



# Hemas Holdings PLC

Investor Presentation- Q3 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

226Mn

Market Capitalization

37%

Free Float

USD

333Mn

Total Assets

AAA

Long-term Fitch Rating

>5k

Workforce

# Implications of Key Macro Economic Parameters on Hemas

## Interest Rates

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

**-3.5%**  
AWPLR

YoY change monthly rate (Dec 2024 vs Dec 2023)

## Stable Exchange Rates

"The Rupee strengthened further, positively impacting RM costs and import expenditure for key BUs"

**-9.7%**  
\$/Rs

YoY change (Dec 2024 vs Dec 2023)

## Global Commodity prices

"Prices of key commodities saw an increasing trend, especially Palm Oil, and this is expected to exert pressure on margins"

**44.0%**  
Palm oil

**0.8%**  
Crude Oil

YoY change (Dec 2024 vs Dec 2023)

## Deflation

"Deflation was primarily driven by food category"

**-1.7%**    **-2.0%**  
CCPI            NCPI

YoY change (Dec 2024 vs Dec 2023)

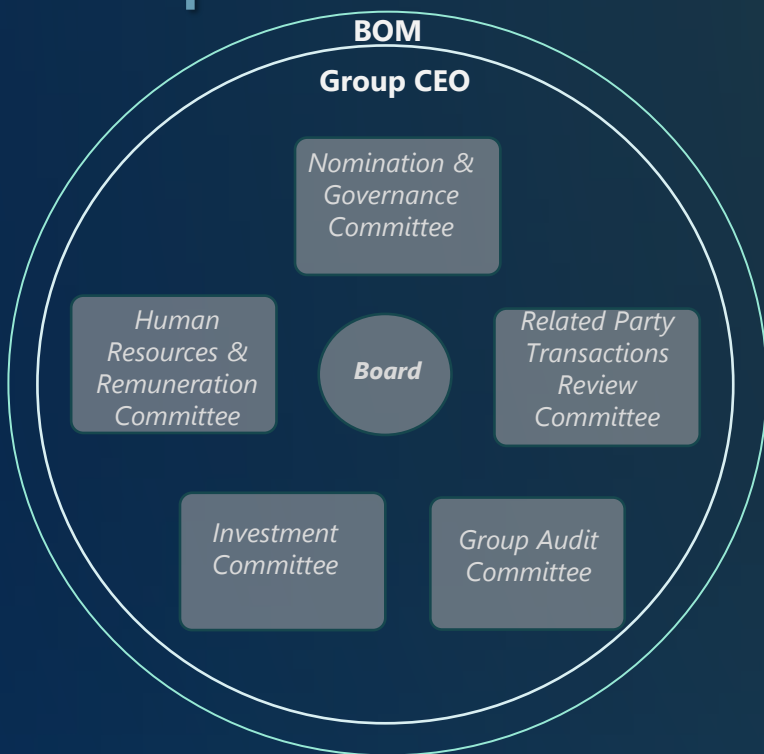
## Tax Reforms

"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

# 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 not-withstanding 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

- Non-Executive Directors (including Chairman)



- Independent Non-Executive Directors



## Independence

**50%**

of the board is independent

## Gender



**90% : 10%**

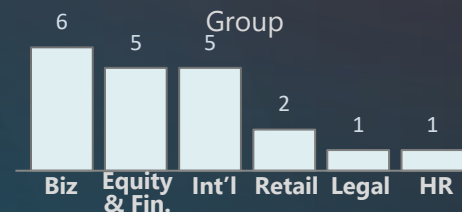
## Board Size

**10**

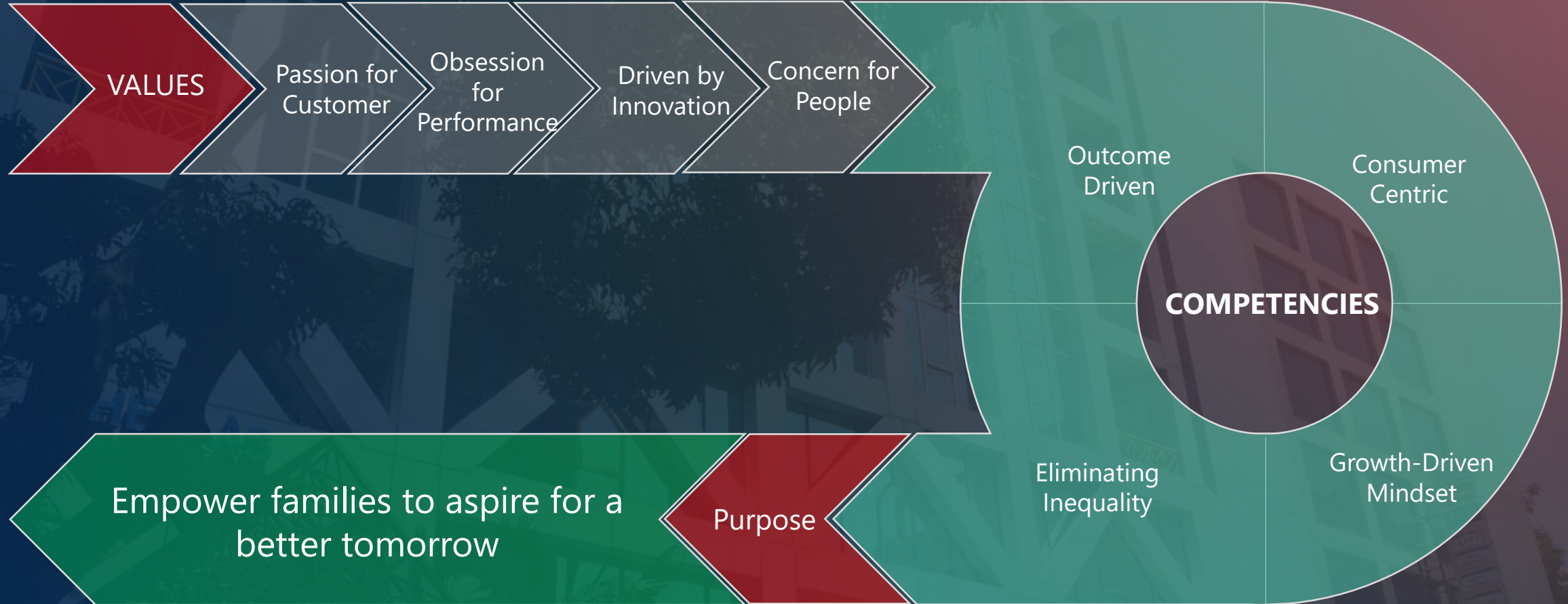
Board size promoting accountability and encouraging healthy, constructive debate and decision-making, while meeting regulatory requirements

