

The background is a collage of three images. On the left, a supermarket aisle with shelves of products like Dandex and Velvet. In the center, a person in a white lab coat holding a glass vial. On the right, a large container ship named 'EVER ACE' with a truck in the foreground.

# Hemas Holdings PLC

Investor Presentation- Q2 FY24/25

# Who we are

Established in 1948, with a purpose of empowering families to live a better tomorrow, Hemas Holdings is one of Sri Lanka's leading conglomerates listed in the Colombo Stock Exchange with focused interest in Consumer Brands and Healthcare.

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"*

2022

*"Commenced  
operations at  
Pharmaceutical  
Manufacturing Plant  
in Homagama"*



## Consumer Brands

- 95% of the business where Hemas is among the top 3 players
- 98% of the households reached by Hemas brands
- Within the top 3 distribution frameworks in Sri Lanka
- Established presence in Bangladesh with 100% onshore manufacturing and local talent



## Healthcare

- Market leader in pharmaceutical distribution in Sri Lanka
- Pioneering pharmaceutical manufacturer in Sri Lanka since 1959
- Production capacity to cater to more than 40% of the country's demand for oral solid and liquid dosages
- Two hospitals with more than 170 bed capacity in Colombo suburbs



## Mobility

- Agents for Evergreen Line (6th largest global mainline operator)
- Leading feeder operator to key East Coast and Bay of Bengal ports
- Representative for Emirates the largest international airline in the world

75

Years in  
Operation

USD

166<sub>mn</sub>

Market  
Capitalization

37%

Free Float

USD

316<sub>mn</sub>

Total Assets

AAA

Long-term Fitch  
Rating

>5k

Workforce

# Implications of key macro economic parameters on Hemas

## Interest Rates

"A gradual decline in AWPLR was witnessed during the year easing the pressure on finance cost to a certain extent"

**-5.7%**  
AWPLR

YoY change monthly rate (Sep 2024 vs Sep 2023)

## Stable Exchange Rates

"Positive impact from reduced RM costs and import expenditure for key BUs"

**-7.3%**  
\$/Rs

YoY change (Sep 2024 vs Sep 2023)

## Global Commodity prices

"Mixed impact of reduced prices of key commodities which contributed to ease the rising margin pressure from domestic inflation"

**18.4%**   **-21.0%**  
Palm oil   Crude Oil

YoY change (Sep 2024 vs Sep 2023)

## Deflation

"Deflation primarily driven by food category"

**-0.5%**   **-0.2%**  
CCPI   NCPI

YoY change (Sep 2024 vs Sep 2023)

## Tax Reforms

"Adverse impact of changes to the VAT laws continues to deteriorate consumer spending capacity"

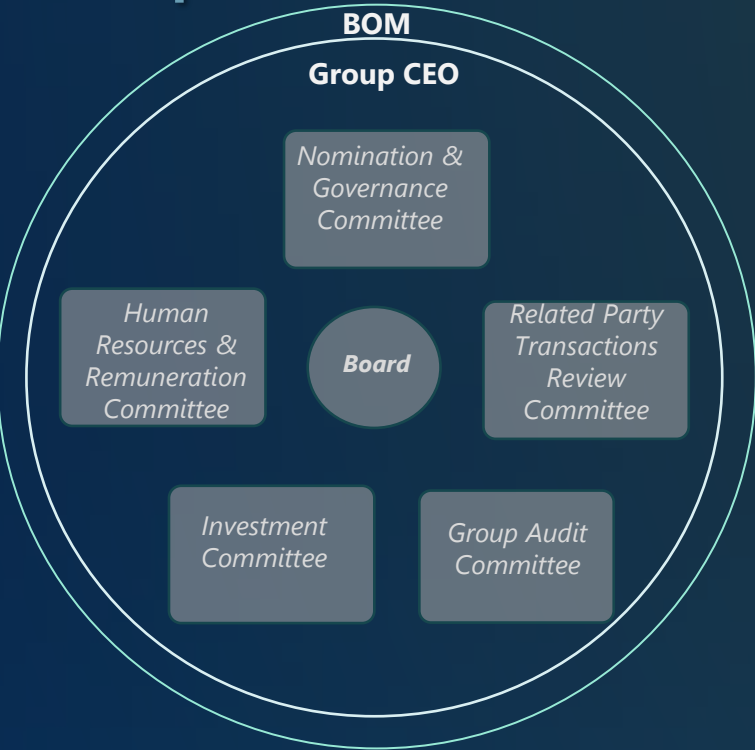
**18%**  
VAT Rate  
With effect  
from January  
2024

**1.2  
Mn**  
Personal  
tax relief  
threshold

*"Despite these positive indicators, people faced considerable pressure on purchasing power due to high direct and indirect taxes, resulting in ongoing affordability challenges."*



# Corporate Governance



## BOM (Board of Management)

Consists of the senior leadership team of 11 members - Heads of our 6 businesses and 5 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)

## Independence

**50%**  
of the board is independent

## Gender



**90% : 10%**

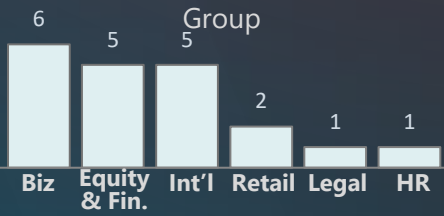
## Board Size

**10**

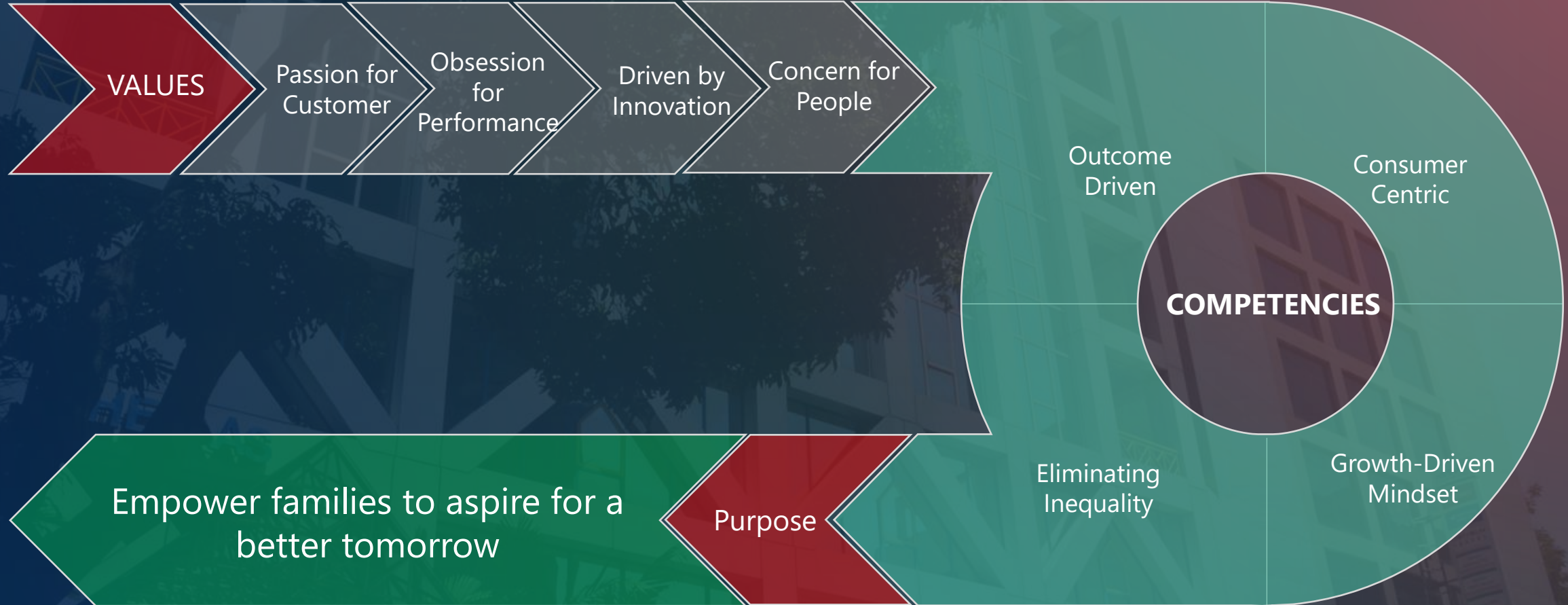
Board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements

## Expertise

Experienced Board, combining knowledge and skills relevant to the



# How do we bring purpose to life



Our 2030 aspiration

Revenue  
\$1 Billion

EBITDA Margin  
15%

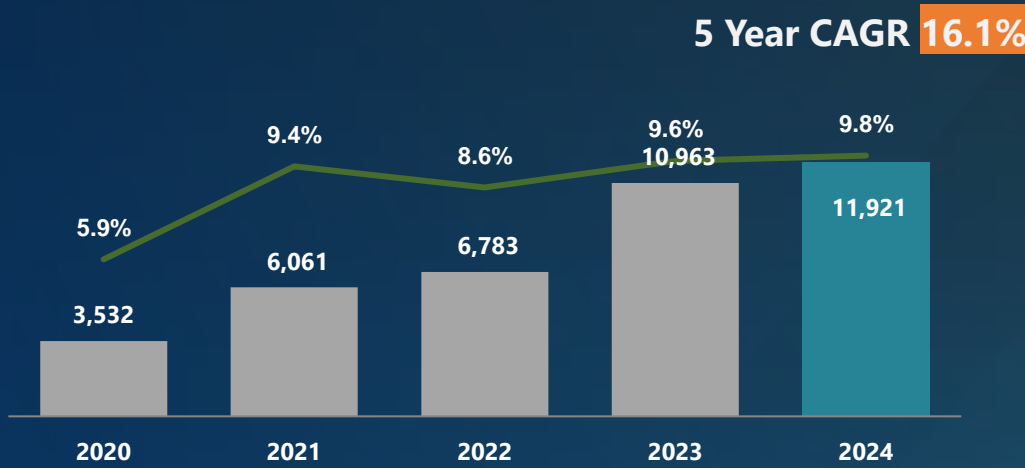
International  
25%

# Group Performance

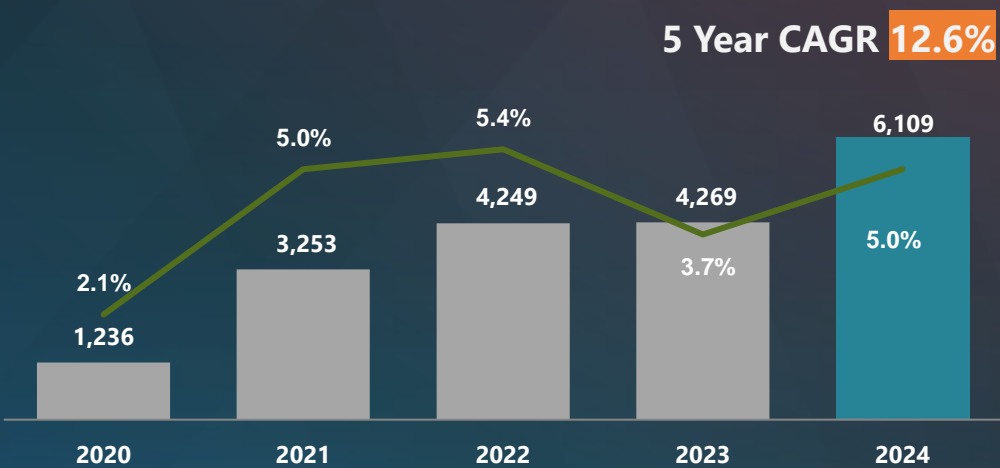
Revenue (LKR Mn)



EBIT (LKR Mn) and EBIT Margin



Earnings (LKR Mn) and Earnings Margin





# Long range plan : Key strategic pillars



## Refreshing the portfolio

Consumer Brands aims to expand its presence in the Personal Care and Beauty categories, while hospitals focus on increasing bed capacity in tertiary care.

## High growth spaces

Pursuing scalable opportunities across South Asia and East Africa and Diversify the service offerings of the Mobility Segment to become an integrated player.

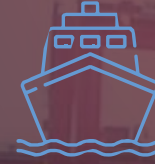
## A successful turnaround

Morison will pivot to branded pharmaceuticals in cardiac, diabetes, and complementary spaces.

## Enhancing efficiencies

Enhance efficiency and market position in Pharmaceutical Distribution, capture new consumers in Learning, and strengthen preferred partner status in Mobility.

# Long range plan : Key focus areas



- ❖ Invest in complementary **Hair and Beauty care**, focus on local consumer needs, and drive **household penetration in essentials** like sanitary napkins.
- ❖ Implement a Bangladesh-focused strategy for **affordability and access** and **enhance personal care offerings** by leveraging extensive reach.
- ❖ Enhance efficiencies with **digital transformation and leaner manufacturing** and expand into **non-stationery school-related categories** using the Atlas brand.

- ❖ Shift focus to **growing the Morison brand** in cardiac, diabetes, and complementary medication, while **enhancing manufacturing excellence** at the Homagama facility.
- ❖ **Optimise working capital** and implement digital transformation to boost efficiency and cash flow, while **commercialising new Principals in emerging therapeutic areas**.
- ❖ Transform into a tertiary healthcare provider by **expanding specialties** and **bed capacity** and implement a **seamless connected care model** using digital technology.

- ❖ Continue to strengthen a **lean business model**
- ❖ Obtaining the required **capacity/capabilities** whilst leveraging on the Group's appeal as a "**partner of choice**"
- ❖ Build a **holistic proposition**, to current and prospective principals.



# Awards and Recognitions



## National Convention on Quality and Productivity

Hemas Hospitals & Laboratory Services Celebrates 13 Gold Awards



Hemas has been recognized as one of the **Top 10 Women-Friendly Workplaces by Satyn Magazine**. This achievement is a testament to the company's dedication to fostering an inclusive work environment where women feel valued and respected.



## LMD's Most Respected Entities in SL 2024

Morison named as the "Sector Winner for Pharmaceuticals" in LMD's Most Respected Entities in SL 2024

# New Product Launches during the Quarter

## Home and Personal Care



BABY HUGS SOAP  
KOHOMBA ALOE 75G



BABY HUGS SOAP  
MILK ALMOND 75G



BABY HUGS SOAP  
SANDALWOOD TURMERIC  
75G



GOLD GALAXY  
COLOGNE SPRAY  
50ML- YR 24



DIVA FRESH  
GARDENIA AND  
ROSE 1KG



GOLD FACEWASH  
ALOE BLAST - 50ML



GOLD HAIR AND  
BODYWASH ALOE  
BLAST- 200ML

## Pharmaceuticals Manufacturing



BisoMor blister  
packs (Bisoprolol  
BP 2.5mg & 5mg  
30s)



SalMor  
(Salbutamol  
Oral Solution BP  
2mg/5ml 100ml)



# New Product Launches during the Quarter

## *Learning Segment*



BlockBuddies  
Premium Blocks



CraftBuddies  
colour sand



CraftBuddies  
Finger Paint



MindBuddies  
Flash Cards



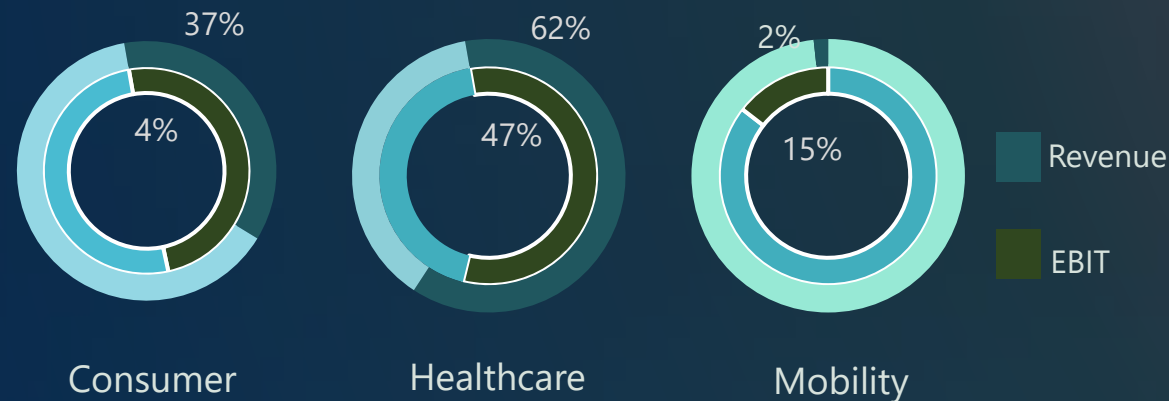
MindBuddies  
Puzzles

***"The core portfolio maintained robust performance, demonstrating its market strength, while new product launches gained positive momentum. This success highlights the balance between established products and innovative offerings, ensuring sustained growth and adaptability"***

