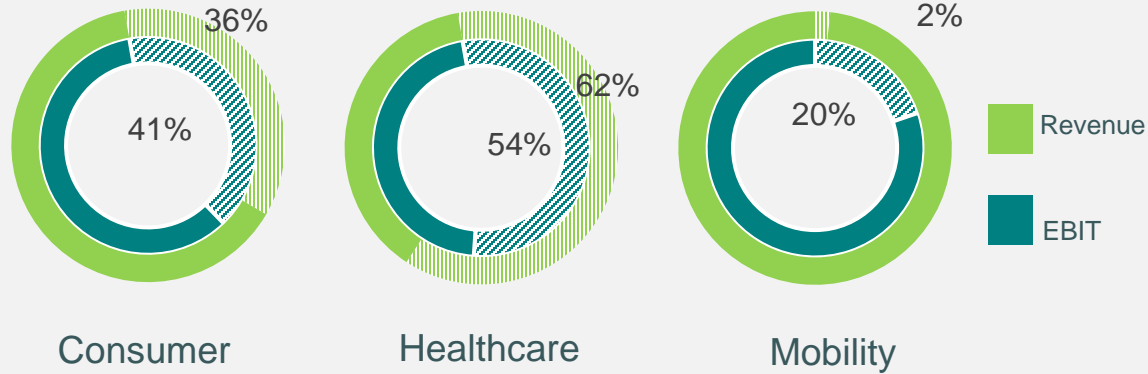
Morison Chlor-Mor Chlorphenamine tablets



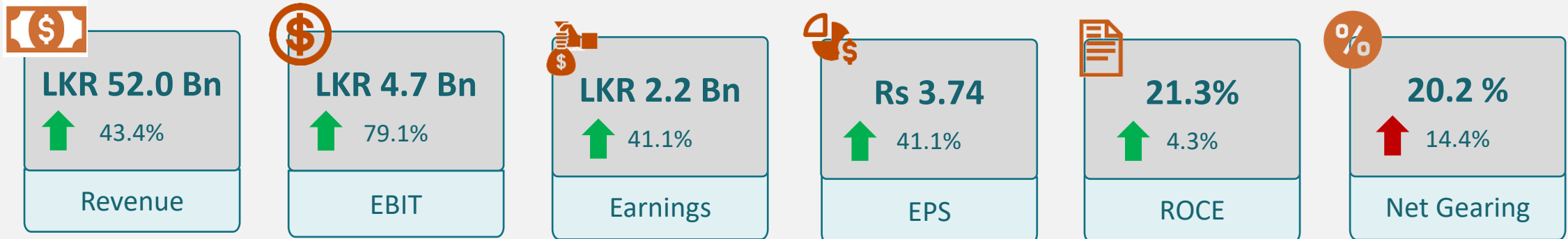
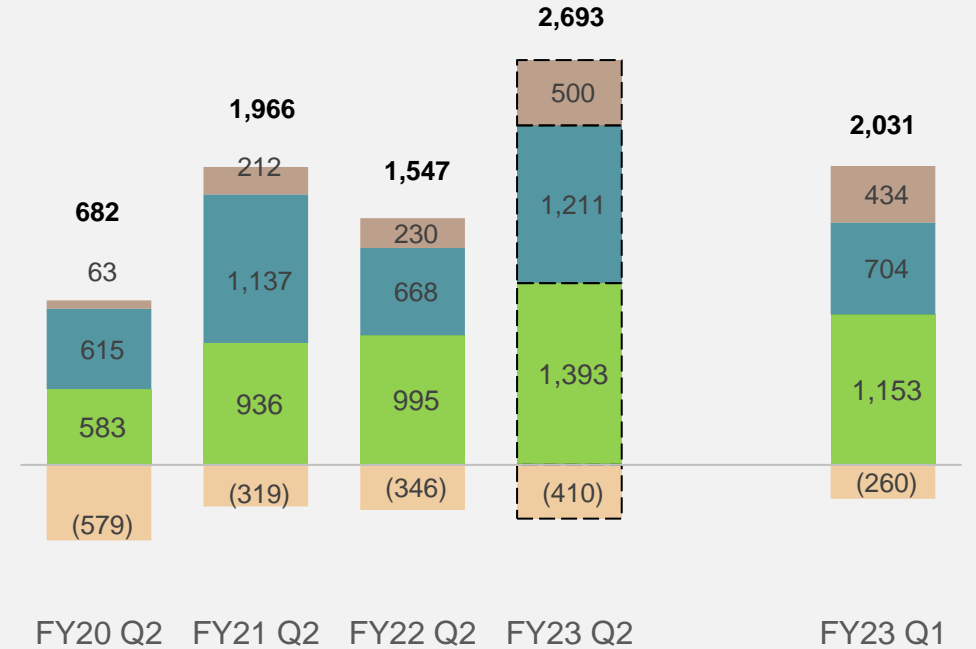


# FINANCIAL SNAPSHOT

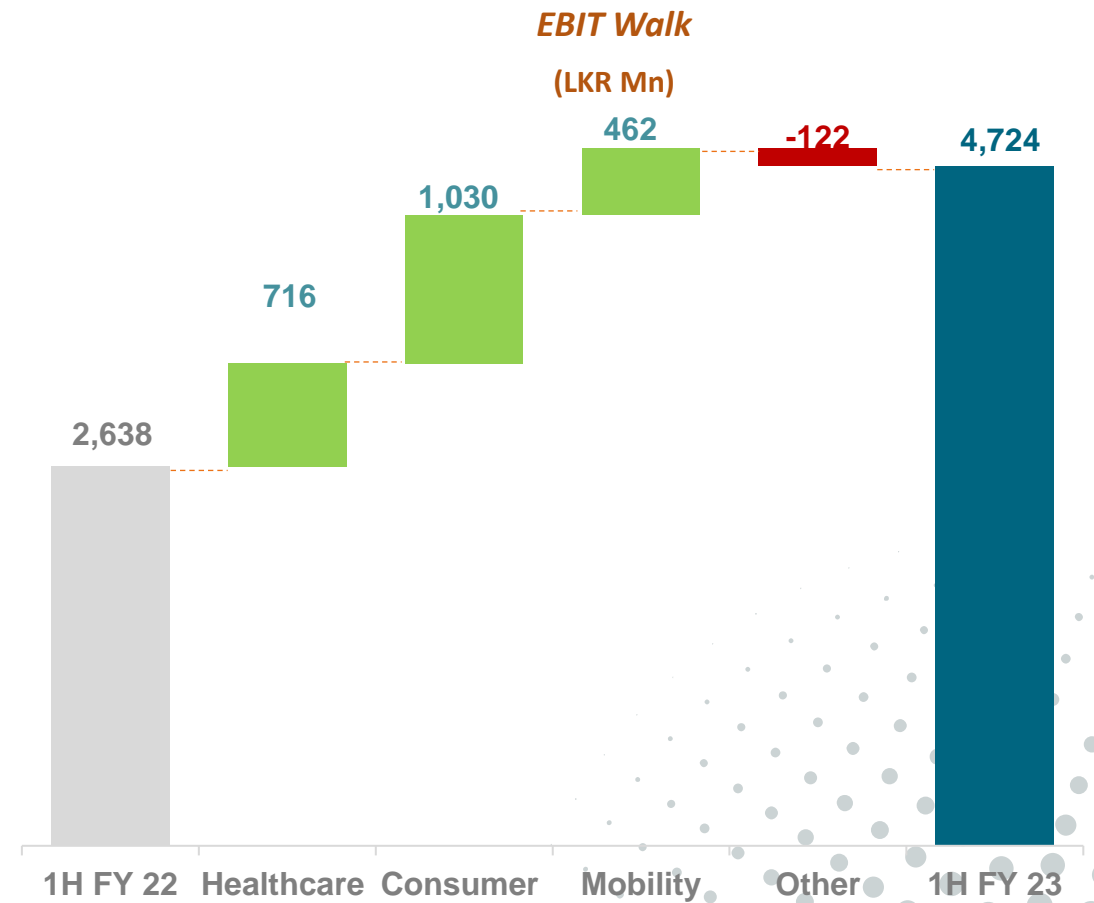
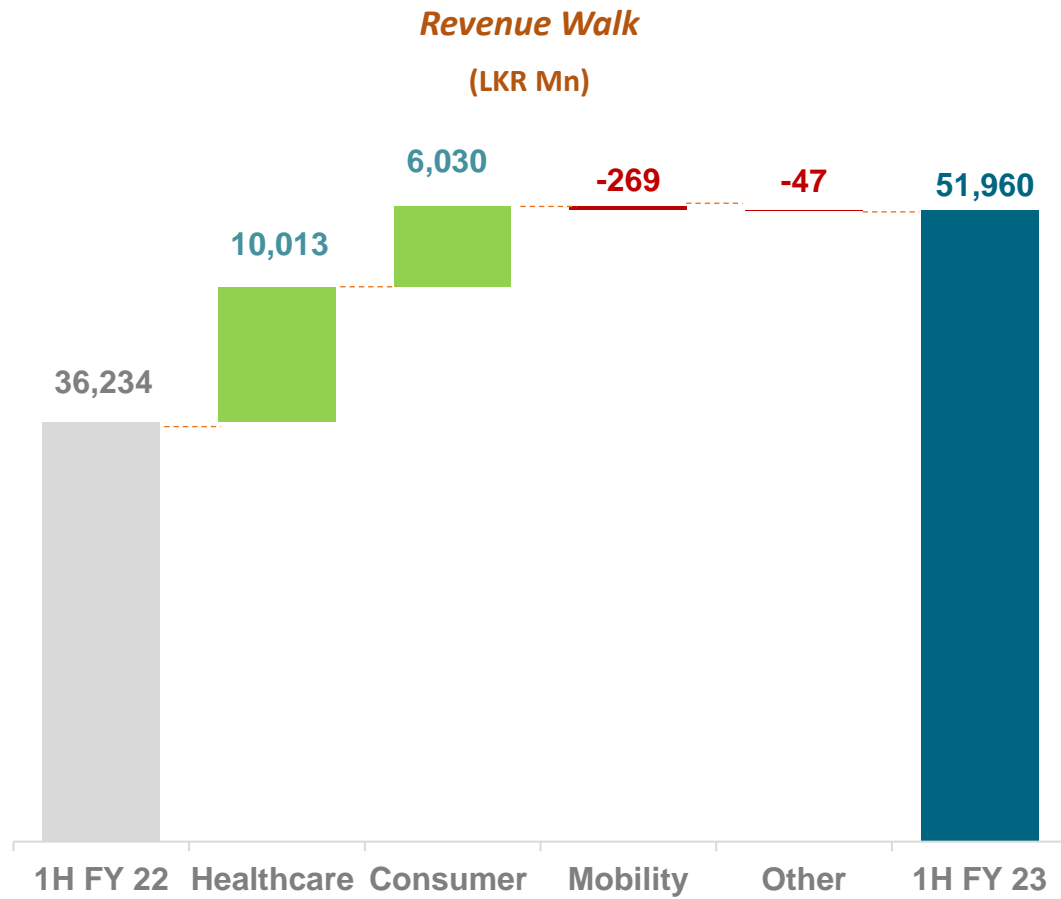
## 1H CONTRIBUTION TO GROUP