## 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%

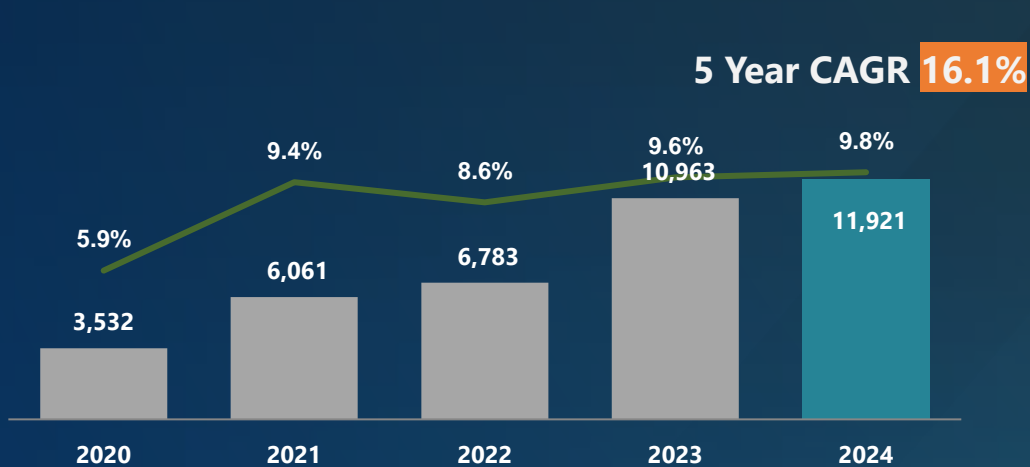
Revenue  
(International)  
25%

# Group Performance (Annual)

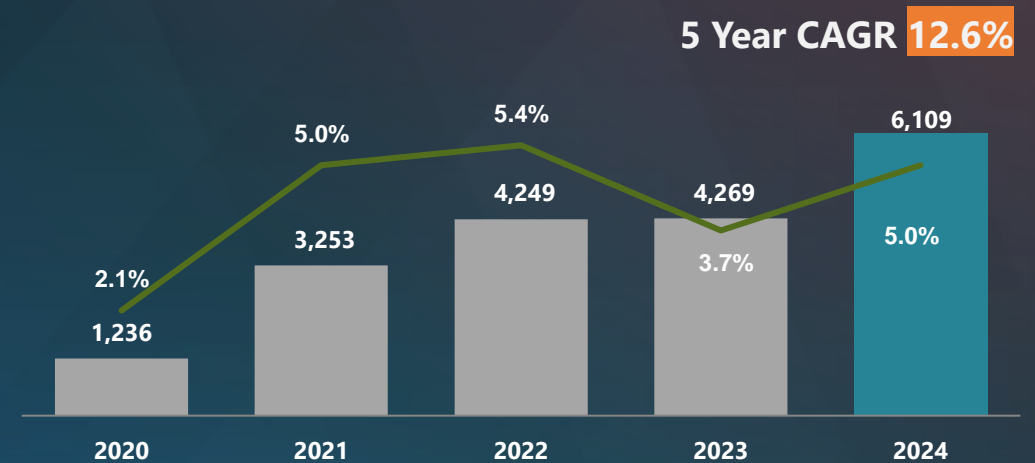
*Revenue (LKR Mn)*



*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



Hemas was recognized as one of the Top 10 Best Corporate Citizens at the prestigious Best Corporate Citizen Awards Sustainability Awards 2024, organized by the Ceylon Chamber of Commerce, underscoring its unwavering commitment to sustainable business practices and impactful environmental and social initiatives.



Hemas Hospitals has been recognized with the prestigious Business Excellence Award at the Asian Hospital Management Awards in Bali where it was lauded for its outstanding project focused on enhancing the patient experience. The project aimed to address a critical industry pain point—delays in hospital discharge processes.

# New Product Launches During the Quarter

## Personal Care



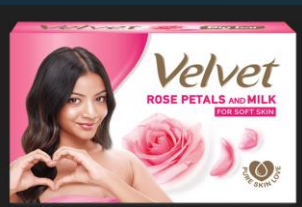
Vivya Sunscreen  
50 ml



Vivya Vitamin C  
range of products



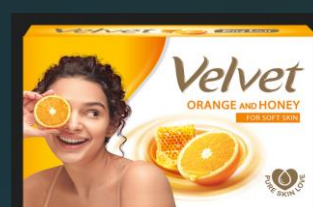
Velvet Body wash  
Naturals range – Avocado  
and Coconut milk based