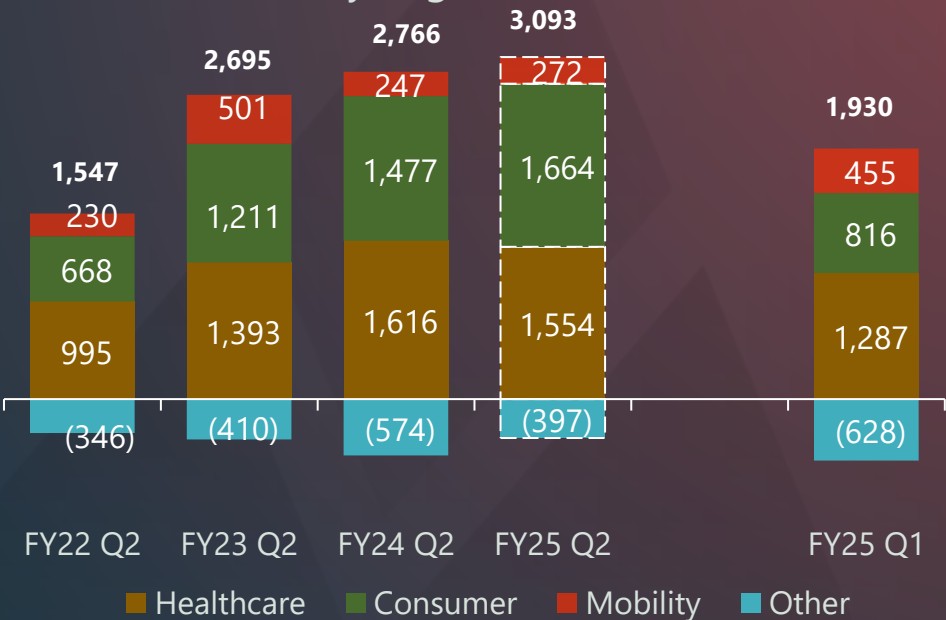


# Financial Snapshot

6M contribution to the Group



EBIT by Segment (LKR million)

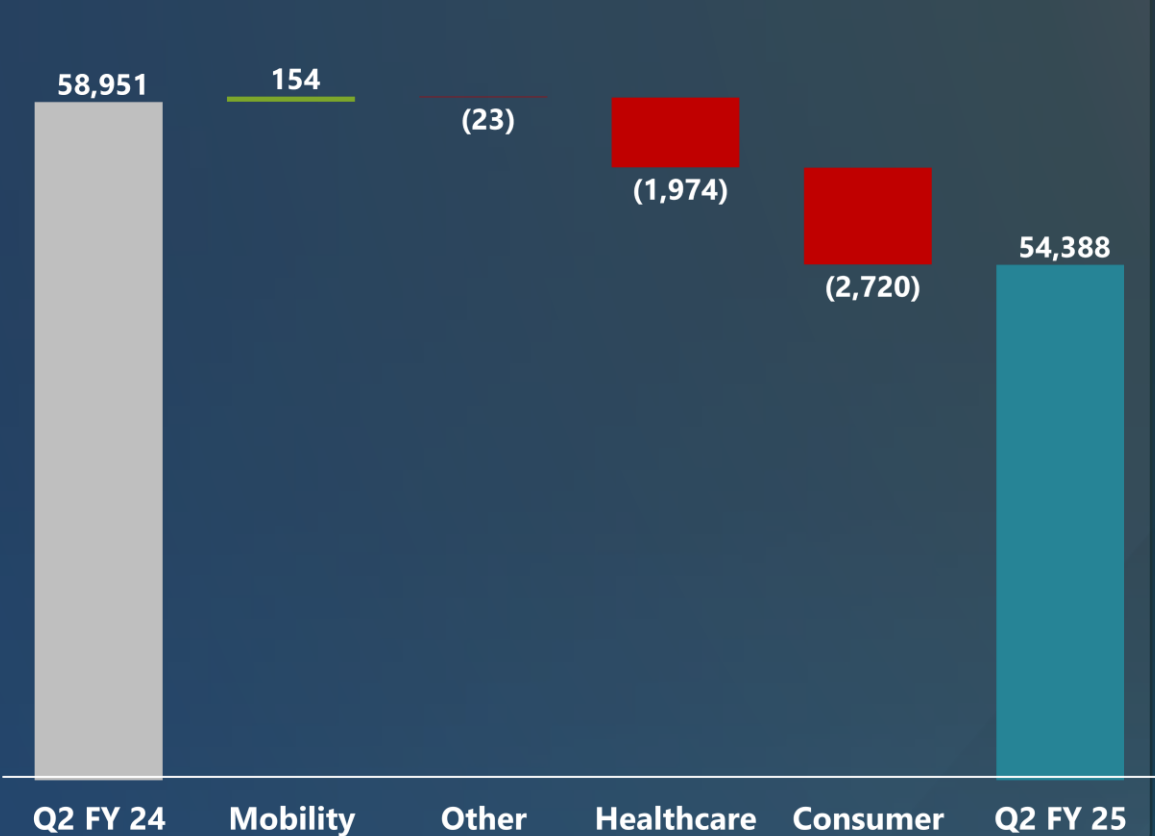


6M Performance FY 25 vs FY24

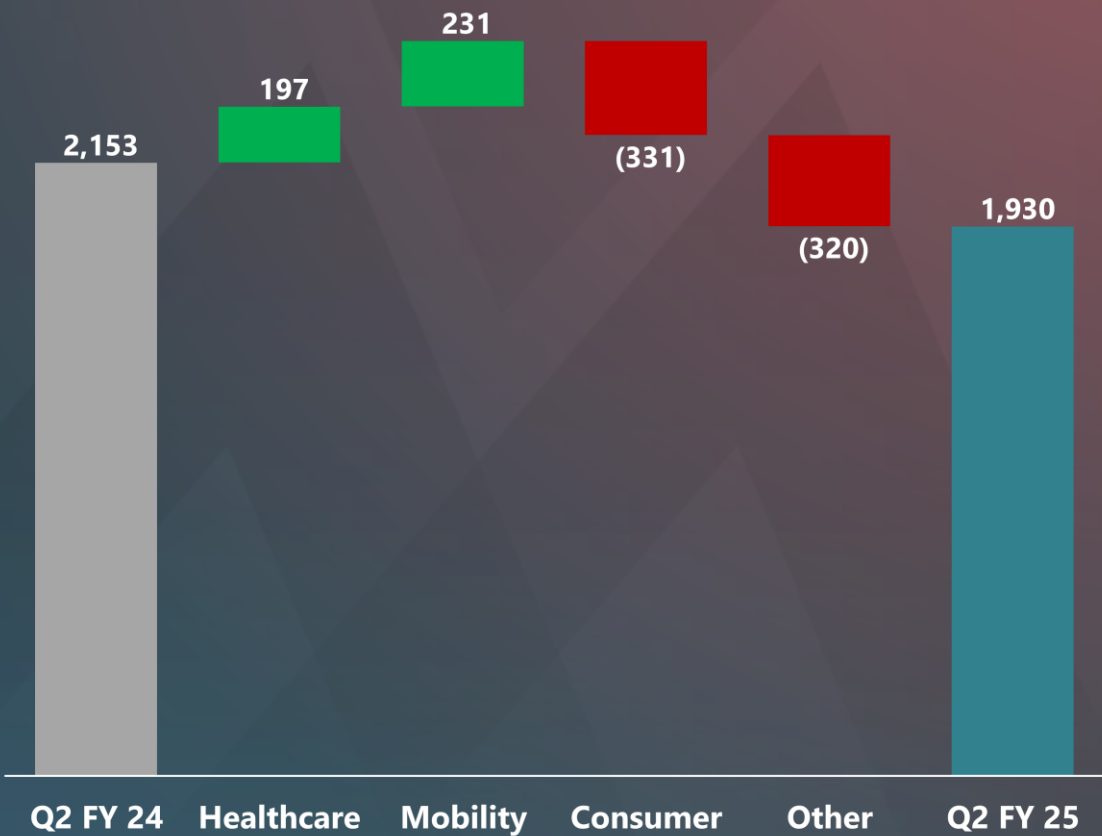


# Sector Performance Summary – Q2 FY 2024-25

*Revenue Walk*  
(LKR Mn)