## EBIT BY SEGMENT (LKR MN)

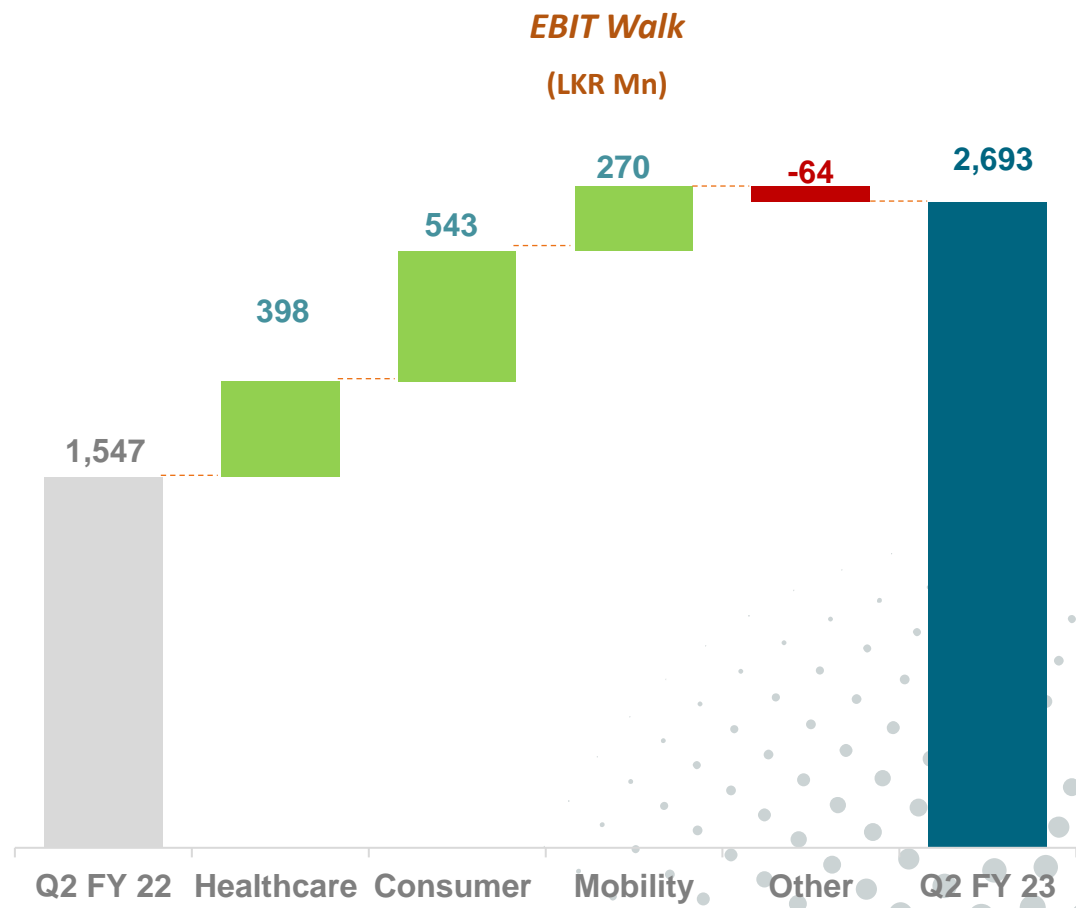
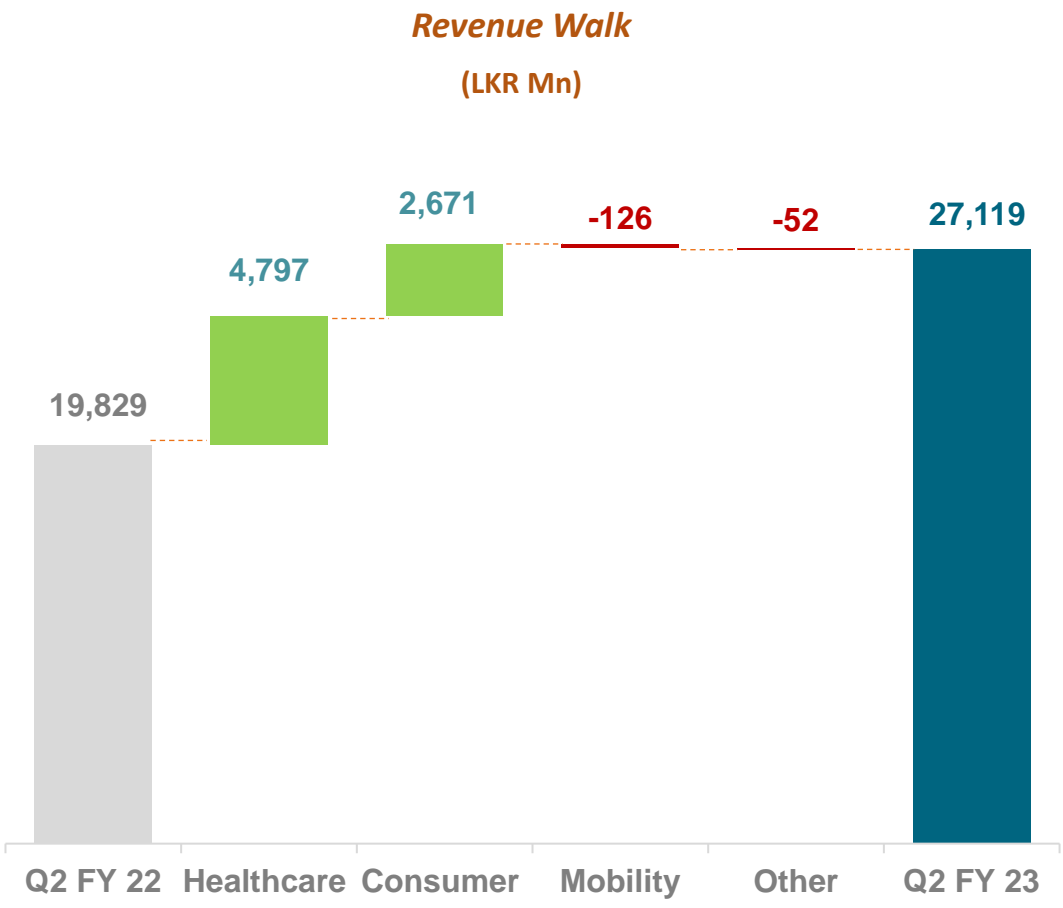