Velvet soap  
- Rose & Milk



Velvet soap  
– Milk and Almond



Velvet soap  
- Orange



Velvet soap  
– Sandal and Curd

## Pharmaceuticals Manufacturing



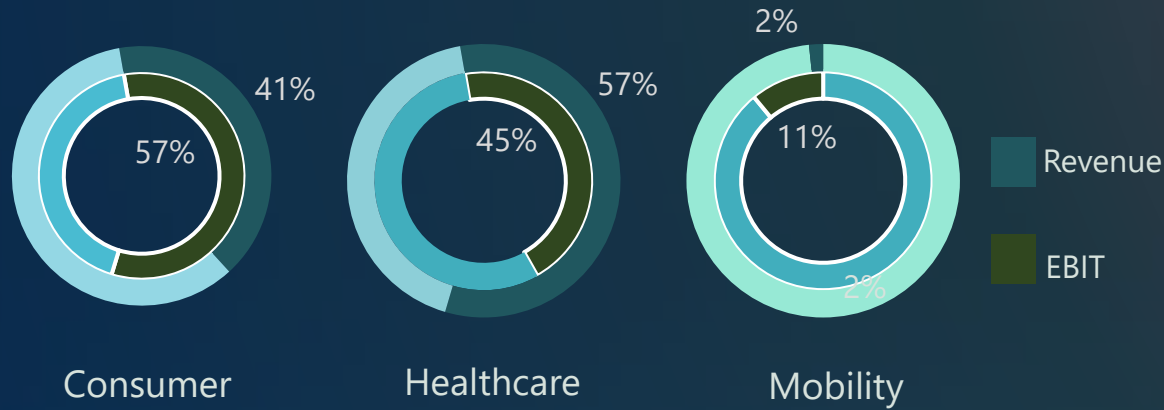
CilniMor tablets  
(Cilnidipine) 5 mg



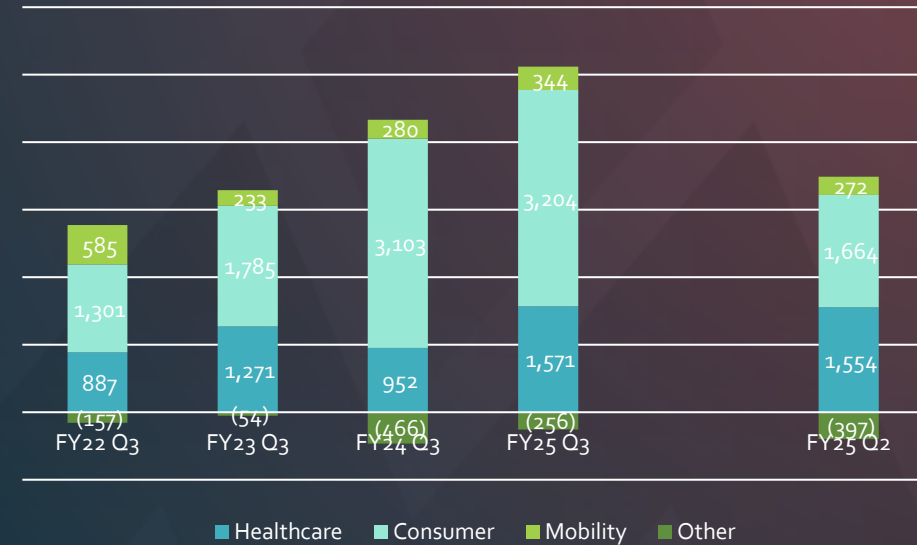
CilniMor tablets  
(Cilnidipine) 10 mg

# Financial Snapshot

9M contribution to the Group



EBIT by Sector (Rs. Mn)

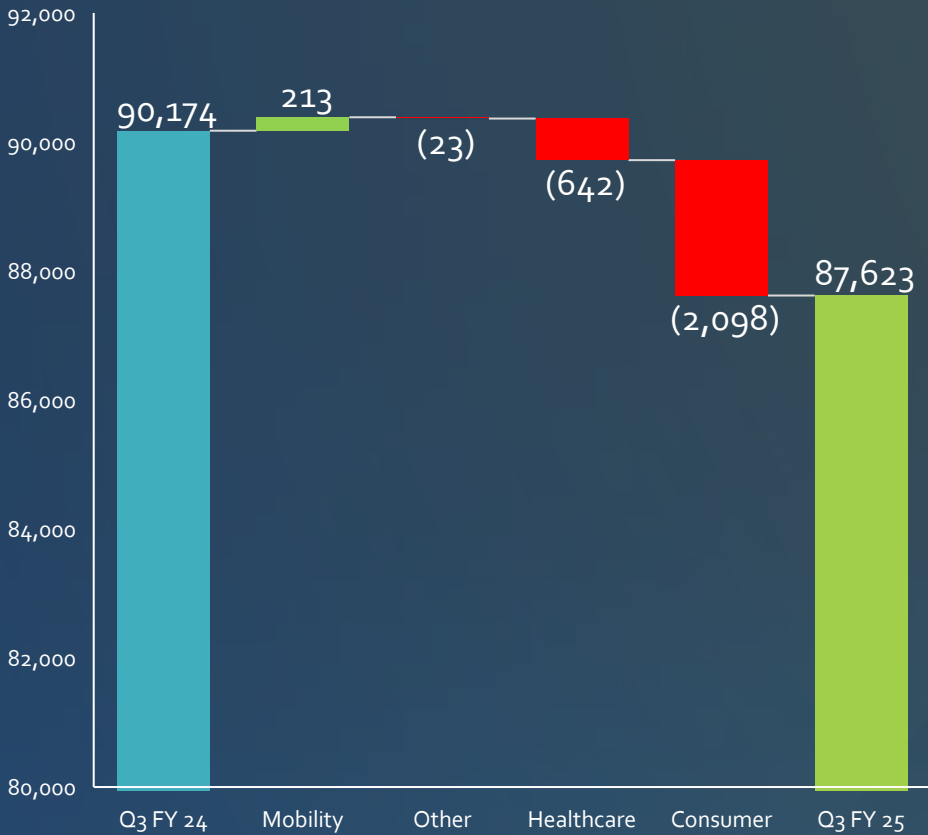


9M Performance FY 25 vs FY24

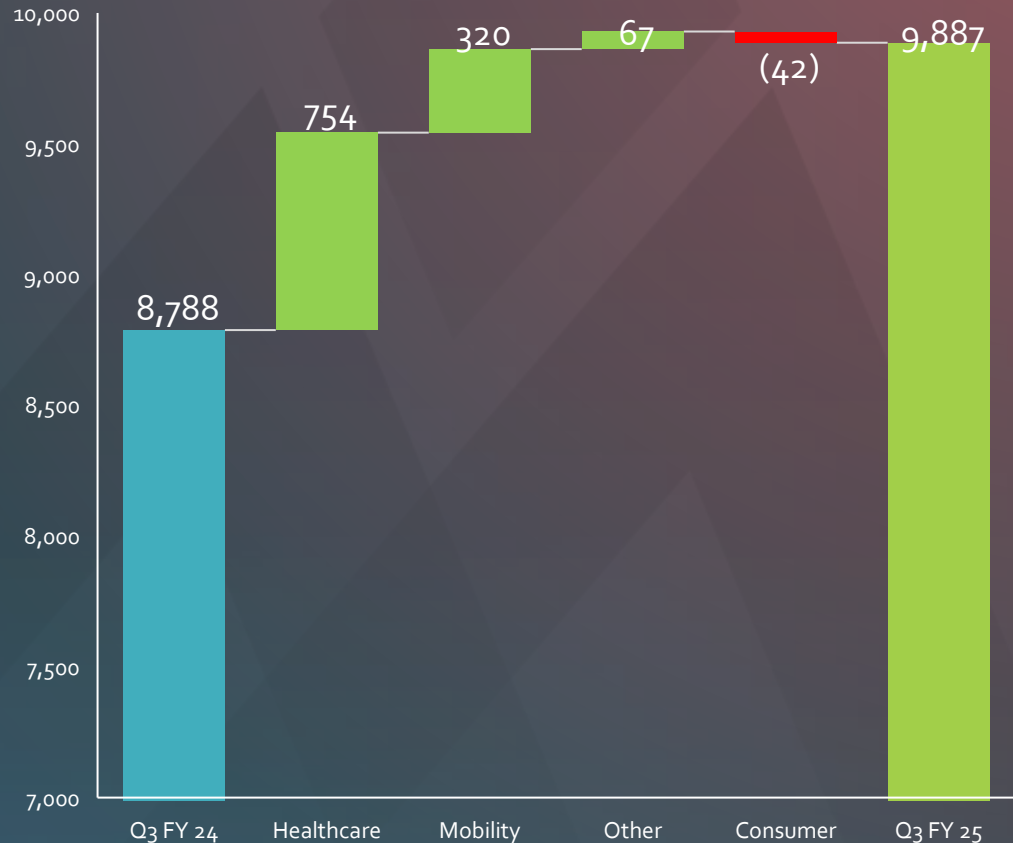


# Sector Performance Summary – Q3 FY 2024-25

Revenue Walk (LKR Mn)