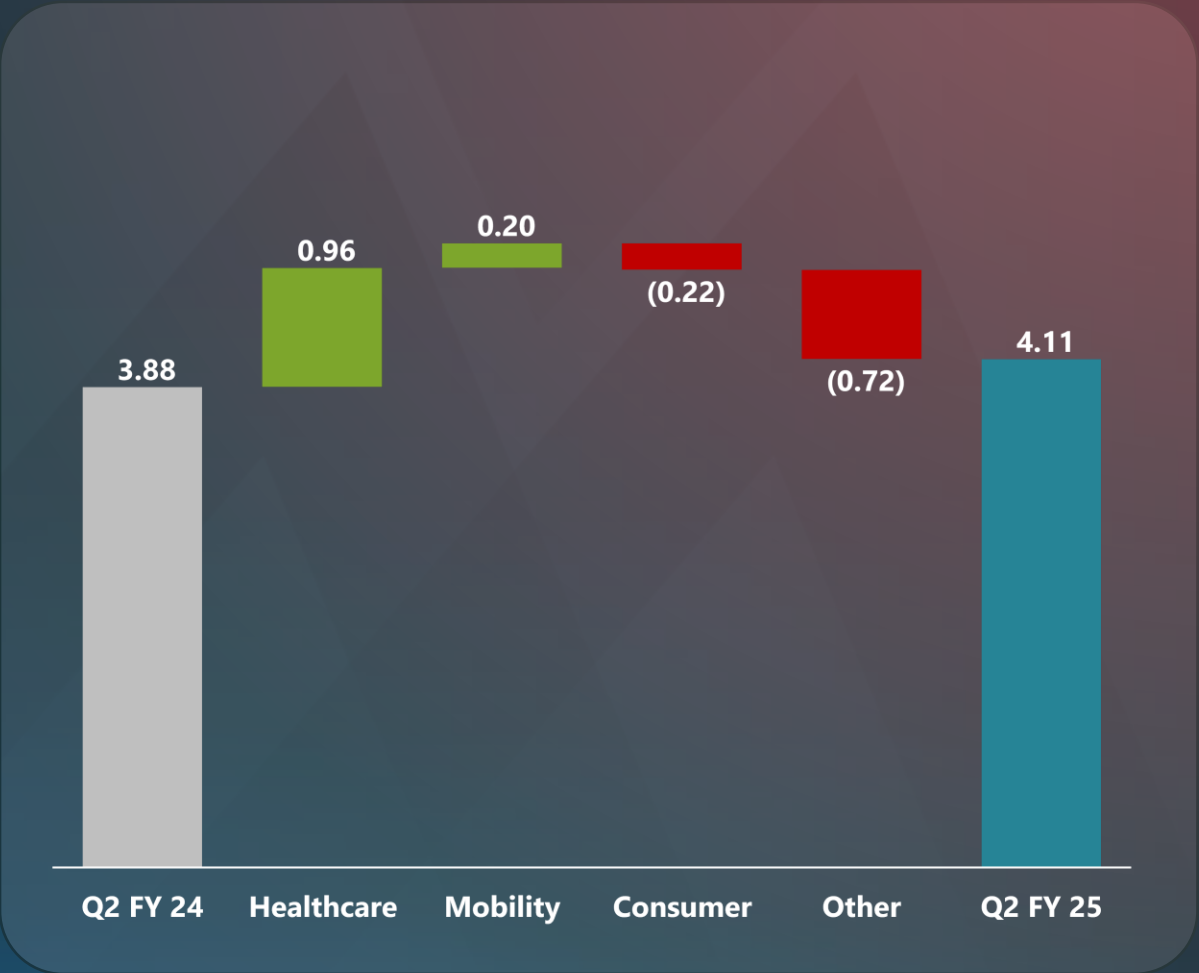
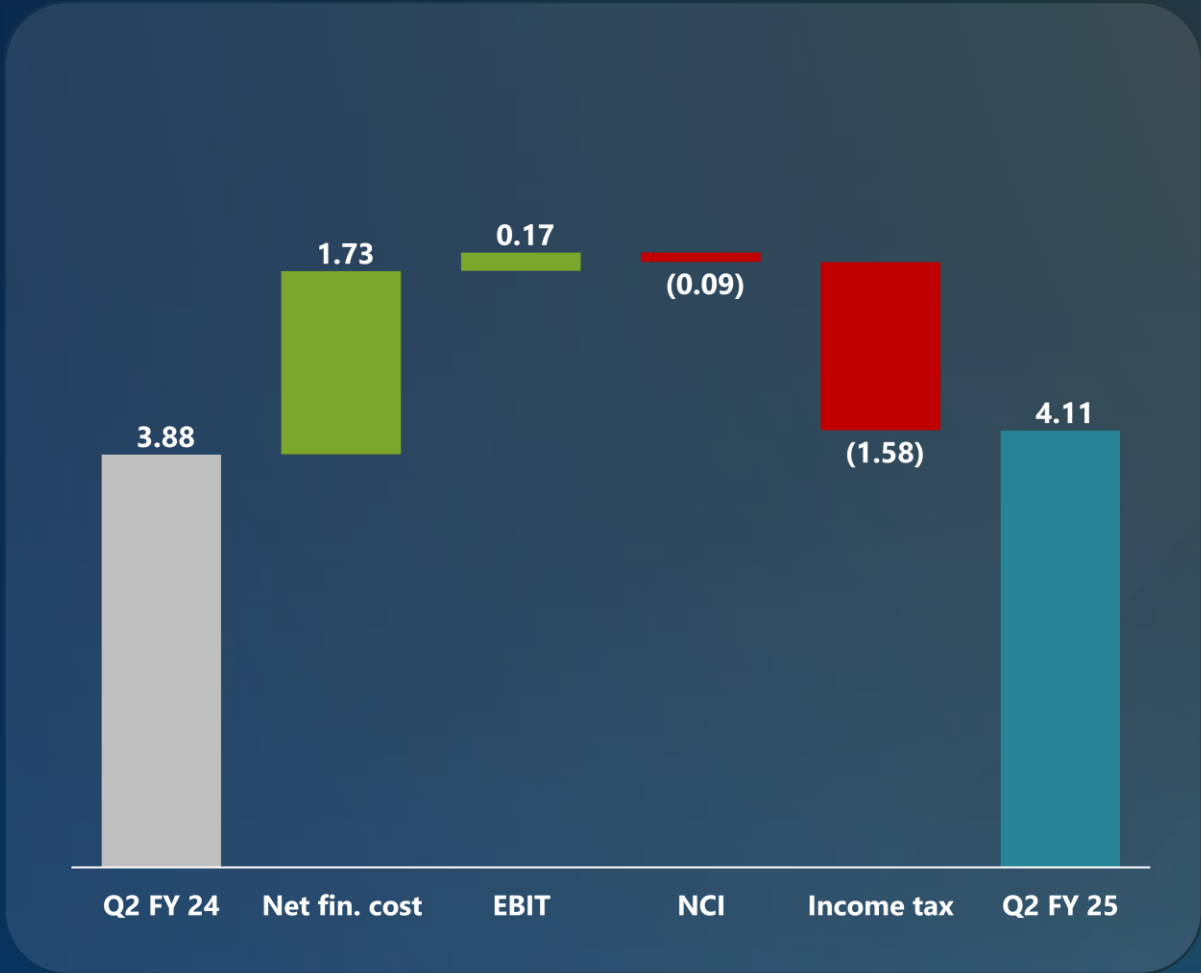


*EBIT Walk*  
(LKR Mn)