# Sector Performance Summary – 1H FY 2022-23



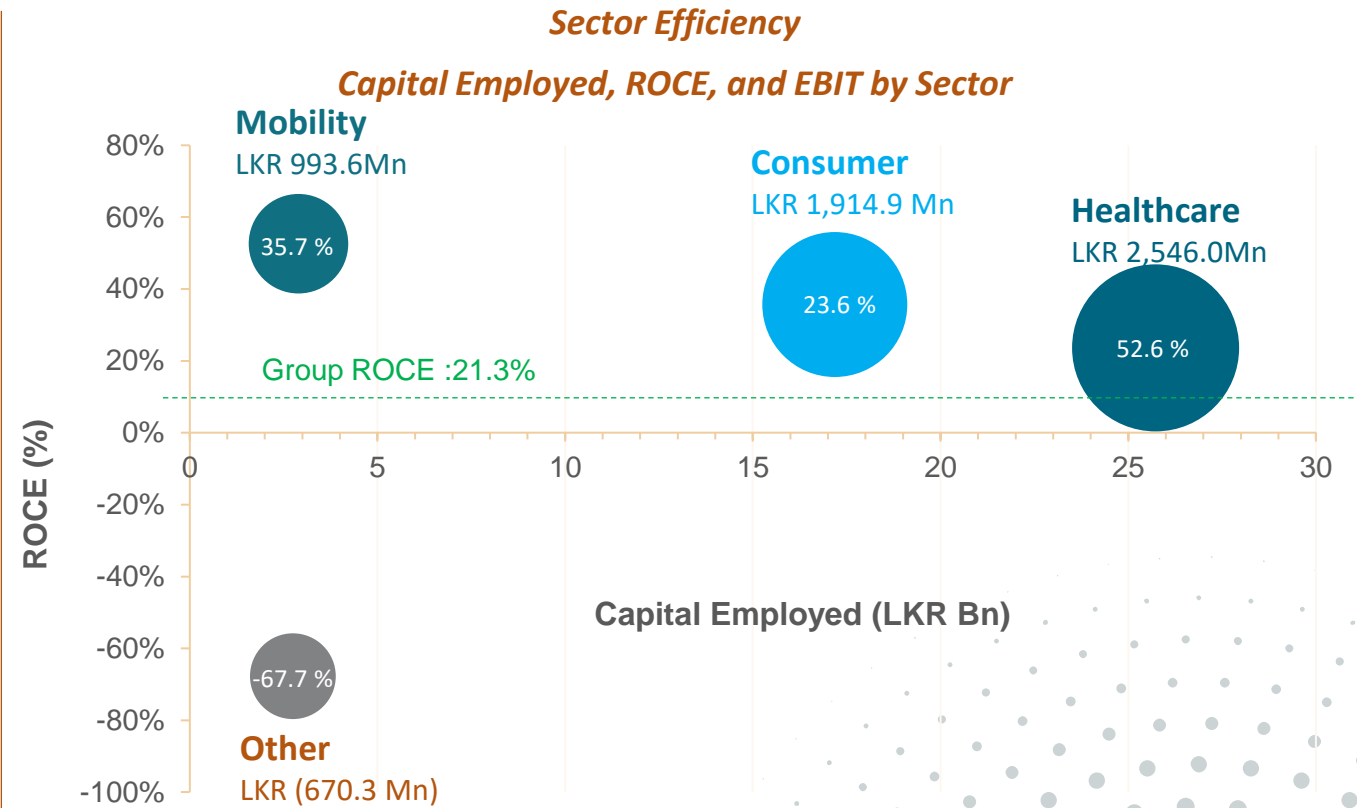
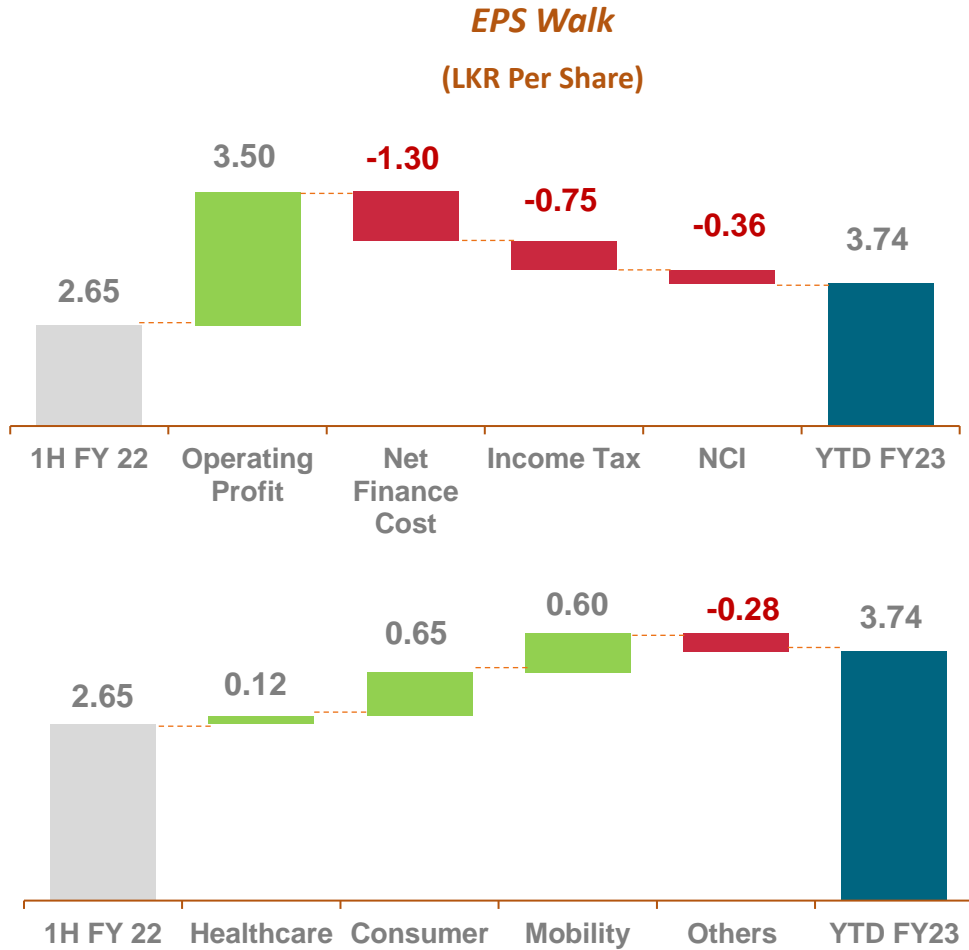
Note: The 'other segment' includes the corporate office and remaining Leisure assets

# Sector Performance Summary – Q2 FY 2022-23



Note: The 'other segment' includes the corporate office and remaining Leisure assets

# Continuing Operation EPS and Capital Employed– 1H FY 2022-23



*Note:*  
The size of the circle indicates the EBIT values  
The 'other segment' includes the corporate office and remaining leisure assets

# Consumer Brands



Home and personal care – Sri-Lanka



Home and personal care – International



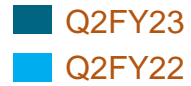
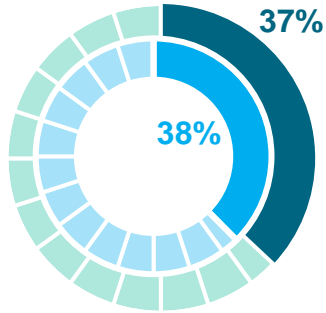
Learning Segment



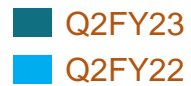
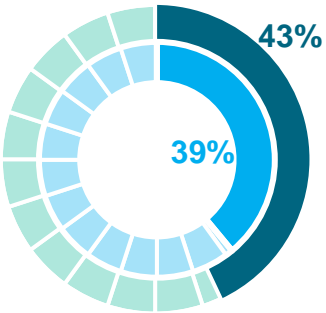
# Consumer Brands

## Contribution to Group

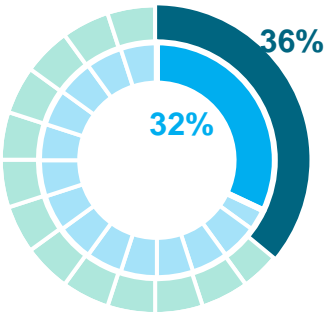
### Revenue %



### EBITDA %

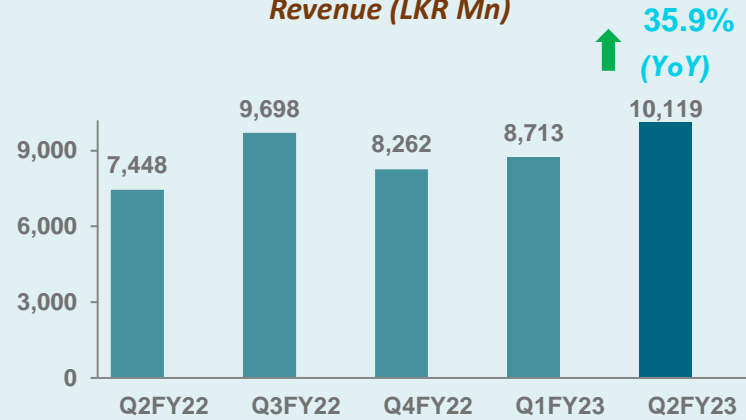


### Capital Employed %

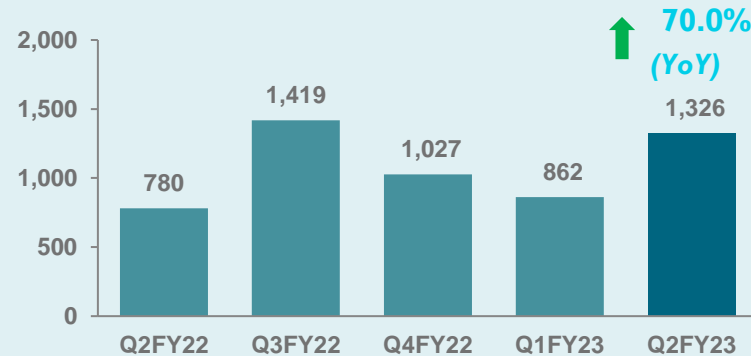


## Sector Performance – 1H FY 2022-23

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



### Key Highlights

- Inflation continued to affect consumer behaviour with over 70% year-on-year NCPI growth in September.
- Reduced purchasing power witnessed market being skewed towards value for money alternatives.
- Value growth across the market was driven by the price increases.
- Despite the delayed back-to-school season, market sentiments on possible shortages and price increases drove the stationery demand.
- During the quarter, global commodity prices witnessed a declining momentum in comparison to the preceding quarter.
- The surge in COVID-19 cases severely affected the Bangladesh economy amidst the decade high inflation and the depreciating domestic currency.

