



EXPOLANKA HOLDINGS

INVESTOR PRESENTATION 2013

EXPOLANKA – AN OVERVIEW

- **Expolanka is a diversified conglomerate listed in the Colombo Stock Exchange with a market capitalisation in excess of USD 100MN.**
- **The company was established in 1978.**
- **Its group companies are now established as the market leader in various industry verticals the most prominent of which is freight & logistics.**

UNIQUE

- **Expo is the only listed entity in Sri Lanka that has a considerable sub continent footprint.**
- **Currently 60% of net profits are generated from the Indian subcontinent and future investments are focused within the region**
- **Asset light freight & logistics operational model with high ROE.**
- **High brand reputation with over 30 years of service history.**

SECTOR COMPOSITION

Freight & Logistics



Travel and Leisure



International Trading & Manufacturing



Investments and Services

Expolanka GSAs



Passive Investments

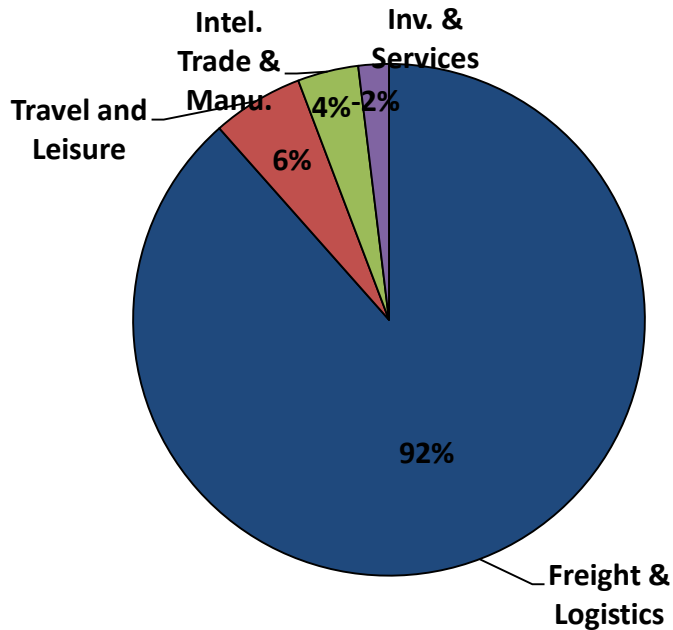
FINANCIAL SUMMARY

Income Statement 2012/13 (LKR MN)

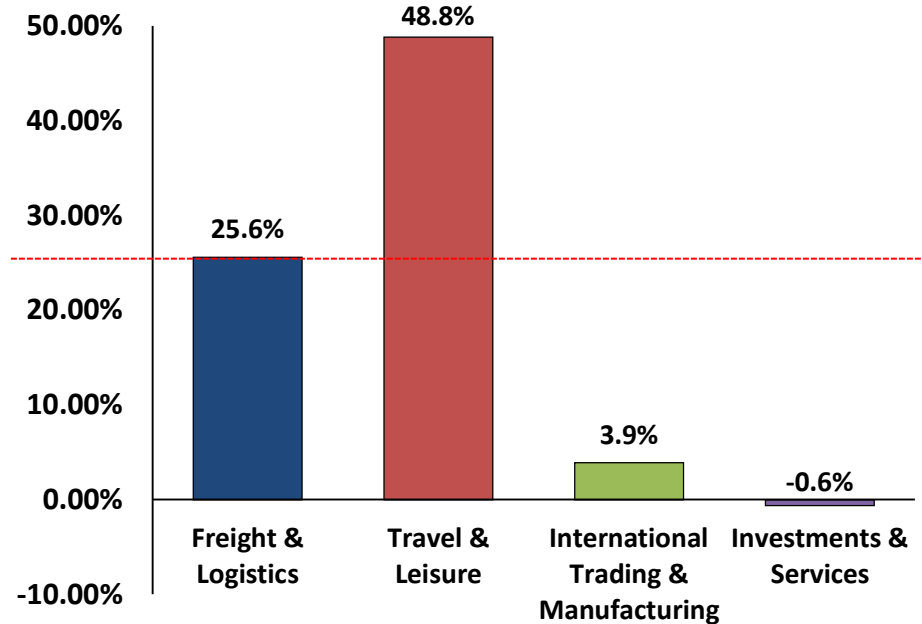
	2012/13	2011/12
Revenue	50,075	35,414
Gross Profit	8,122	6,106
EBIT	1,883	1,797
Net Profit	1,278	1,209
NP for Equity Holder	1,060	1,033

SECTOR ANALYSIS

Net Profit Breakdown for FY 2012/13



ROE by Sector



Freight & Logistics cluster is the largest contributor to group performance.