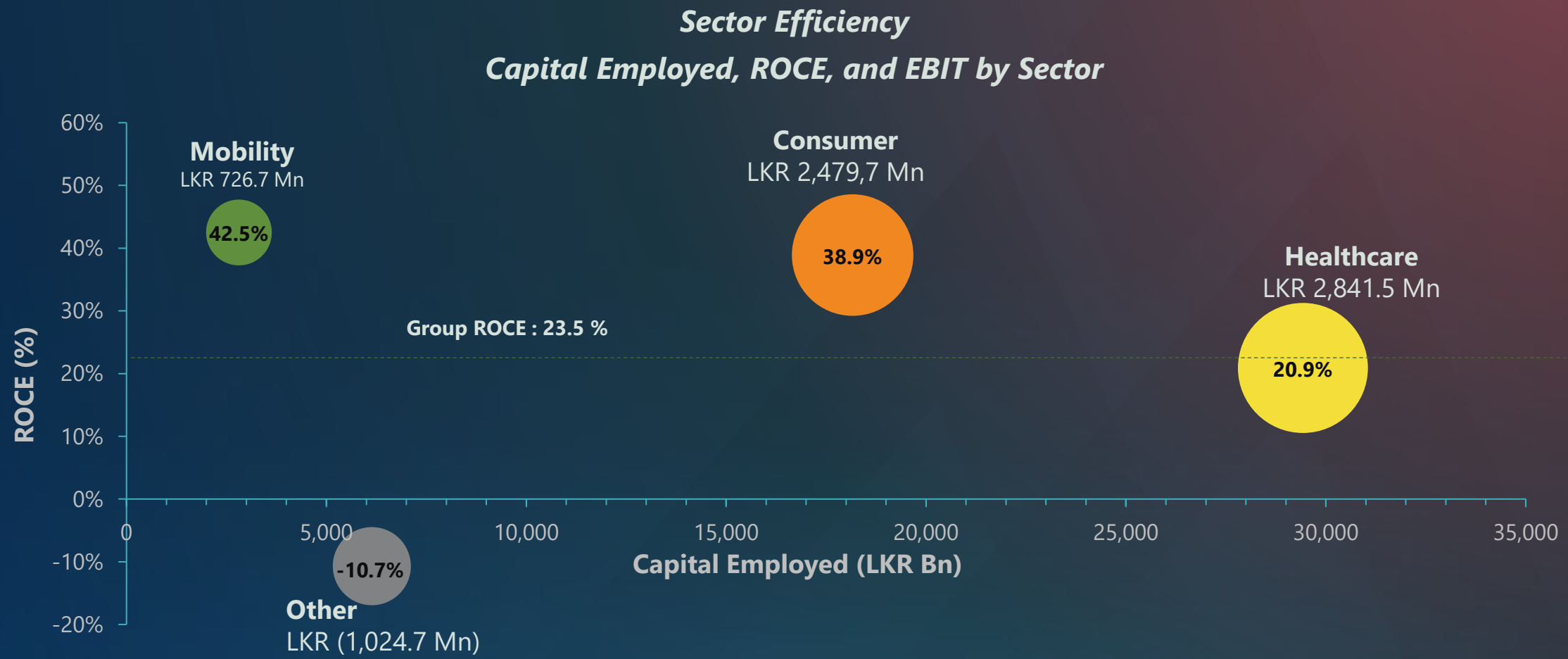
# Continuing Operation EPS – Q2 FY 2024-25

*EPS Walk*  
(LKR Per Share)





# Capital Employed – FY 2024-25



*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

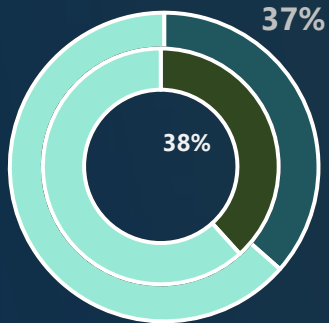


# Consumer Brands

## Contribution to Group

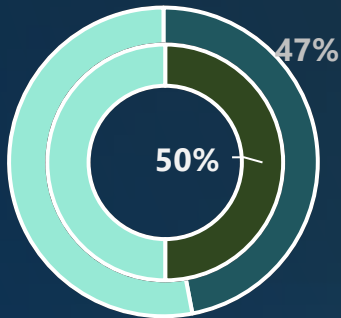
### Revenue %

6M FY25  
6M FY24



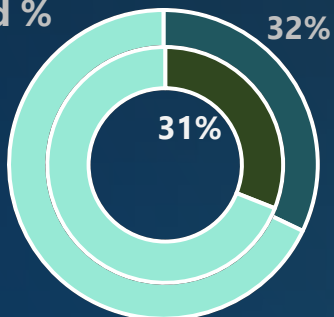
### EBITDA %

6M FY25  
6M FY24



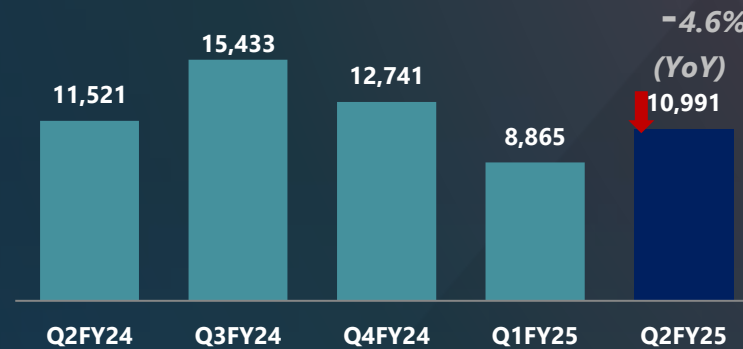
### Capital Employed %

FY25  
FY24

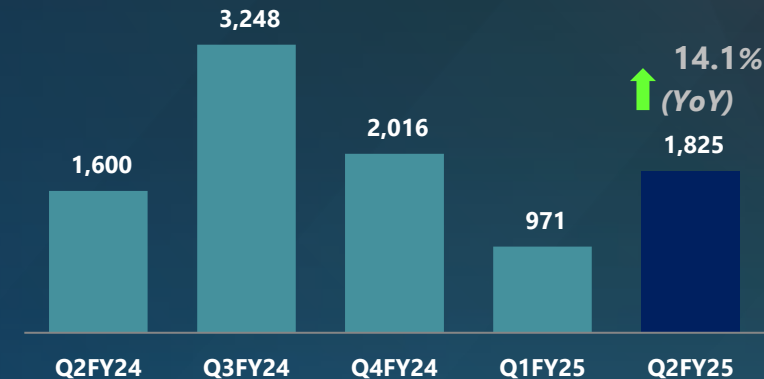


## Sector Performance – 6M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



## Key Highlights

- During the quarter, the strengthening of the domestic currency and declining global commodity prices have led to aggressive pricing and promotion strategies among industry players.
- A strong focus on value-for-money (VFM) options continues, reflecting the current constraints on purchasing power.
- The stationery market experienced heightened competition as new brands continue to emerge. This influx has prompted some players to reduce prices, often at the cost of compromising quality.
- Bangladesh economy continued to witness challenges amidst high inflation and Taka depreciation.