# Home and Personal Care – Sri Lanka

**8** Key categories with market leading positions

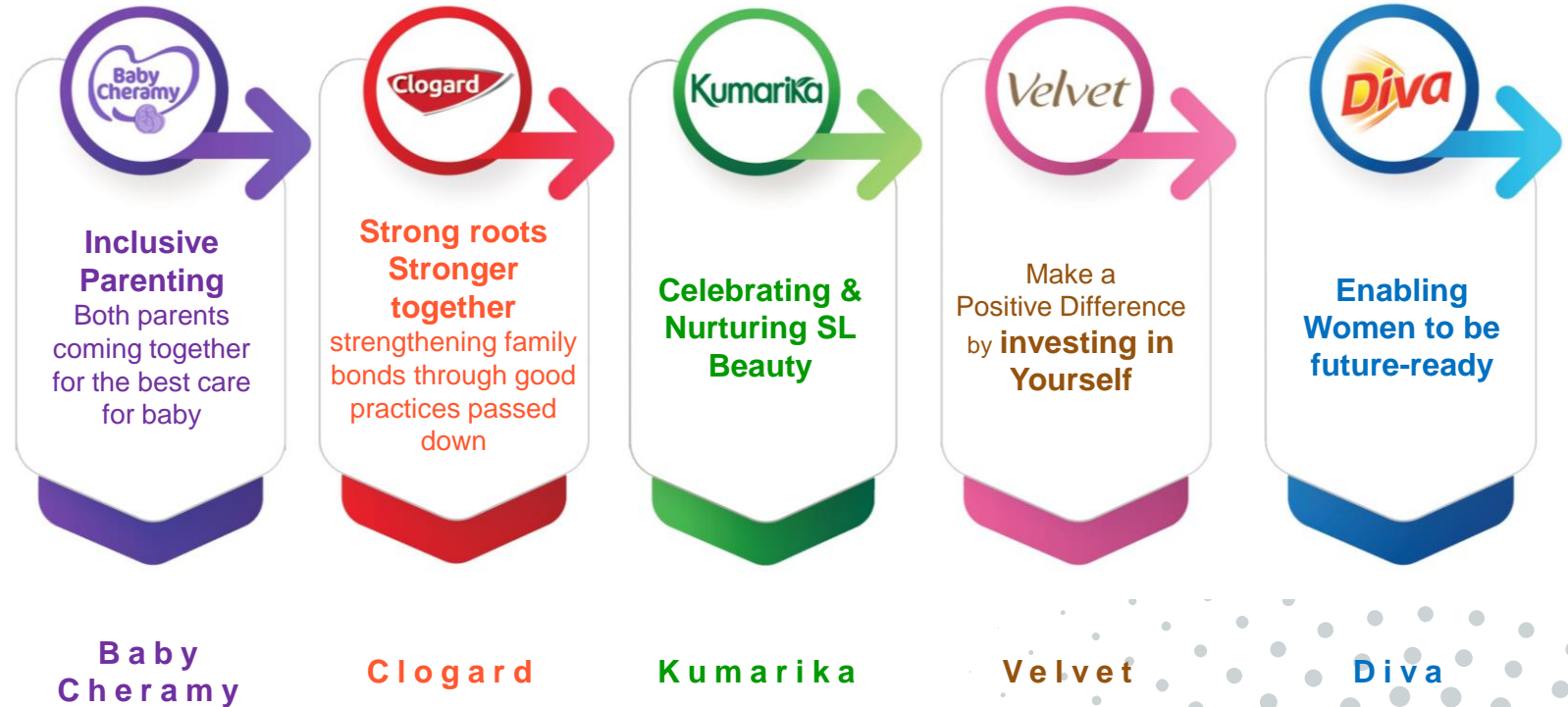
 Launched 'Gold' 3 in 1 solution

**-31%** 1H volume growth

**60k+** Direct outlet coverage

**69%** 1H contribution to consumer revenue

## Purpose-driven brands touching the lives of the Sri Lankan consumer



# Home and Personal Care Sri Lanka: Strong Brand Portfolio

**Kumarika**

**#1**

In Hair Oil

**Velvet**

**#1**

In Beauty Soap



**#1**

In Baby Care

**fems**

**#2**

In Feminine Care



**#2**

In Laundry Care



**#2**

In Oral Care



Beauty Care



Hygiene Care

**Goya**

Female Fragrances

**GOLD**

Male Grooming

**Dandex** PRO SCALP

Shampoo

**95%** of business - Hemas is among the Top 3 players

Presence in all modern trade chains and outlets

**98%** of households reached by Hemas brand

Strong 3<sup>rd</sup> party manufacturing partnerships

Value adding partners including Garnier, L'Oreal and Nivea

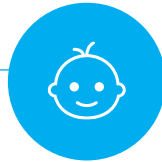


# Our Consumer Health Brands

## Skincare



## Baby Care



## Cold and Flu



# UPDATE ON KEY STRATEGIC INITIATIVES

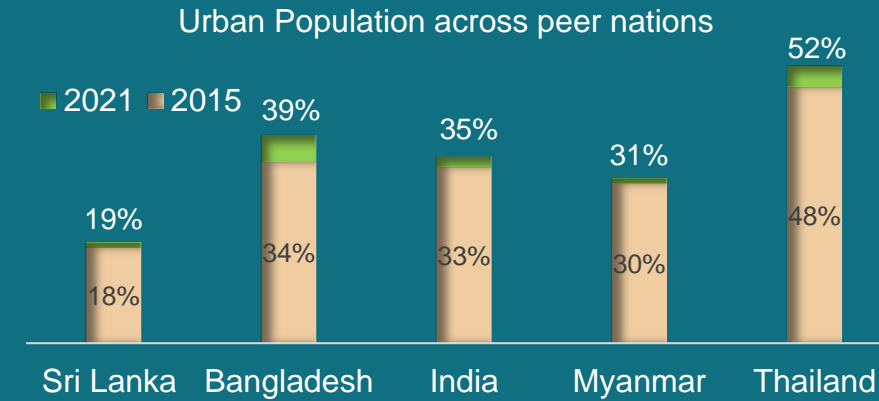
**“Premiumisation and expanding into key underpenetrated categories will be the drivers of domestic growth”**

## Progress update ...

- *Beauty Brand - ‘Vivya’ was well received by the market, the business will look into portfolio expansion and increasing reach.*
- *Male Grooming - Following the multiple successful launches, ‘Glod’ launched its 3 in 1 solution during the quarter.*
- *Diva Power Range(Germ and Colour Guard) has maintained market share amidst the pricing pressure.*



## ✔ Opportunities in Urbanisation and Premiumisation will be the platform to drive growth



### Emerging Trends in the Consumer Space

- High focus on health and Transparency.
- Rise in awareness and acceptance in inclusive beauty.
- Increasing demand for male grooming products

## ✔ Opportunities to capitalise on underpenetrated (less than 45% penetration) emerging categories

<p><b>Skin Care</b> 7.1% CAGR 2021 -2026</p>	<p><b>Baby Diapers</b> 8.6% CAGR 2021-2026</p>	<p><b>Feminine Hygiene</b> 5.1% CAGR 2022-2027</p>
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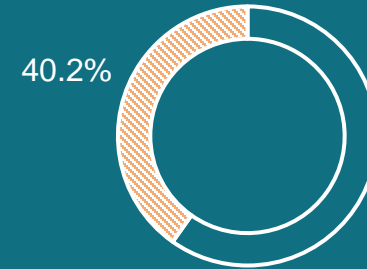
# UPDATE ON KEY STRATEGIC INITIATIVES

**“Fine blend of Innovation and the uniqueness of Sri Lanka, where natural ingredients, traditional knowledge, and new technologies drive the future of the beauty market”**

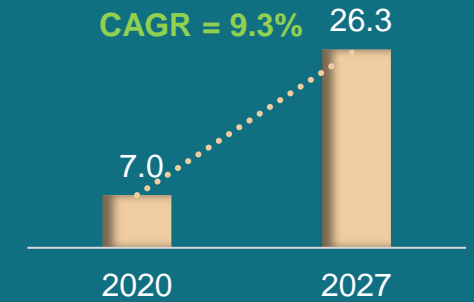


✔ **Clean beauty that prioritises natural ingredients are a prime aspect in the future of personal care.**

Percentage of people who look for products that uses natural ingredients

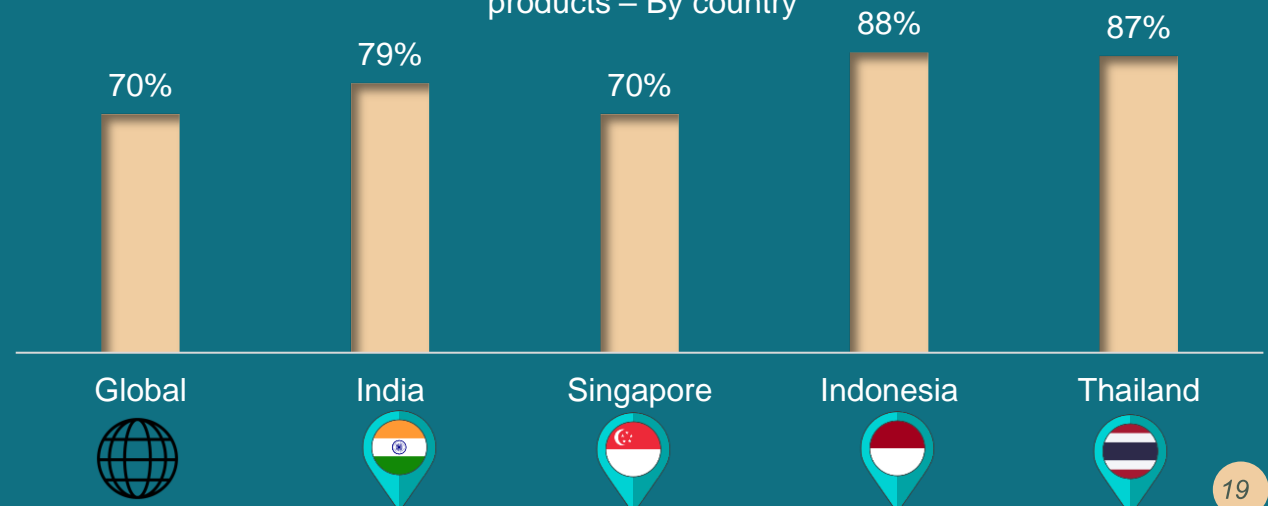


Global Natural and Organic personal care Market (\$ Bn)



✔ **Growing Demand will provide opportunities to cater to premium market segments**

% of Consumers willing to pay a premium price for GMO free / Organic / Natural products – By country



# Home and Personal Care – International

**2** Geographies  
Bangladesh & West Bengal

**2** Key categories  
Health soap category—**Actiseif**

**12%** Market share in VAHO  
(Bangladesh – Q4 FY22 Data)

**270k+** Retailers reached in  
Bangladesh

**11%** 1H contribution to Consumer  
Brands revenue

Note: VAHO – Value Added Hair Oil, CNO – Coconut Oil

**Locally led and localised in Bangladesh**

- All products are exclusively designed for Bangladesh.
- Extensive product portfolio with multiple value adding variations targeted for overall wellness, growth and nourishment of hair.
- Local leadership team with 90% local talent.



**Reach in Bangladesh**

**19.0%** Rural penetration  
by Hemas

**12.5%** Urban penetration  
of Hemas

**17.3%** of households reached  
by Hemas  
7.2Mn Households

**100%** On-shore  
manufacturing

Source: Penetration as per Household Panel data – Kantar – Jun-21.

# Home and Personal Care – Sri Lanka and International

## Sri Lanka

### Revenue

- Volumes witnessed a declining momentum amidst the inflationary pressure.
- Multiple affordable, value for money alternatives were introduced under all key categories to increase affordability.
- Over 10% of revenue from new launches and relaunches.

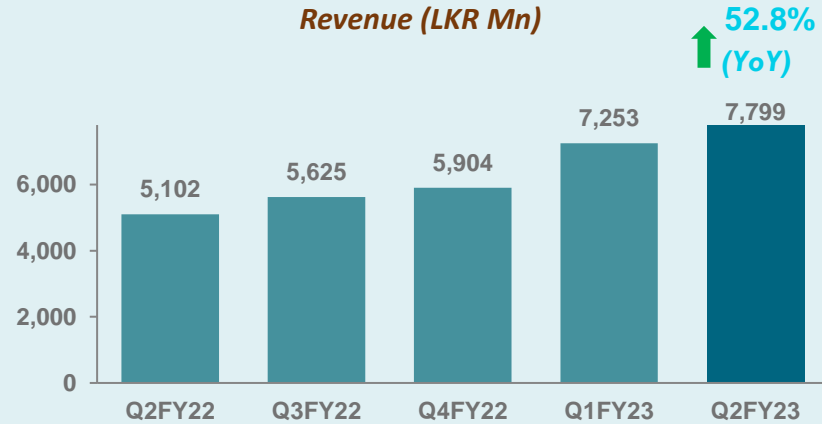
### Profitability

- Rising raw material cost and operational costs imposed pressure on margins.
- In line with the market, prudent price adjustments were made during the quarter.