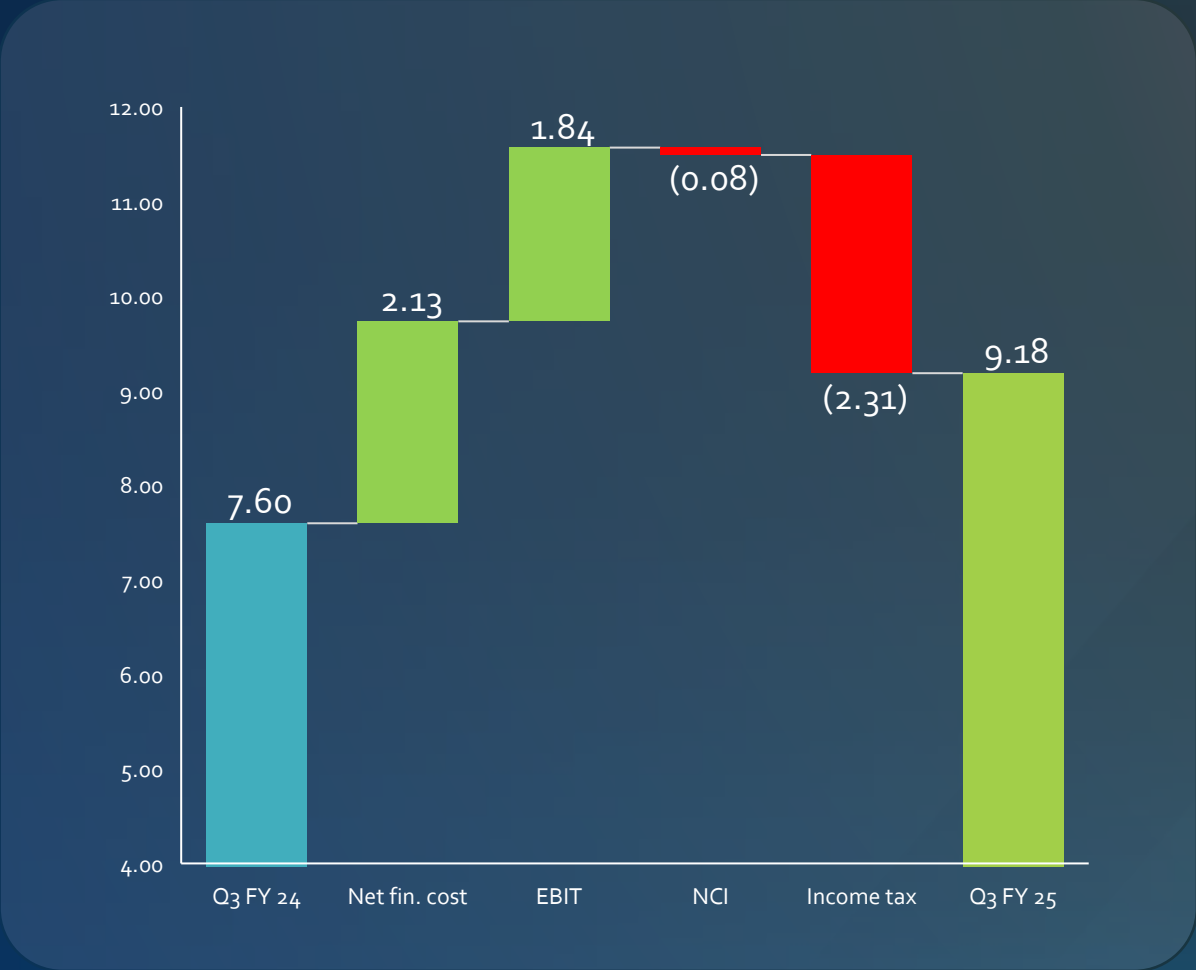


EBIT Walk (LKR Mn)



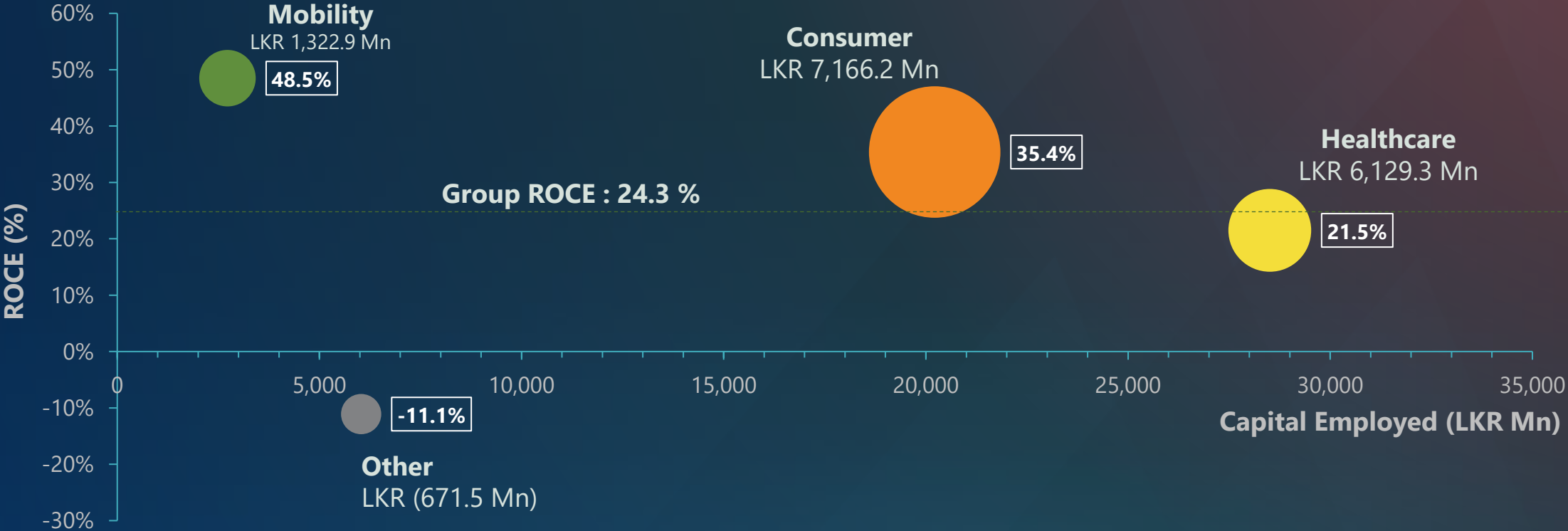
# Continuing Operation EPS – Q3 FY 2024-25