# Home and Personal Care – Sri Lanka

8

Key categories with market leading positions



Extensions to the Portfolio

-8.9%

6M volume de-growth

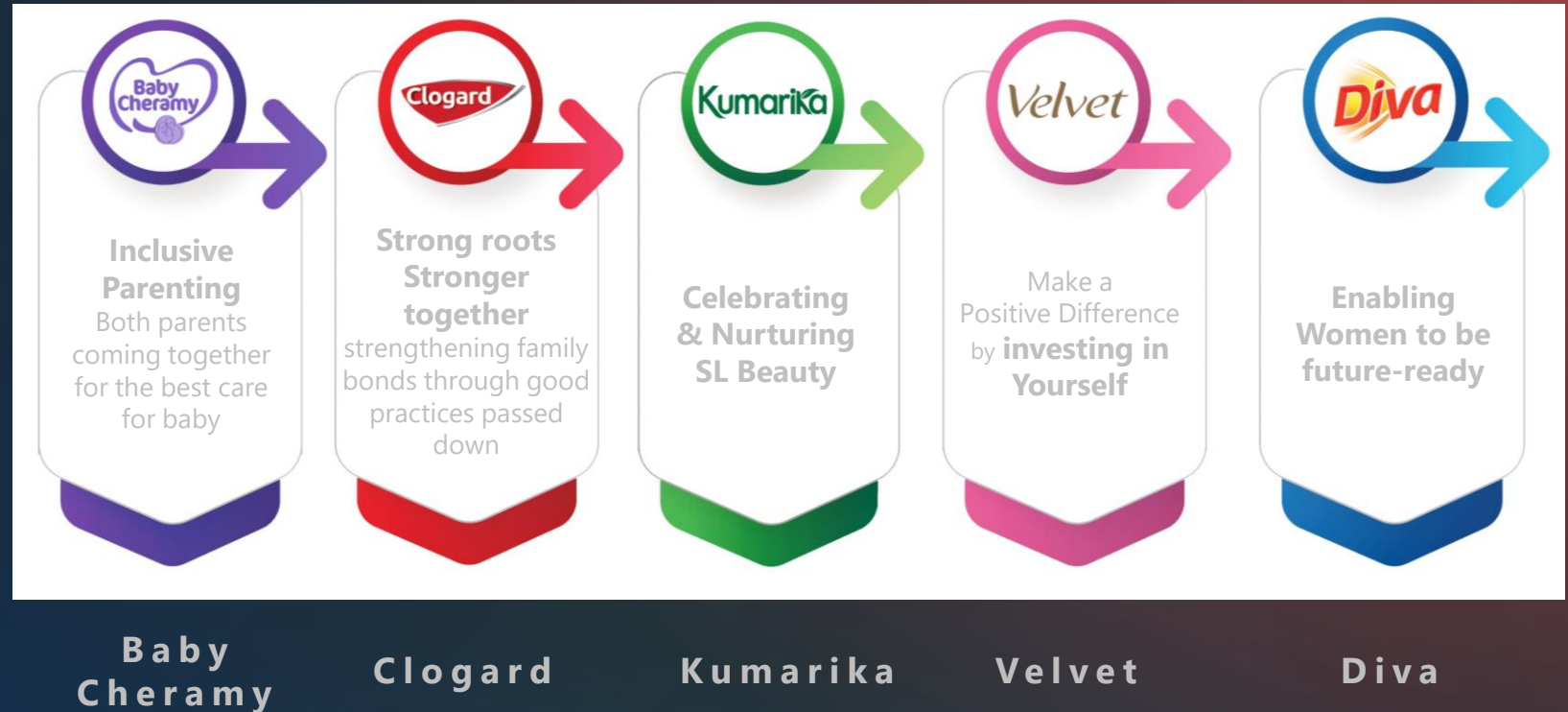
80k

Direct outlet coverage

66%

6M contribution to Consumer Brands revenue

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



# Home and Personal Care – International

2

Geographies  
Bangladesh & West Bengal

3

Key categories  
Value added and Pure Coconut Hair Oil  
Health Soap

15.3%

Market share in VAHO  
(Bangladesh – Q1 FY25 Data)

4K

Retailers reached in  
Bangladesh

8%

6M 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

19.3%

Rural penetration by  
Hemas

7.2%

Urban penetration of  
Hemas

16.3%  
7 + Mn  
Households

Households reached  
by Hemas

100%

On-shore  
manufacturing

Source: Household Panel data (Calibrated) – Kantar – MAT./  
Retail Sales Audit by Insight Metrix – Q3 '23/24

# Home and Personal Care – Sri Lanka and International

## Sri Lanka

### Revenue

- Although overall industry demand declined, company witnessed improvements in overall market share, consumer reach and product availability this quarter.
- While competitive pricing and promotions were introduced in key categories, new product launches gained positive momentum.
- This quarter marked the successful re-launch of Vivya, strengthening the brand's presence in the market.

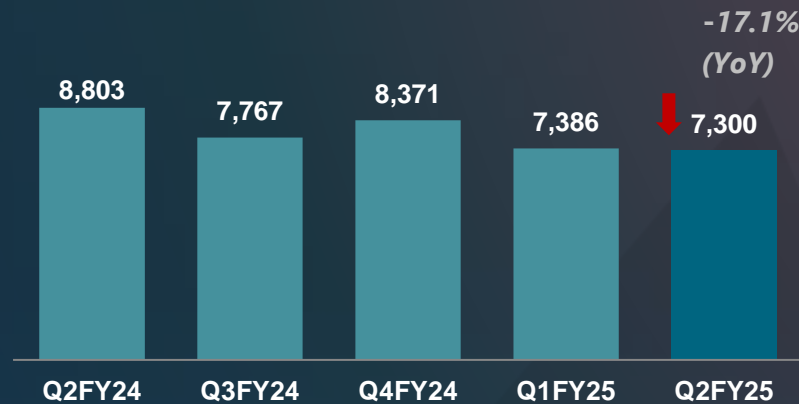
### Profitability

- Increased emphasis on personal and beauty care, along with efficiency enhancements and supply chain optimisations resulted in increased profitability margins.

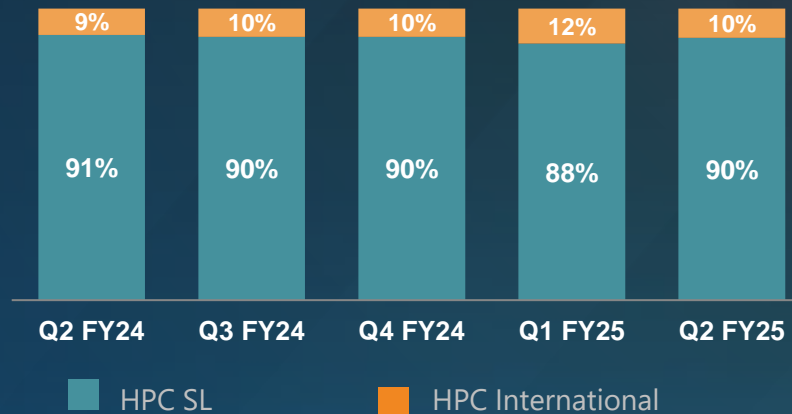
### Outlook

- Championing local ingredients, cultivating purpose-driven brands and entering in to underpenetrated areas would be the priorities for the business.

### Revenue (LKR Mn)



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



## International

### Revenue

- Despite the challenging market conditions, 'Kumarika' increased its market share in the VAHO market.
- While 'Actisef' remains a key component of our product portfolio, the newly introduced pure coconut oil categories have also gained significant market traction.

### Profitability

- Challenging market condition, increased operational costs and the currency devaluation adversely impacted the margins for the quarter.

### Outlook

- High focus on opportunities for growth in Bangladesh in core and adjacent spaces.



# Learning Segment

7

Key categories



High Efficiency and productivity through lean initiatives



Market leader in key product categories

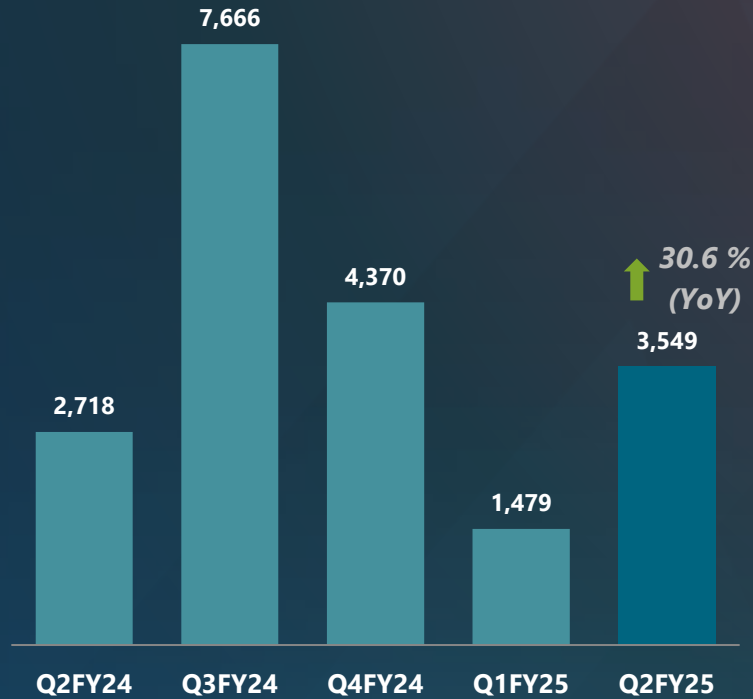
50+k

Outlet coverage across Sri Lanka

26%

6M contribution to Consumer Brands revenue

Revenue (LKR Mn)



## Revenue

- Despite severe competition in the market, the company has successfully maintained its leading position by adapting to evolving consumer preferences for high quality products at competitive pricing.
- To mitigate the impact of seasonal fluctuations on turnover, the Learning Segment also launched its first-ever range of educational toys.

## Profitability

- Increased efforts on efficiency improvement and cost saving initiatives contributed to negate the impact of topline drop.

## Outlook

- Sustain the market leading position with innovative product offerings under all segments.
- Pursue distribution partnerships with international players and expand the export footprint.
- Explore opportunities in related spaces.