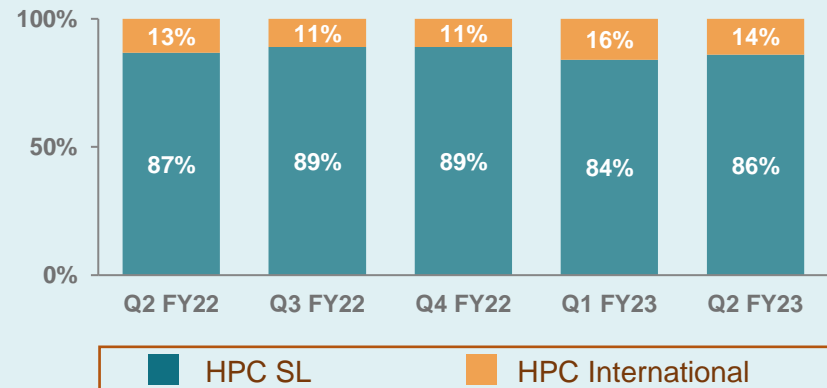
### Outlook

- Global commodity prices have shown a slowdown which can positively affect the business.
- Exploring opportunities in underpenetrated areas, driving exports and catering into the evolving consumer needs will be prioritised in the coming quarters.

### Revenue (LKR Mn)



### International Segment Revenue as a % of total HPC Segment



## International

### Revenue

- With the challenging macro economic conditions, volumes contracted by over 5%.
- Revenue contribution from new products in Bangladesh stood at 18% with the improved traction for Eva Hair Oil and Actisef Brand.

### Profitability

- Gross profit margins were challenged with the increase in raw material and packing material costs.
- Amidst the inflation, operating costs including freight transportation and admin expenditure witnessed a growth.

### Outlook

- High focus on opportunities for growth in Bangladesh by expanding the portfolio in core and adjacent spaces.

# Atlas: Where We Inspire the Next Generation to Unleash Their Potential

“We provide tools, content and experiences which will enable the next generation to unleash their potential”



## KIDS

Catering to all stationery and back-to-school needs



## Young/Adults

Growing market due to greater focus on higher education & stationery as a lifestyle product



## Office

Providing one stop professional stationery solutions



## Institution

Service oriented approach

### Atlas

- Our story started over 60 years ago in September 1959
- Business continues to drive the lean manufacturing agenda
- Focuses on brand building and premiumisation and on extending to emerging markets.

### Creating A Purpose Based Brand Experience



Facilitating Learning



Assisting Learning

### Carefully Crafted Brand Portfolio in Line with Growth Areas



Atlas was crowned the school supply brand of the year at SLIM people's awards 2021.

# UPDATE ON KEY STRATEGIC INITIATIVES

**“Learning Segment : Widening the business scope to expand growth and reach”**



## Progress update ...

- Learn platform targeting grade 5 students has gained traction.
- On going discussions with global partners to secure contracts for exports



## Explore opportunities to expand geographical reach via partnering with global players



Middle east Stationery market will grow at a CAGR of 1.3% to reach \$ 321.6 Mn in 2025

Gulf

32% of the growth will originate from UAE

### High growth expectations in underpenetrated regional Markets



Pakistan

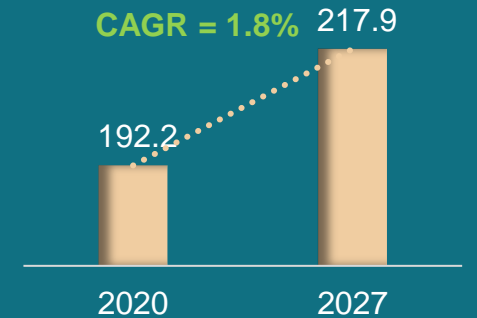
Worlds second largest out of school rates with over 20 Mn Children not receiving formal education



Bangladesh

Only 64% of children are completing secondary education

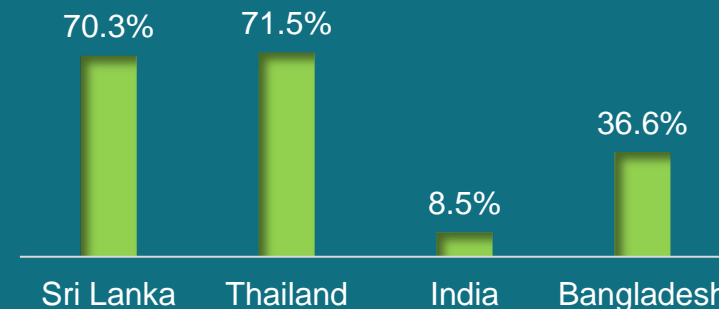
Global Stationery Market (\$ Billion)



Sources: GlobeNewswire, statista.com, UNISEF



## Develop in the digital space with the curriculum development and lesson planning platform - LEARN



“Highest computer literacy rate in Sri Lanka of 67.9% is witnessed among those between the ages of 15-19 years”

Sources: Department of Census and Statistics, UNISEF

# Learning Segment

6

Key categories



High Efficiency and productivity through lean initiatives



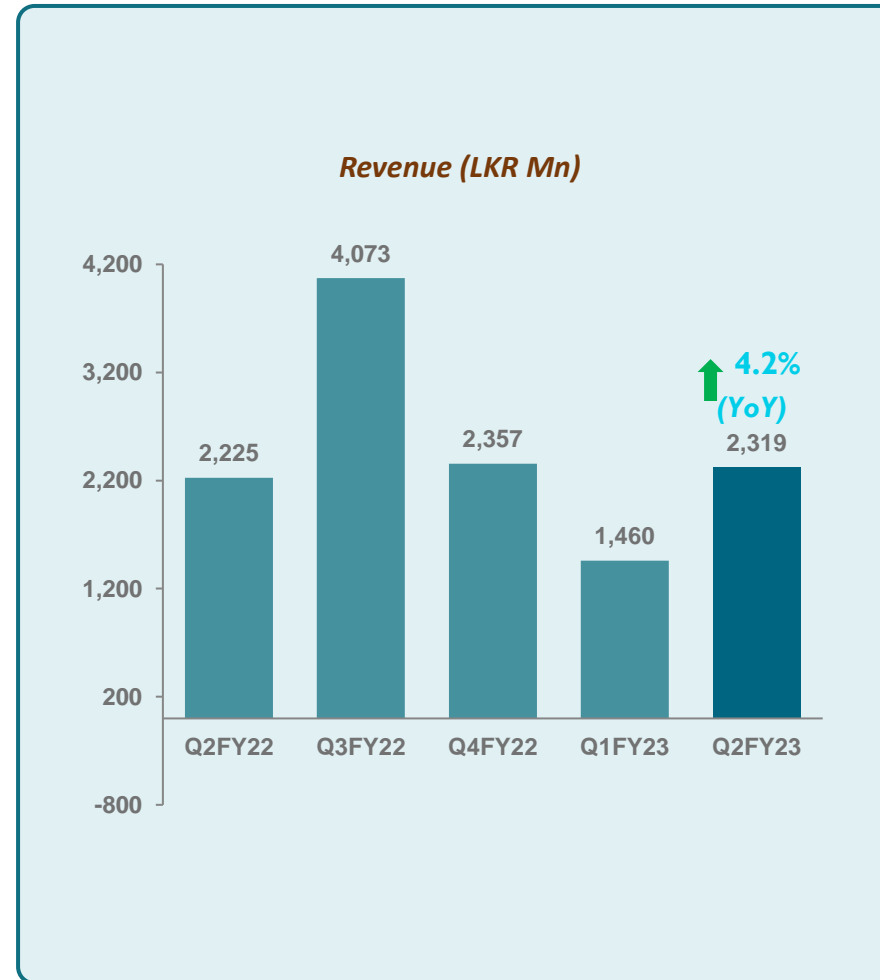
Market leader in key product categories

50k

Outlet coverage across Sri Lanka

20%

1H Contribution to Consumer Brands revenue



## Revenue

- While all verticals saw decline in volume, Atlas managed to gain market share in key categories.
- Improved revenue from export initiatives and the premium brand 'innovate' contributed to the revenue growth.

## Profitability

- Industry wide challenges witnessed on foreign exchange liquidity continued into the quarter.
- Multiple cost optimisation techniques including Lean projects were implemented to improve efficiency and productivity.

## Outlook

- Growth momentum witnessed in exports during the period will be further improved in the quarters to come.
- Increase the coverage and reach of the online teaching and curriculum development platform ; Learn.