## EPS Walk (LKR Per Share)



# Capital Employed – FY 2024-25

## Sector Efficiency Capital Employed, ROCE, and EBIT by Sector



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



Paris

Kumarika

Velvet

fems

GOLD

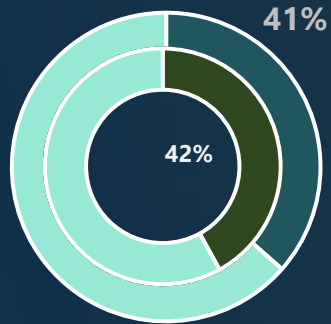


# Consumer Brands

## Contribution to Group

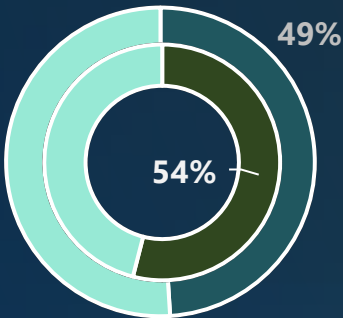
### Revenue %

9M FY25  
9M FY24



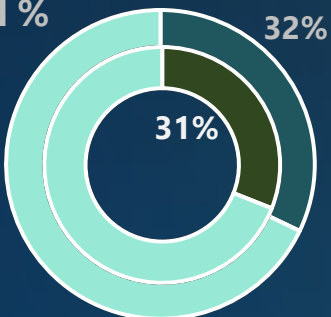
### EBITDA %

9M FY25  
9M FY24



### Capital Employed %

FY25  
FY24

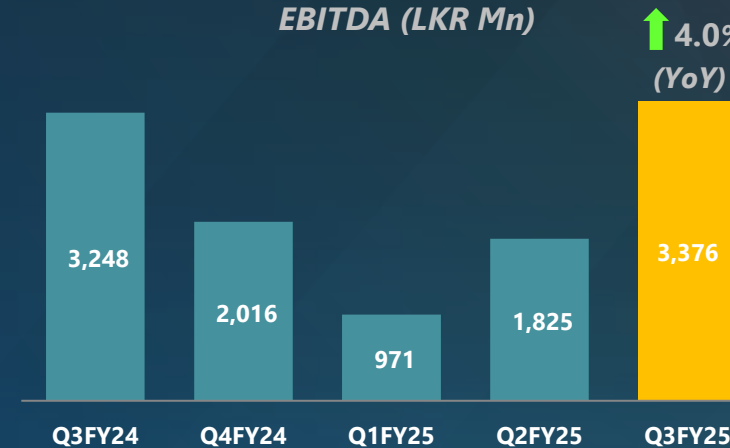


## Sector Performance – 9M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



### Key Highlights

- The appreciation of the Rupee and the decline in commodity prices have intensified competition within the industry, with several players offering a variety of consumer, shopper and trade promotions.
- The Learning segment continued to be impacted by price competition and seasonality factors
- Bangladesh inflation continued to rise, reaching 10.9 % in December with food inflation particularly affecting households



# Home and Personal Care – Sri Lanka

8

Key categories with market leading positions



Extensions to the Portfolio

-4.8%

9M volume de-growth

80k

Direct outlet coverage

56%

9M contribution to Consumer Brands revenue

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



Baby  
Cheramy

Clogard

Kumarika

Velvet

Divia

# Home and Personal Care – International

2

Geographies  
Bangladesh & West Bengal

3

Key categories  
Value added and Pure Coconut Hair Oil  
Health Soap

15.7%

Market share in VAHO  
(Bangladesh – Q2 FY25 Data)

4K

Retailers reached in  
Bangladesh

7%

9M contribution to  
Consumer Brands revenue

## 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

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

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

- The personal care segment experienced volume-led growth
- The Home care segment saw a decline in market share due to increased demand for generic products in price-sensitive segments.
- The drive to introduce innovative offerings continued, with the launch of Vivya sunscreen and Vitamin C range, as well as Velvet body wash Naturals range. Additionally, the relaunch of Velvet soap, with improved product attributes and packaging, has gained strong momentum

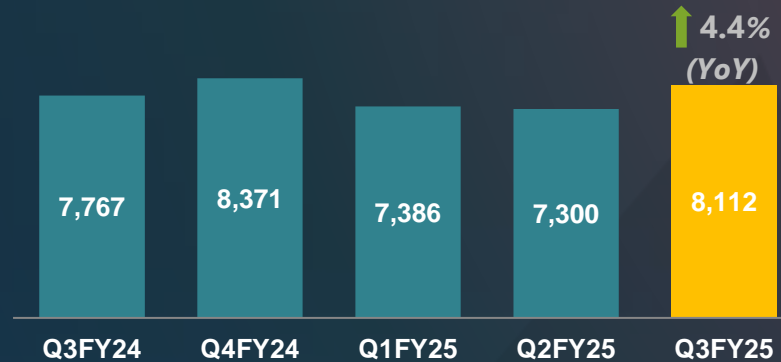
### Profitability

- While the GP margins were maintained, profitability was negatively impacted by higher advertising, promotion and marketing costs.