# Healthcare Sector

- ❖ Pharmaceutical Import, Marketing and Distribution
- ❖ Pharmaceutical Manufacturing
- ❖ Hospitals

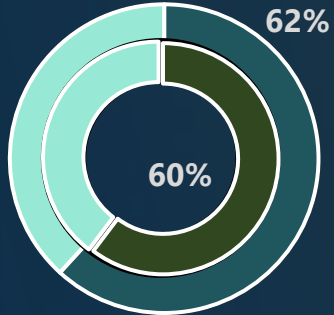


# Healthcare

## Contribution to Group

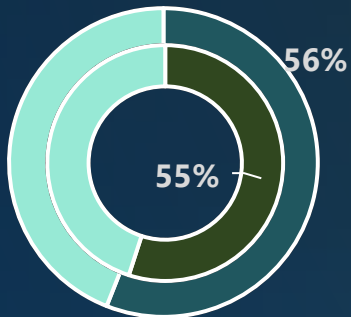
### Revenue %

6M FY25  
6M FY24



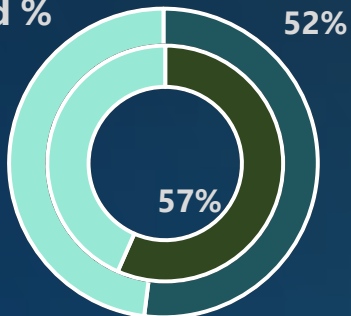
### EBITDA %

6M FY25  
6M FY24



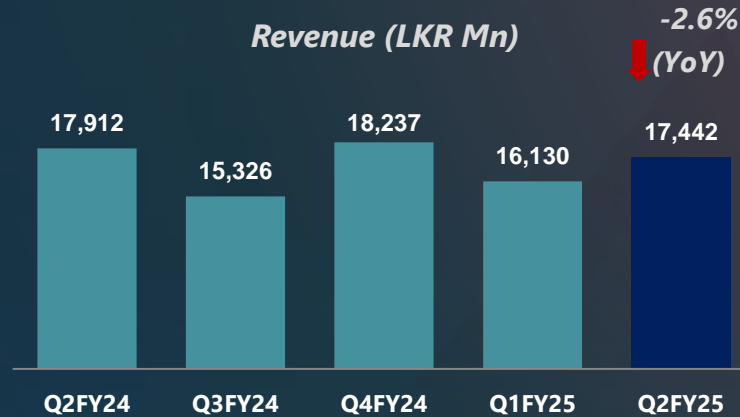
### Capital Employed %

FY25  
FY24

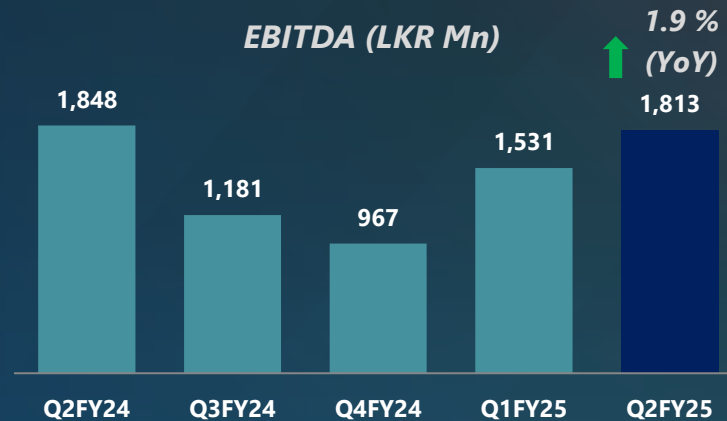


## Sector Performance – 6M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



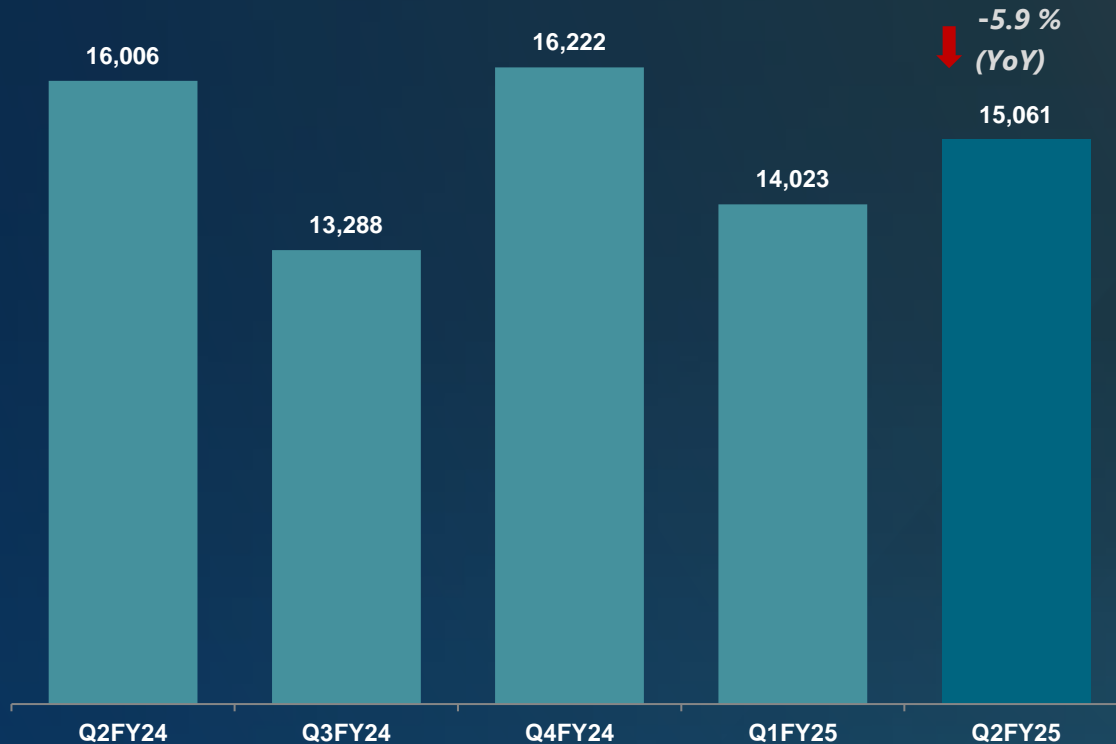
## Key Highlights

- During the quarter under review, the pharmaceutical industry experienced volume growth, for the first time since the economic crisis in the year 2022.
- This increase was largely attributed to local manufacturers and low-cost products, particularly in categories such as diabetic drugs and vitamins.
- This trend highlights a shift in consumer preference toward more affordable pharmaceutical options.



# Pharmaceutical Import, Marketing, Distribution and Pharmaceutical Manufacturing

**Revenue (LKR Mn)**



## **Revenue**

- The Distribution business continues to hold its market-leading position this quarter
- Aligned with its mission to make premium healthcare accessible, the Pharmaceutical Manufacturing business of the Group concentrated on expanding the Morison branded portfolio.
- Morison's recognition as the "Sector Winner for Pharmaceuticals" in LMD's Most Respected Entities in Sri Lanka 2024 highlights its strong standing in the industry.

## **Profitability**

- Both the Distribution and Manufacturing businesses remained focused on optimising overhead costs, implementing efficiency improvement initiatives, and capitalising on synergies.


## **Outlook**

- Extending the branded generics portfolio to create a "Sri Lankan Brand" will be the key priority for the Manufacturing Arm of the Sector while ensuring availability will drive the Distribution Arm.