# THE GROWING ECONOMY OF BANGLADESH



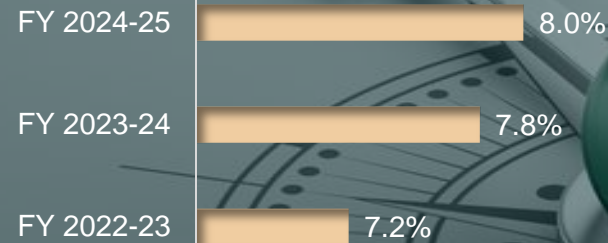
**\$ 460.8 Bn**  
GDP 2022

**\$ 2,730**  
GDP Per Capita.

**9.2%**  
Inflation 2022 Aug.

**165 Mn+**  
Population 2022

GDP Growth Forecasts



**37.5 %**  
Gross Government Debt % of GDP 2022

**\$ 36.5 Bn**  
Forex Reserve 2022 Sep.

Promising Macro economic factors to support growth and expansion

FDI friendly tax laws and incentives

Access to labour at attractive prices

Strategic Location for land and sea trade


FTAs with several international organisations

Low penetration in many key categories

Urbanisation and digitalisation driving premiumisation

**“Bangladesh has a remarkable story of poverty reduction and development”**

# Healthcare Sector

 Pharmaceutical Import, Marketing and Distribution

 Pharmaceutical Manufacturing

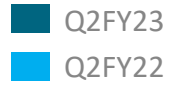
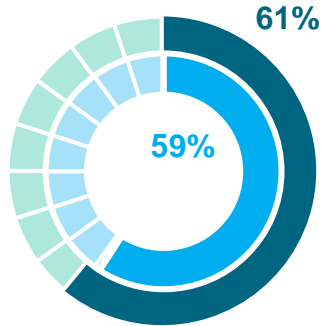
 Hospitals



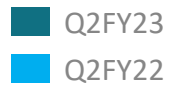
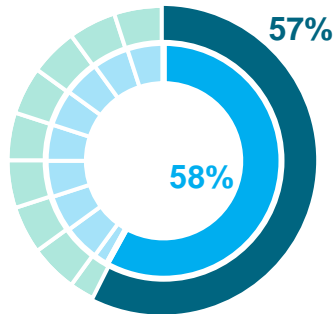
# Healthcare Sector

## Contribution to Group

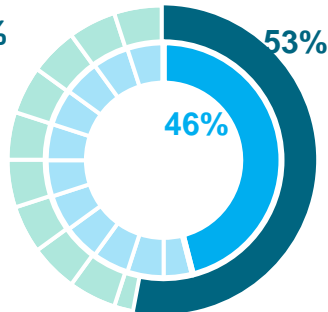
### Revenue %



### EBITDA %

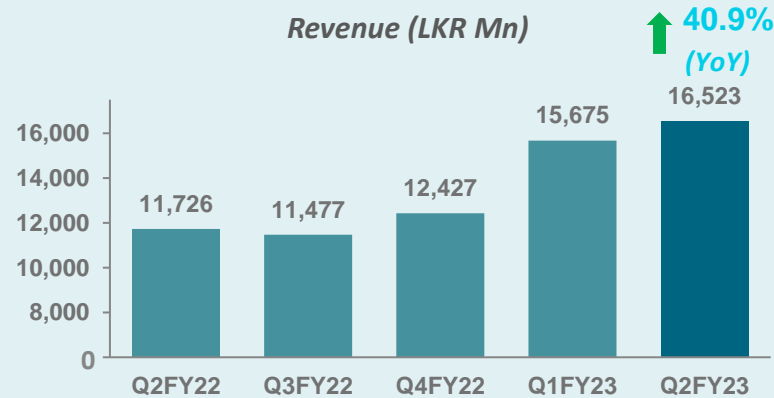


### Capital Employed %

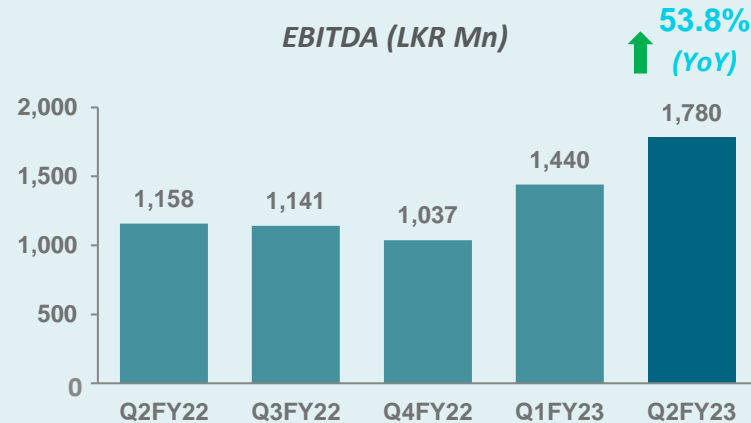


## Sector Performance – 1H FY 2022-23

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



## Key Highlights

- COVID-19 pandemic driven volatility was minimal during the quarter.
- Sri Lanka continued to obtain support from other sovereigns and institutes for medical aid.
- Multiple price revisions implemented by National Medicine Regulatory Authority (NMRA) were realised during the period.
- Low purchasing power and product unavailability resulted in an overall volume contraction in the pharmaceutical market.
- Equitable allocation mechanism for the Government buy back volumes is still unseen.
- DigiHealth initiative, was recognised globally, when Hemas was shortlisted at the FT/IFC Transformational Business Awards 2022 by Financial Times and International Finance Corporation.

# Pharmaceutical Import, Marketing, Distribution and Pharmaceutical Manufacturing

## Pharmaceutical Import, Marketing, and Distribution

- 50+** Principals
- Private market leader in import and distribution
- Distributes: Pharmaceuticals, Surgicals & Diagnostics, leading consumer healthcare products
- Beheth 2.0**  
A digital portal to assist pharmacists serve patients better
- Island wide product availability (within 24 hours)
- 110+** Distributors      **3,100+** Pharmacies

## Pharmaceutical Manufacturing

- 70+** Formulations - Manufacturing
- 1st and largest EU GMP** compliant general oral solid and liquid dosage manufacturing plant in Sri Lanka
- Launched **Bisoprolol** used to treat high blood pressure and other cardiovascular conditions
- 5Bn** tablets and **2Mn l** liquids Morison capacity per annum
- #1 in volume**  
Highest selling pharmaceutical in the country MSJI Ascorbic Acid 100mg 1000s
- Partnering with **3** Global pharma Principals for contract manufacturing

## Morison Plant and Key Highlights

- NPD focused separate manufacturing line consisting of advanced technology, Partnerships with International CRO
- Minimum human interaction using latest global technology 1st zero liquid discharge effluent treatment plant in Sri Lanka
- Built in SLINTEC park in collaboration with SLINTEC for research
- Contract manufacturing opportunities lined up for leading global brands
- Largest supplier of bulk generics to the private market in volumes
- Branded Generics- Focus on premium quality at affordable prices

# UPDATE ON KEY STRATEGIC INITIATIVES

## “Homagama Factory”

**“Homagama factory: Annual capacity of 5 Bn tablets and 2 Mn litres of liquids, which is equivalent to 40 % of the national annual general OSD demand in Sri Lanka”**



Progress update ...

- Commercial production of the Homagama plant was commenced in Q1 FY23
- Over 5 New products are in the pipeline to cater to key therapeutic segments including cardio, diabetic and vitamins.
- Utilisation levels of the factory are still in the single digit range however, progressing well to achieve 25% target by end 2024.
- Competition from local manufacturers is lower due to Morison having the advantage of completion of a fully fledged factory prior to the economic crisis.

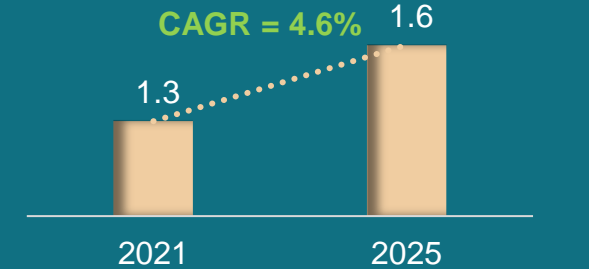


Opportunities to enter into global supply chain via contract manufacturing due to Sri Lanka’s proximity to India and availability of infrastructure and know how

Key Export Markets for Sri Lanka



Global Pharmaceutical Market (\$ Trillion)



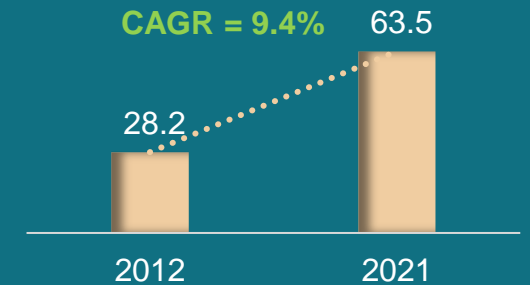
Source: IQVIA April 2021



Expand and grow in Private Branded Generic Space by focusing on Non-Communicable Diseases (NCDs)

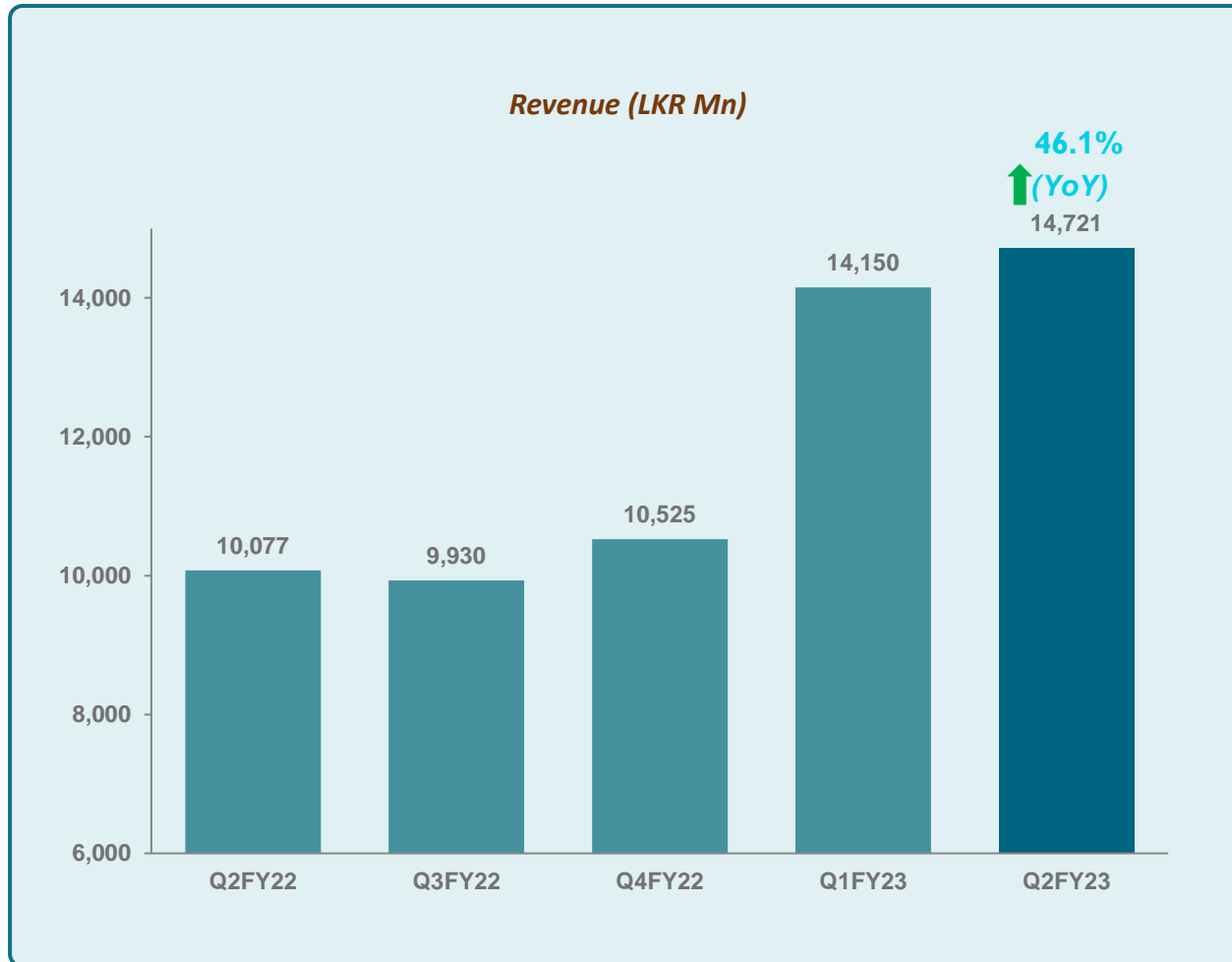
- Sri Lanka has the fastest growing population in South Asia, and it is projected that by 2030, one in five Sri Lankans will be over the age of 60 (majority women)
- NCDs cause over 80% of deaths in Sri Lanka. More than a quarter of Sri Lankan's are overweight, and one in four adults consume tobacco.