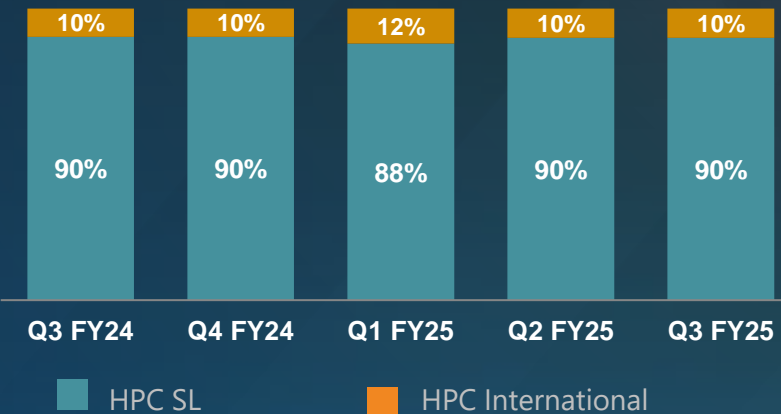
### Outlook

- Championing local ingredients, cultivating purpose-driven brands and entering in to underpenetrated areas would be the priorities for the business.
- Rising commodity prices will have a negative impact on input costs.

### Revenue (LKR Mn)



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



## International

### Revenue

- Revenue was impacted by rising inflation and increased price sensitivity, which have led many consumers to seek more affordable alternatives.
- 'Kumarika', the flagship Value-Added Hair Oil (VAHO) product has successfully maintained its market share, backed by the product's strong customer loyalty and consistent repeat purchases

### Profitability

- Profitability increased due to various cost rationalisation initiatives undertaken during the quarter.

### Outlook

- Rising inflation and the prevailing political uncertainty have negatively impacted the consumer sentiment. The interim government is taking steps to control inflation and minimise commodity shortages

# Learning Segment

7

Key categories



High Efficiency and productivity through lean initiatives



Market leader in key product categories

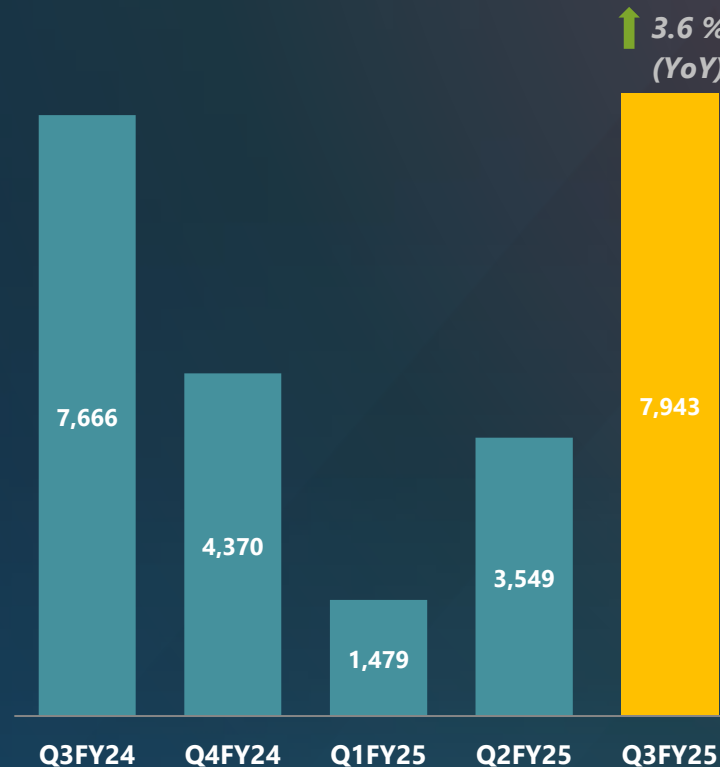
50+k

Outlet coverage across Sri Lanka

37%

9M contribution to Consumer Brands revenue

Revenue (LKR Mn)



## Revenue

- In response heightened competition from new entrants offering products at lower price points and varying quality, several initiatives were launched to increase awareness and create a unique and innovative point of difference, such as the re-launch of its "Innovate" range.

## Profitability

- Growth in revenue, coupled with Increased efforts on efficiency improvement and cost saving initiatives contributed increased operating profits.

## Outlook

- Several initiatives were launched to create a unique and innovative point of difference
- Pursue distribution partnerships with international players and expand the export footprint.
- Explore opportunities in related spaces.

# Healthcare Sector

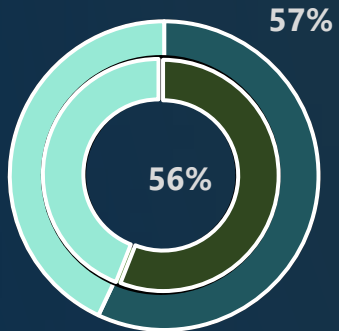
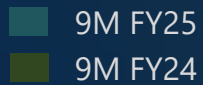
- ❖ Pharmaceutical Import, Marketing and Distribution
- ❖ Pharmaceutical Manufacturing
- ❖ Hospitals



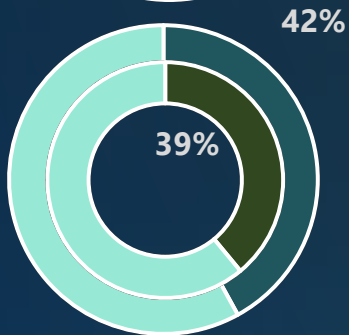
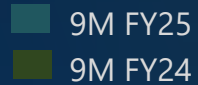
# Healthcare