# Hospitals

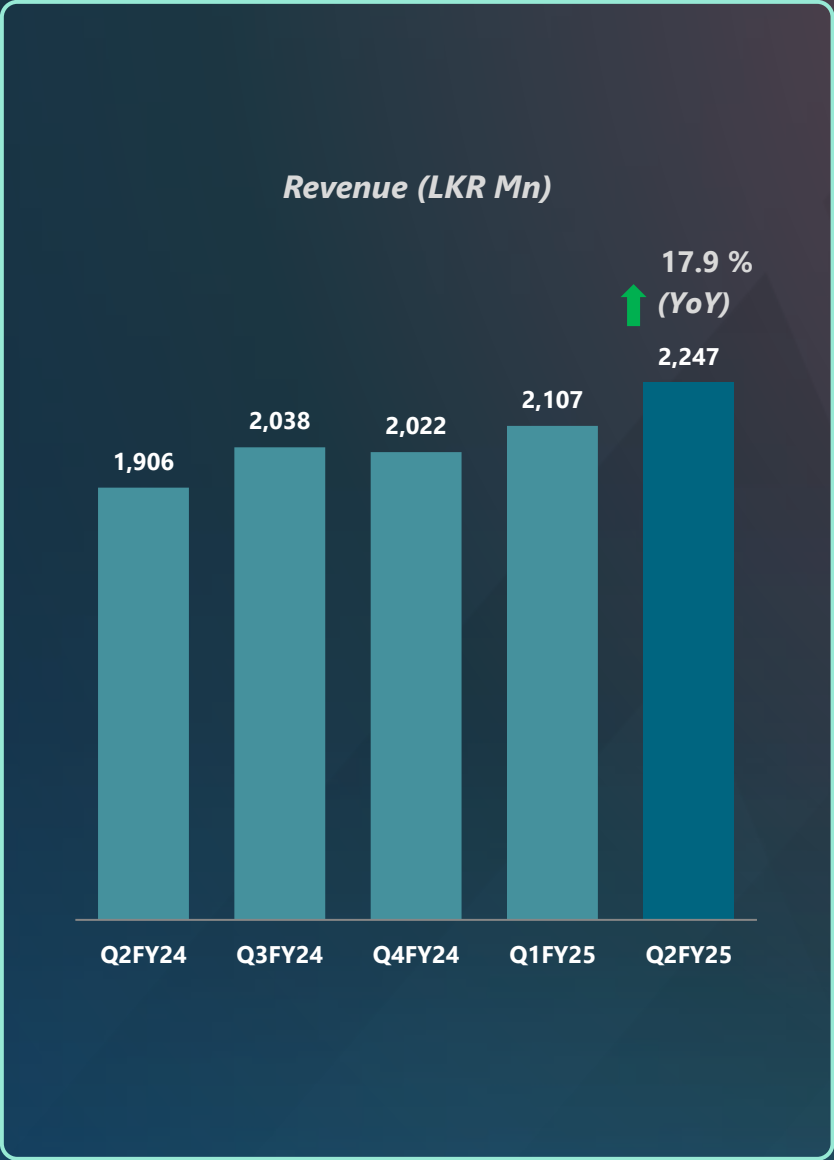
**190+** Beds

**+51%** Hospital occupancy

 First hospital in Sri Lanka to implement fully fledged EHR system

 **2** Hospitals      **40+** Labs and collection centres

**12%** 6M contribution to Healthcare revenue



**Revenue**

- A decline in hospital admissions was reported, primarily due to a reduction in communicable diseases compared to the same period last year.
- In contrast, there has been an uptick in outpatient volumes, fueled by increased medical screenings.

**Profitability**

- Efficiency measures have successfully reduced administration costs compared to the previous year.

**Outlook**

- Hospitals business will prioritize selected anchor and super specialties while improving digitisation efforts.
- Investments in organic and inorganic growth.

IP revenue mix	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
	54%	54%	49%	55%	53%

# Mobility Sector

❖ Maritime

❖ Aviation



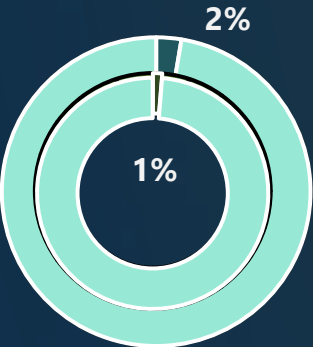


# Mobility

## Contribution to Group

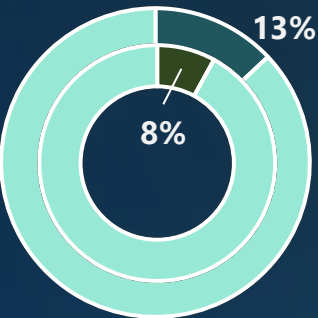
### Revenue %

6M FY25  
6M FY24



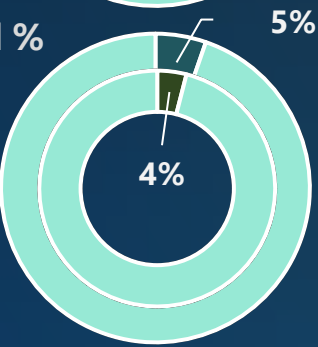
### EBITDA %

6M FY25  
6M FY24



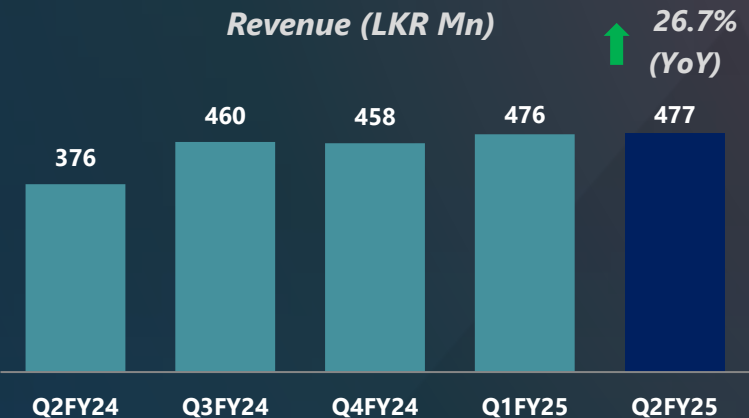
### Capital Employed %

FY25  
FY24

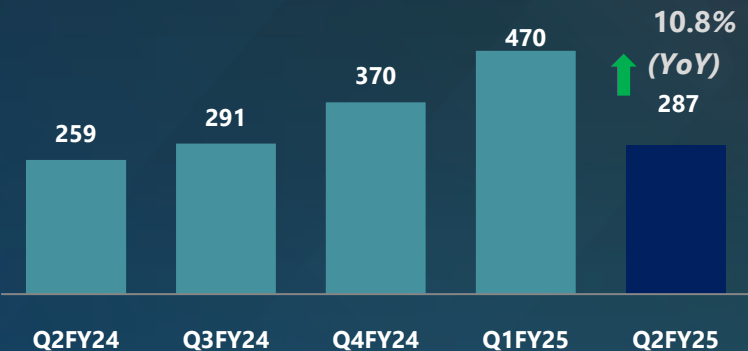


## Sector Performance – 6M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



## Key Highlights

- The maritime sector experienced a positive boost in both volume and freight rates.
- Amidst aggressive competition in the aviation market, cargo volume saw a significant year-on-year increase, primarily driven by the growth of sea-air general cargo movements related to the Red Sea situation and heightened demand for shipments to Europe and the USA.
- Additionally, cargo yields improved, reflecting increased general cargo volumes to Europe and the USA at higher rates.

# Environmental Agenda 2030

## ENCOURAGING RESPONSIBLE PLASTIC CONSUMPTION



830,000+ KG

To Date Plastic Collection



## PROTECTING SRI LANKAN ENDEMISM



Reintroducing two critically endangered plants to their natural habitat in the Mahakudugala Forest Reserve, Nuwara Eliya, and Horton Plains National Park.

# Social Impact: 56,800+ Families Empowered

TACKLING PERIOD POVERTY



33,950

Women and Girls

ENABLING WOMEN TO BETTER MANAGE  
WORK-LIFE STRESS



145

Women

CREATING A SAFER WORLD



8,966

Families

CREATING EQUAL LEARNING  
OPPORTUNITY



43,012

Children, Teachers and Parents

CREATING QUALITY LEARNING  
EXPERIENCES



8,895

Students

ENSURING NO CHILD IS LEFT BEHIND



2

Pre Schools  
Added

EMPOWERING WOMEN AND PROVIDING  
SOLUTION TO ASPIRE FOR MORE



104

Women

PROVIDING FREE DIALYSIS FOR  
PATIENTS SUFFERING WITH CHRONIC  
KIDNEY DISEASE



13

Patients



# Sustainability Performance – Q2 2024 – 25 vs Q2 2023 - 24



**Carbon Footprint**  
(per Rs. Mn Revenue)

1.1% ↑

0.10MT



**Values of Fines for Non-Compliance  
with Laws and Regulations in the  
Social Economic Area**

**NONE**



**Water Consumption**  
(per Rs. Mn Revenue)

11.8% ↓

1.5 m<sup>3</sup>



**Total Work-Related Injury Rate**  
(per 100 employee)

46% ↑

0.2



**Waste Recycled, Reused,  
or Recovered**

18% ↓

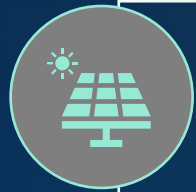
55%



**Training Hours and  
Development**  
(Hours)

24% ↓

12,634



**Renewable Energy Generated**

113% ↑

519,334  
kWh



**Gender Diversity**  
(female employees)

5% ↓

28 %

# Key Priorities

## Corporate Priorities

**Accelerating the M&A opportunities**

**Driving digital transformation**

**Strategic cost savings and maintaining optimum liquidity under working capital management initiatives**

Consumer

**Focus on Personal care, Beauty and wellness with a drive for premiumisation and exploring underpenetrated Markets**

**Strengthening value propositions to grow market share**

**Accelerate exports and international expansion**

**Increase efficiency via digitisation initiatives**

## BU Priorities

Healthcare

**Build the Morison brand by capitalising on existing launches and developing a strong Sri Lankan private brand of generics**

**Invest in new business commercialisation, growth in under indexed TCs, adjacencies and diagnostic business**

**Focus on anchor specialties and expansions in the Hospitals business**

**Digitalisation and effective working capital management**



# 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.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Hemas’ businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Hemas does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Hemas’ control. Past performance is not a reliable indication of future performance. Unless otherwise specified all information is for the quarter ended 30 September 2024.