Branded Generics Market in Sri Lanka (Rs Bn)



Sources: UNFPA, WHO 2020

# Pharmaceutical Import, Marketing, Distribution and Pharmaceutical Manufacturing



## Revenue

- Despite the challenges, Pharmaceutical arm of Hemas ensured continued supply of medicine into the country liaising with principals, banks and other stakeholders .
- Multiple successful launches in the Branded Generics space and the buy back agreement to supply “Bisoprolol” to the state healthcare system assisted Morison to drive volume growth.

## Profitability

- Multiple price adjustments made by NMRA contributed to ease the margin pressure to an extent, yet the collective impact of high finance cost and steep currency depreciation continued to be present.
- Pricing decisions were made with utmost caution in order to limit the burden to the customers.

## Outlook

- In line with Morison’s purpose “ Making Premium Healthcare Affordable” , extending the branded generics portfolio to create a “ Sri Lankan Brand” will be the key priority for the business.
- Accelerating contract manufacturing, expanding into export markets and improved research and development efforts will contribute to the long-term value creation.

# The first Internationally accredited hospitals chain in Sri Lanka by the Australian Council on Healthcare Standards International

## Hemas Hospitals Highlights

### Centers of Excellence:

- In vitro fertilization unit (IVF) (10 cycles in Jul - Sep 22)
- Gastrointestinal unit (GI) (56 Admission in Jul - Sep 22)
- Orthopedic unit (172 Admission in Jul - Sep 22)
- Urology and Kidney Care unit (19 Kidney Transplants in Jul - Sep 22)
- Dialysis unit (1292 Dialyses in Jul - Sep 22)
- Cosmetic unit (562 Procedures in Jul - Sep 22)
- Maternity unit (375+ baby deliveries in Jul - Sep 22)



“The first Internationally accredited hospitals chain in Sri Lanka by the Australian Council on Healthcare Standards International (ACHSI)”

*Aim To Become  
Sri Lanka's First SMART  
& LEAN Hospital Chain*

*International Patient Centre  
One Stop Services for  
International Patients*

*Operates Home Care  
and Primary Care  
Centres*

## Q2 FY 2022-23 Performance



**3,800+**  
PCR Tests



**3**  
Awards



**64%**  
Occupancy



**4,600+**  
Admissions



**152k+**  
Outpatients



**2,000+**  
Surgeries

# We have a widespread Lab Network

## Lab Network Highlights

### Centers of Excellence:

- Main Lab Services to Hospitals (8 B2B Labs +3 B2B CCs)
- Outer Labs services across the country (14 Labs)
- Collection centers across the country (14 CCs)
- PCR lab service
- 2400+ test portfolio
- Home mobile service
- Digitally connected lab network and patient portal

## Q2 FY 2022-23 Performance



**258k+**  
Test volumes



**2+**  
GP Referrals

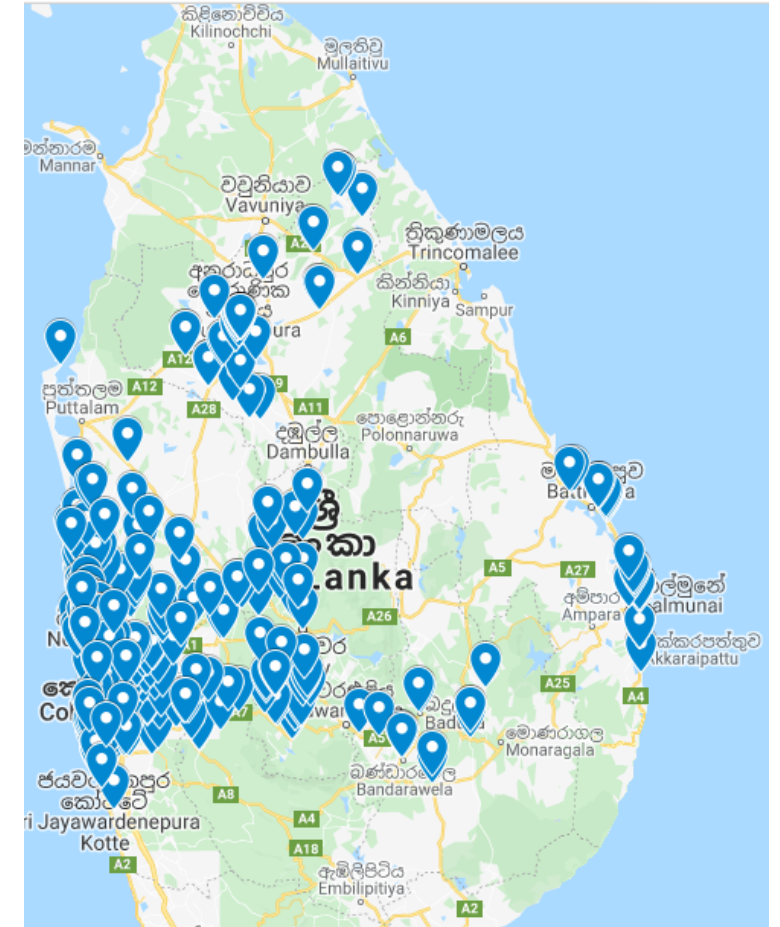


**5k+**  
Rapid Antigen Tests (RAT)



**-**  
New Locations

## 50+ Labs & Collection Centers across the Country



ISO 15189 : 2012

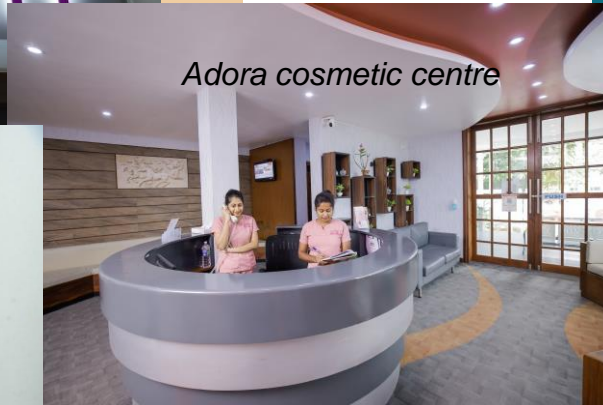
Accredited laboratory chain in Sri Lanka by SLAB

Aims to become the No.02 Laboratory Chain in Sri Lanka by 2024



# UPDATE ON KEY STRATEGIC INITIATIVES

“Capacity expansion via opportunities for organic and inorganic growth”



## Progress update ...

- Renal Unit: Gaining traction , performed 19 Kidney transplants during the quarter.
- Cosmetic Centre : Continue to perform over 500 procedures per quarter.

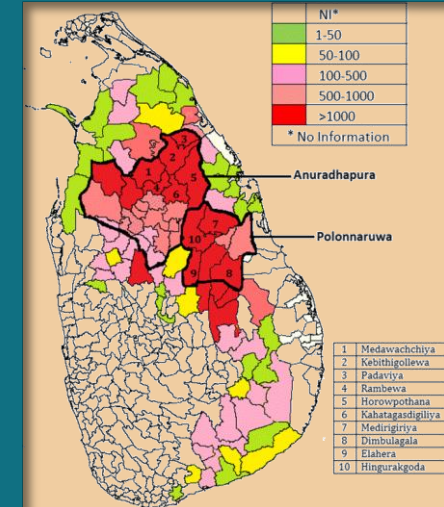
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## Building depth and scale of identified anchor and super specialties

Urology: The prevalence of Chronic Kidney Disease is 15.1–22.9% in farming districts.

Cardiovascular: Incidence of coronary artery disease (CAD) in Sri Lanka has doubled over the past two decades

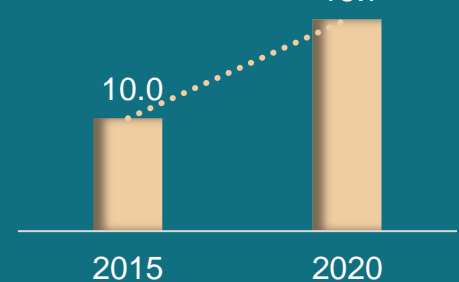


## Private sector to bridge the gap between limited infrastructure in Government hospitals and growing demand for medical care

Average waiting time at a National Hospital for elective cardiothoracic operation is over 9.4 months, 5.7% will die while waiting for their operation.