## Contribution to Group

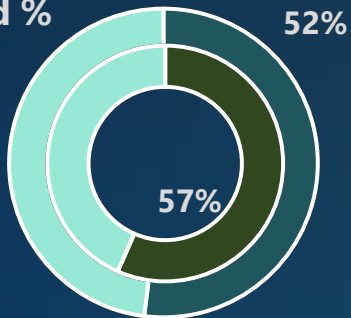
### Revenue %



### EBITDA %

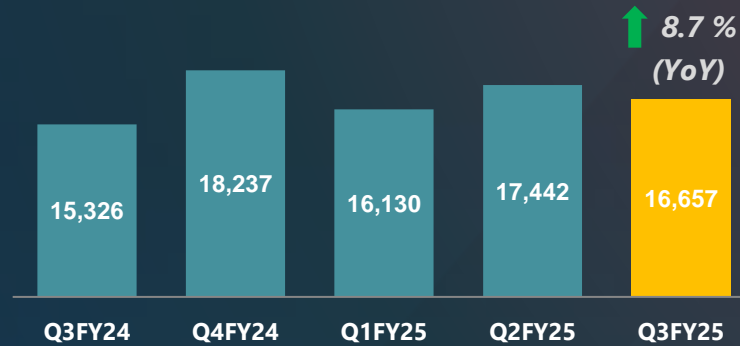


### Capital Employed %

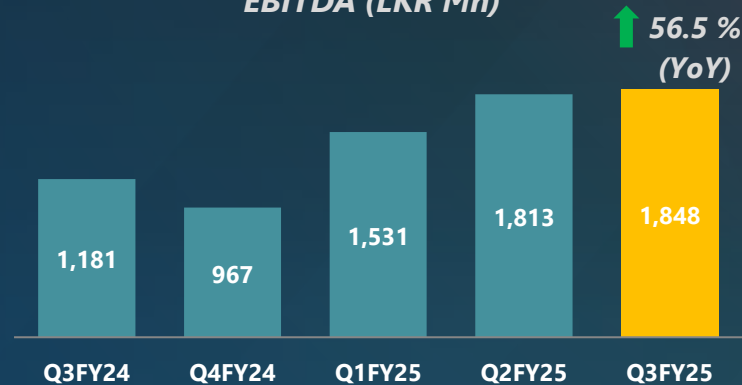


## Sector Performance – 9M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)

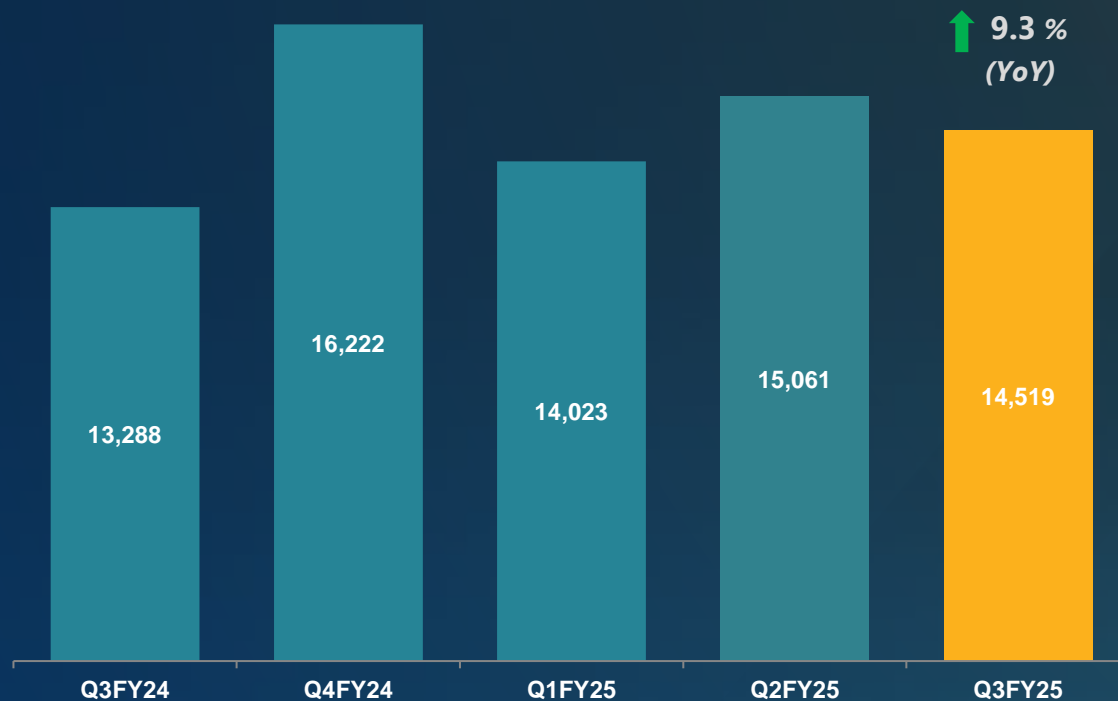


### Key Highlights

- The Healthcare industry has been gaining momentum and recovering from the downturn experienced during the economic crisis.
- The trend of consumers increasingly seeking more affordable options continued throughout the quarter under review.
- The EBITDA witnessed strong growth due to increased revenue and efficiency measures.

# Pharmaceutical Import, Marketing, Distribution and Pharmaceutical Manufacturing

## Revenue (LKR Mn)



## Revenue

- The Distribution business continues to hold its market-leading position this quarter
- Pharmaceutical Manufacturing business of the Group continued to expand the Morison branded portfolio with the addition of 'CliniMor'—a new solution for the treatment of hypertension

## Profitability

- Revenue growth and optimising overhead costs, helped the businesses to increase profitability during the quarter.


## Outlook

- Further extending the branded generics portfolio to create a "Sri Lankan Brand" will be a key priority for the Manufacturing Arm of the Sector while ensuring availability and increasing the offering by onboarding new Principles will drive the Distribution Arm.
- Extension of the buyback agreement with new orders already received, will boost revenues and plant utilisation.

# Hospitals

**190+** Beds

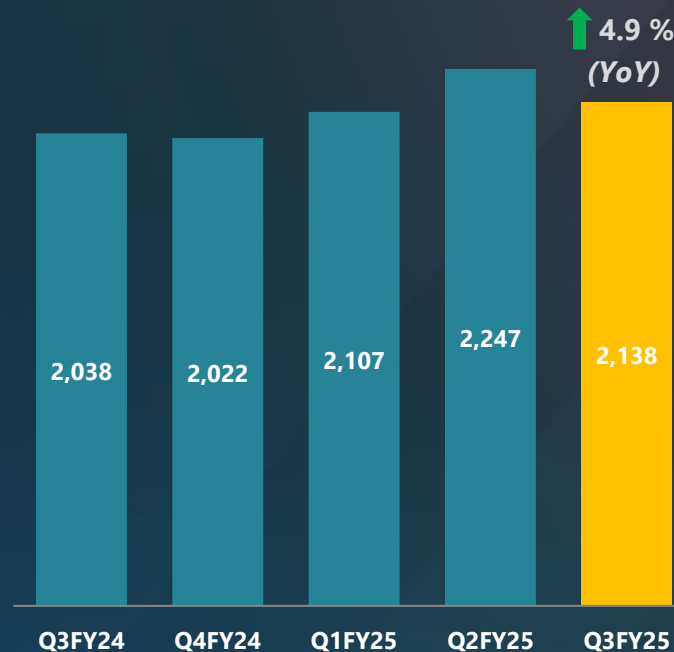
**+51%** Hospital occupancy

 First hospital in Sri Lanka to implement fully fledged EHR system

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

**13%** 9M contribution to Healthcare revenue

Revenue (LKR Mn)



## Revenue

- While outpatient revenue has seen a steady increase, inpatient revenue experienced a decline due to lower admissions, which was a trend observed across the market.

## Profitability

- GP & EBITDA margins improved owing to the efficiency measures that were implemented.