FINANCIAL OVERVIEW OF FREIGHT & LOGISTICS SECTOR

Key Financials for Freight & Logistics 2013 Vs. 2012 (LKR MN)

	2012/13	2011/12	Change
Gross Profit	5,232	4,190	24.87%
EBIT	1,485	1,502	(1.1%)
Net Profit	1,177	1,104	6.6%
ROE	25.6%	30.9%	

Key Highlights

- Overall volume improved by over 50% within the air exports/imports businesses
- Market Share Focus and Higher Freight Rates resulting in Lower Yields
- New Investments in USA was profitable, China and Hong Kong expected to breakeven 2013-14.
- Bangladesh witnessing significant Volume growth during the year
- Warehouse Construction Completed, Opening Q2 2013/14

FREIGHT VOLUMES BY OPERATING SEGMENTS

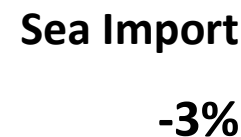
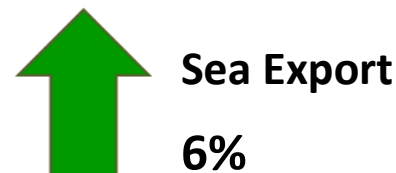
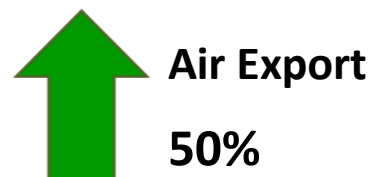
GP Composition 2012/13



Key Highlights

- High volume growth within the US trade lane – especially between Bangladesh-US & Sri Lanka-US
- Air imports showing continued strength on back of Asia strength
- Sea freight showed consistent growth, main area of focus for 13/14

F&L Volumes 2013 vs. 2012



FREIGHT VOLUME GROWTH

- **Focus for the year was to drive market share**
 - Budgeted Air Export Growth 20%
 - Actual Achieved 50%
- **Sri Lanka & Bangladesh key driver in volume growth in air exports**
 - Sri Lanka Volume Growth 55%
 - Bangladesh Volume Growth 85%
- **Positive contribution from the US trade lane**
- **Continued focus will be to increase volume in 13/14 as well driving profits through operational efficiencies**

F&L OUTLOOK 2013/14

- Yields to remain challenging
- NP margins will be the focus for 2013-14
- Volume Growth expected at 20%
- Contract logistics to start with warehouse operations in SL

F&L DEVELOPMENTS

- **New office openings in Myanmar, Egypt & Maldives**
- **Value added services and warehousing operations in SL will position EFL as an end-to-end logistics player within the country**

WAREHOUSE COMPLEX



Expected Opening End Aug 2013

ESTABLISHMENT OF FREEPORT FACILITIES WITHIN SRI LANKA

- **The Government of SL issued a gazette notification establishing Colombo and Hambanthota as freeports and three export processing zones as bonded areas.**
- **The move is expected to bring in new foreign investments, help grow established industries such as apparel manufacturing, entreport trading, logistics and numerous other export services.**
 - This will also enable Sri Lanka to better compete with countries such as Dubai and Singapore which already has such freeport facilities.
- **Position Sri Lanka as a transport hub for the sub-continent.**

IMPACT OF FREEPORT LEGISLATION TO EXPOLANKA

- **The company is in the process of establishing ‘Expo Global Distribution Centre,’ a value added bonded warehousing facility under the freeport regulations in Katunayake EPZ – first freeport enterprise in the country**
- **The centre is designed to provide value added services to international apparel retailers operating in SL and the region**
- **Main objective of the venture is to lock in the freight customer base by providing more value added logistics services at point of origin – enabling them to save costs and manage the supply chain effectively.**

OVERVIEW OF TRAVEL AND LEISURE SECTOR

Key Financials for Travel & Leisure 2013 Vs. 2012 (LKR MN)

	2012/13	2011/12	Change
Gross Profit	594	277	114%
EBIT	103	51	102%
Net Profit	76	45	70%
ROE	48.8%	30.8%	

Key Highlights:

- Classic Travels exceeded budgetary expectations

New Initiatives:

- Continue restructure within the leisure sector particularly the DMC Business

Outlook:

- Volume expected to Grow
- Margins to remain Stable

OVERVIEW OF THE INTERNATIONAL TRADING AND MANUFACTURING SECTOR

Key Financials for Intl. Trading & Manu. 2013 Vs. 2012 (LKR MN)

	2012/13	2011/12	Change
Gross Profit	1,214	923	31%
EBIT	241	264	(9%)
Net Profit	50	119	(58%)
ROE	3.8%	10.9%	