Gross Written Premium Healthcare (Rs Bn)

CAGR = 13.4%



# Hospitals

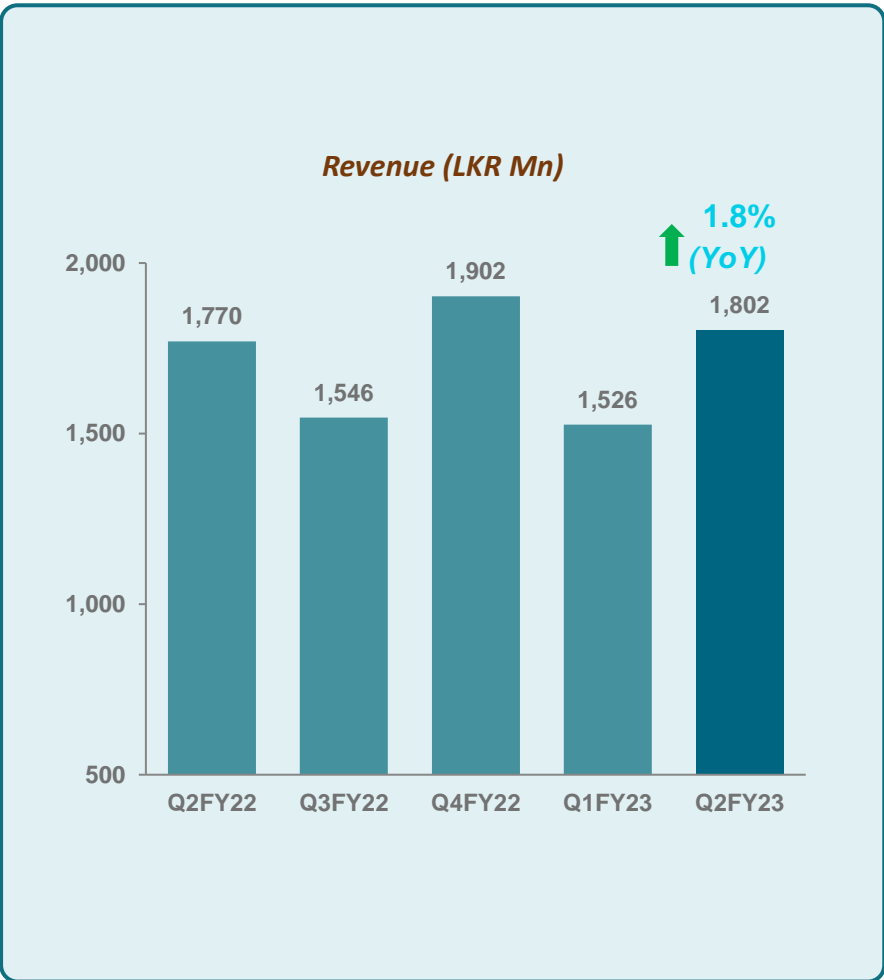
**170+** Beds

**64%** Hospital occupancy

First hospital in Sri Lanka to implement fully fledged EHR system

**2** Hospitals      **50+** Lab network

**9%** 1H contribution to Healthcare revenue



**Revenue**

- Despite the slowdown in COVID-19 related revenue the core businesses witnessed a growth of over 30% with high occupancy and admissions.

**Profitability**

- Despite the margin impact from lower COVID-19 related revenue streams, efficiency improvement initiatives positively contributed to the margins.

**Outlook**

- Hospitals business will prioritise selected anchor and super specialties while improving the footfall and efficiency of the core businesses.

	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
<b>IP revenue mix</b>	49%	52%	50%	47%	49%

# Mobility Sector



Maritime



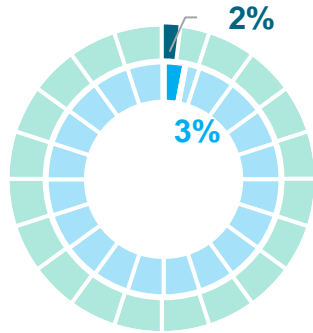
Aviation



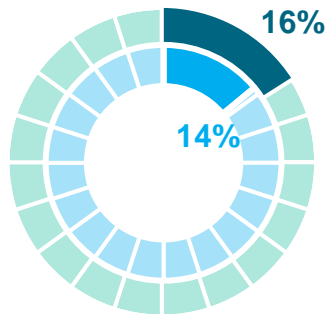
# Mobility Sector

## Contribution to Group

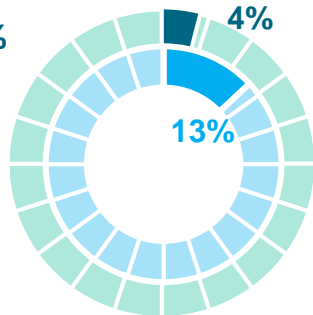
### Revenue %



### EBITDA %

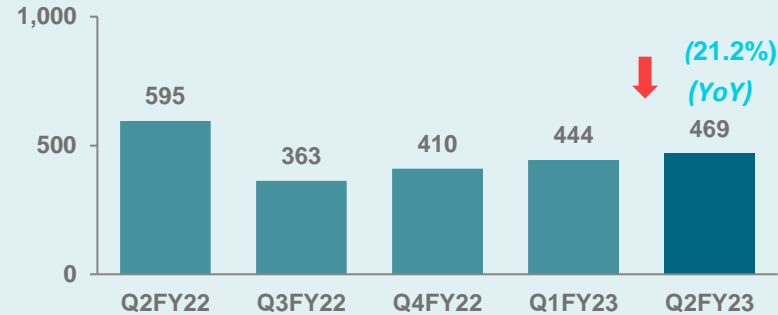


### Capital Employed %

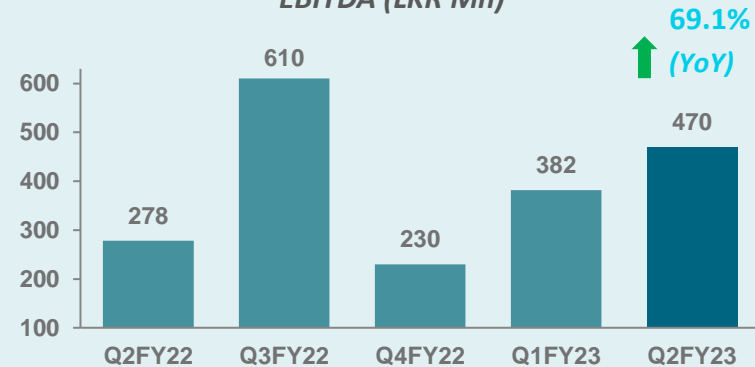


## Sector Performance – 1H FY 2022-23

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



## Key Highlights

- Decline in revenue is due to due to the divestment of the logistic operation in Q3 FY22.
- Restrictions on imports and global supply chain challenges resulted in total throughput and transshipment volumes of the Port of Colombo to experience a decline of 7% and 5%.
- While the global freight rates experienced an escalated decline, airfares remained elevated negating the impact of reduced volumes.
- Increased yields and the currency devaluation benefit resulted in improved earnings for the Sector on both year on year and quarter on quarter basis.

# Mobility Sector

2

Shipping line – Evergreen line & Far Shipping



**200,000+ TEUs**

1H FY 23

343

Vessel sailing  
1H FY 23



**Emirates**

General Sales Agent for over 20 years

20%

Air cargo market share

9%

Passenger Market share

**“Offering a Full Spectrum of End-to-end Services across Land, Sea and Air”**

*Facilitating over 1000+ supply chains*

*Emirates cargo : Average daily freight capacity of 75 tons.  
Emirates Passenger : Connecting Sri Lanka to over 154 destinations across the globe*

*Represents the leading feeder operator to the East Coast of India and Bay of Bengal*

**Representations**



**EVERGREEN LINE**



# GROUP ENVIROMENTAL AGENDA

*Hemas will play a leading role in helping sustain and nurture all that is Sri Lankan*



Protecting

**52**

**Critically Endangered  
Endemic Species**



Safeguarding Negombo Eco System

**10,000+ KG**

**Estimated Annual Plastic  
Collection**

# SUPPORTING OUR COMMUNITIES

## Creating an inclusive world and eliminating inequality



**61st**  
Piyawara  
Pre School

**4,000+** Children  
Daily

**150+** Teachers



**60**  
Years

**30**  
Parental  
Clinics



**6,000**  
Natural  
Hair wigs

**10**  
Cancer  
Hospitals

## Creating a social security net

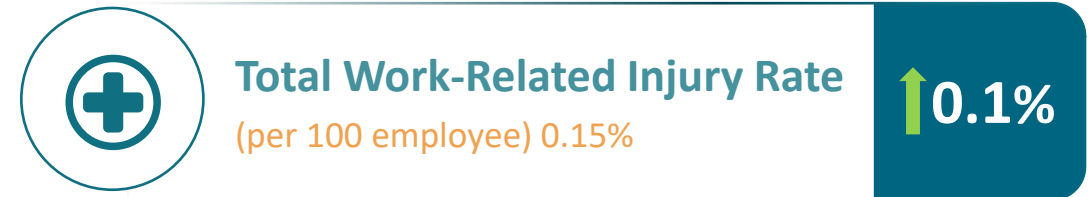


Providing emergency relief to  
**112,000+**  
Families



Providing lifesaving medicines  
**Island-wide**  
Hospitals

# Sustainability Performance – Q2 2021-22 vs Q2 2022-23





# FOCUS AREAS

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## Short -Term

**Grow Market Share**

**Develop value creating products**

**Expanding the regional footprint with high focus in Bangladesh**

**Maintaining an optimum liquidity position**



## Mid – Long Term

**Acquisitions/expansion in consumer and healthcare**

**Atlas's transition from stationery manufacturing to learning**

**Expand global footprint into pharmaceutical exports**

**Aggressively grow the export portfolio while exploring opportunities in new spaces**

# SHORT TERM OUTLOOK AND STRATEGIES ON NAVIGATING THE ECONOMIC CRISIS

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- Leverage on the strong relationships with external and internal stakeholders to minimise the possible adverse impact on businesses due to temporary political and economic headwinds.
- Implement strategies to maintain optimum levels of working capital by securing bank facilities, maintaining buffer stocks and aligning production schedules with planned power cuts.
- Renegotiate with suppliers on pricing , minimum order quantities, longer tenure and timely delivery of raw materials.
- Identify the evolving needs of the consumers and introduce value for money alternatives.
- Further strengthen the relationships with banks, regulatory bodies , vendors etc to improve the resilience of the value chains across the business eco system.
- Continue to invest in acquiring , retaining and upscaling talent – culture with greater autonomy and flexibility.

A background image showing two business professionals in dark suits shaking hands. The image is partially obscured by a teal overlay on the right side.

# THANK YOU!

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