## Outlook

- Plans for expansion at the two hospitals in Wattala and Thalawathugoda are progressing, with the planned acquisition of land for the expansion of the Thalawathugoda hospital being completed, marking a key milestone in our growth strategy.

IP revenue mix	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
	54%	49%	55%	53%	48%



# Mobility Sector

❖ Maritime

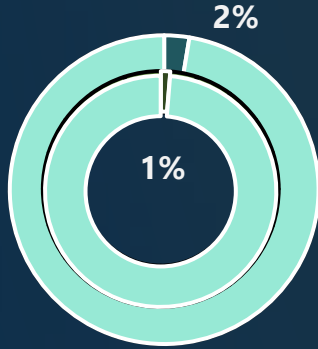
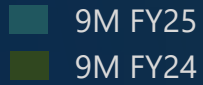
❖ Aviation



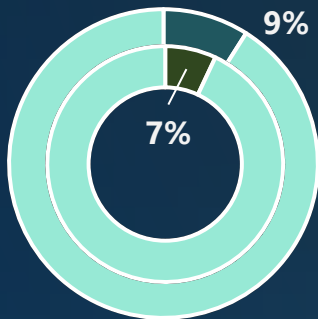
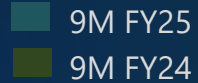
# Mobility

## Contribution to Group

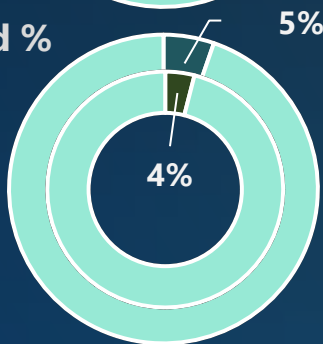
### Revenue %



### EBITDA %

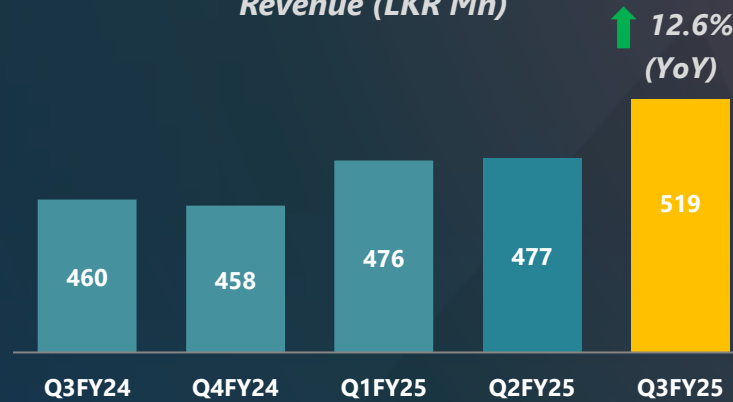


### Capital Employed %

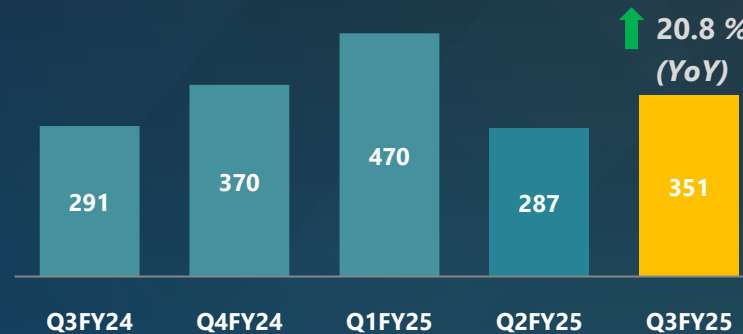


## Sector Performance – 9M FY 2024-25

### Revenue (LKR Mn)



### EBITDA (LKR Mn)



## Key Highlights

- The Maritime sector witnessed an increase in both freight rates and volumes in the import and export operations compared to the previous year.
- In the Aviation segment, cargo revenue grew due to higher yields and expanded market share
- Emirates SkyCargo (CMB) was recognized for its outstanding service and major contributions to Sri Lanka's logistics sector, receiving the prestigious Gold Award in the Airline Category at the 2024 National Logistics Awards, hosted by the Sri Lanka Logistics and Freight Forwarders Association

# Environmental Agenda 2030

Encouraging responsible plastic consumption



1.2 Million+ Kgs

Collection of plastic to date



Protecting Sri Lankan endemism

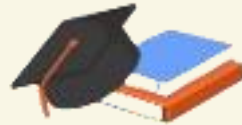


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Critically endangered endemic species

# Social Impact : Focus Areas

**Q3 FY 25: 49,000+ Families Empowered**



## **Creating Equal Opportunities for Learning**

- **Creating quality educational experiences for every child.**
- **Creating equal learning opportunities for children from underprivileged and underserved backgrounds to continue their education.**



## **Supporting Health and Well-being**

- **Providing expert advise and guidance to support those impacted by key health issues prevalent in today's society.**
- **Facilitating and testing a range of interventions to prevent or mitigate emerging health impacts.**



## **Empowering Vulnerable Communities**

- **Empowering women with entrepreneurship, knowledge-building and skills development.**
- **Empowering children with disabilities to reach their full potential.**
- **Distribution of dry rations and other essentials for vulnerable communities.**

# Social Impact : 49,000+ Families Empowered

TACKLING PERIOD POVERTY



10,827

Women and Girls

PROVIDING WIGS TO CANCER PATIENTS



350

Women

CREATING A SAFER WORLD



2,307

Families

CREATING EQUAL LEARNING OPPURTUNITY



22,795

Children, Teachers and Parents

CREATING QUALITY LEARNING EXPERIENCES



7,048

Students

ENSURING NO CHILD IS LEFT BEHIND



1

Pre School Added

EMPOWERING WOMEN AND PROVIDING SOLUTION TO ASPIRE FOR MORE



140

Women

PROVIDING FREE DIALYSIS FOR PATIENTS SUFFERING WITH CHRONIC KIDNEY DISEASE



උපකාර

17

Patients

# Sustainability Performance– Q1 24–25 VS Q1 23-24



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

0.9MT



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

15.6% ↓

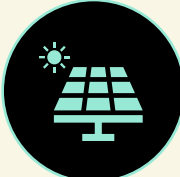
1.3 m<sup>3</sup>



**Waste Recycled, Reused, or Recovered**

4% ↓

70%



**Renewable Energy Generated**

118% ↑

520,830 kWh



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

NONE



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

200% ↑

0.3



**Training Hours and Development**  
(Hours)

35% ↓

9,112



**Gender Diversity**  
(female employees)

29 %

# 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

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