Key Businesses:

- Perishable & Tea Exports
- Commodity Trading
- Recycling Solutions
- Value Added Products

Key Highlights:

- Tea Exports remained stable
- Commodity Trading was affected by Price Volatility

Outlook/Highlights/Strategies for 2013

- Restructure Non Core Business Units

OVERVIEW OF INVESTMENTS AND SERVICES SECTOR

Key Financials for Investments & Services 2013 Vs. 2012 (LKR MN)

	2012/13	2011/12	Change
Gross Profit	1,082	716	51%
EBIT	53	-21	352%
Net Profit	-25	-58	57%
ROE	-0.6%	-1.3%	

Key Businesses:

- Education
- GSA
- BPO Services

Key Highlights:

- Education Business continues to grow
- GSA Business Was Strengthened
- BPO Services was turned around

Outlook/Highlights/Strategies for 2013

- Divest Non Core Investments

GROUP STRATEGY

ROE

Drive Group ROE > 25%

All business should be able generate an ROE of 25% and have scale in operations

New projects & Investments should be able to generate an ROE > 25%

FOCUS

On Existing businesses

RESTRUCTURING

Spin offs/divestments of non-core businesses will drive ROE

Restructure strategic investments sector holding only core investments

RESTRUCTURE – OBJECTIVES

Focus on F&L Sector

Focus on positioning Expolanka's freight operations as the largest freight and logistics provider within the sub continent

Improve Group ROE

Increase the group ROE from the current levels by restructuring or divesting low ROE generating businesses within the group

RESTRUCTURE – OUTCOME

**Restructure
non-performing and
low ROE generating
businesses**



**Bring in approximately
LKR 2 Billion
as proceeds from the
restructure within the
next 12 months**

Timeline:

Stage 1 – LKR 1BN end of Q2 2013/14

Stage 2 – LKR 1BN end of Q1 2014/15

EXPOLANKA – A SUMMARY

- **Sri Lankan company with sub continent exposure.**
- **Value added logistics provider for international fashion retailers with a strong reach within the Asian region.**
- **Growth focus with profitability and ROE targets.**

Performance Analysis

Q1 2013/14

Q1 2013/14 FINANCIAL SUMMARY

Income Statement Q1 2013/14 (LKR MN)

	Q1 2013/14	Q1 2012/13	Change
Revenue	13,798	10,397	33%
Gross Profit	2,069	1,905	9%
EBIT	512	487	5%
Net Profit	369	346	7%
NP for Equity Holder	323	275	17%

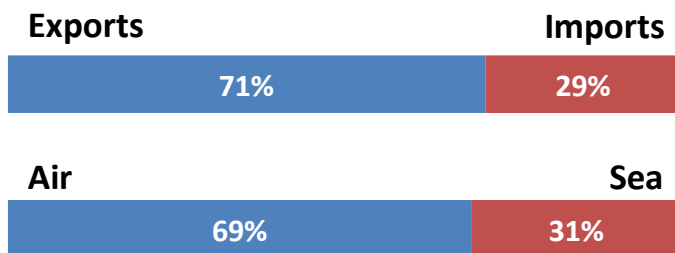
Q1 2013/14 FINANCIAL SUMMARY

Income Statement Q1 2013/14 (LKR MN)

	Freight & Logistics		Travel & Leisure		International Trade & Manufacturing		Investments & Services	
	Q1 13/14	% Δ	Q1 13/14	% Δ	Q1 13/14	% Δ	Q1 13/14	% Δ
Revenue	8,532	40%	747	5%	3,853	31%	665	3%
Gross Profit	1,373	15%	162	-3%	288	-23%	247	42%
EBIT	395	18%	31	-38%	51	-41%	34	148%
Net Profit	309	24%	21	-51%	20	-64%	18	n/a

OPERATIONAL HIGHLIGHTS OF F&L SEGMENT

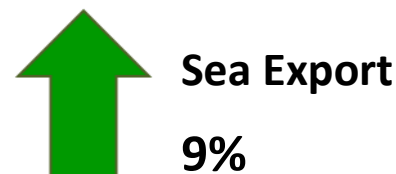
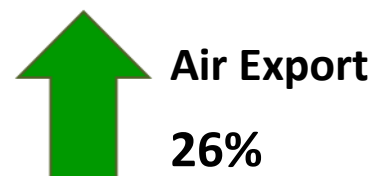
GP Composition Q1 2013/14



Key Highlights

- Continued growth from the new stations – US, HK, China – resulted in increased volumes compared to previous period
- Air imports division showed stellar performance due to growth in US operations
- Sea freight segment showed steady growth as expected

F&L Volumes Q1 2014 vs. Q1 2013



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