

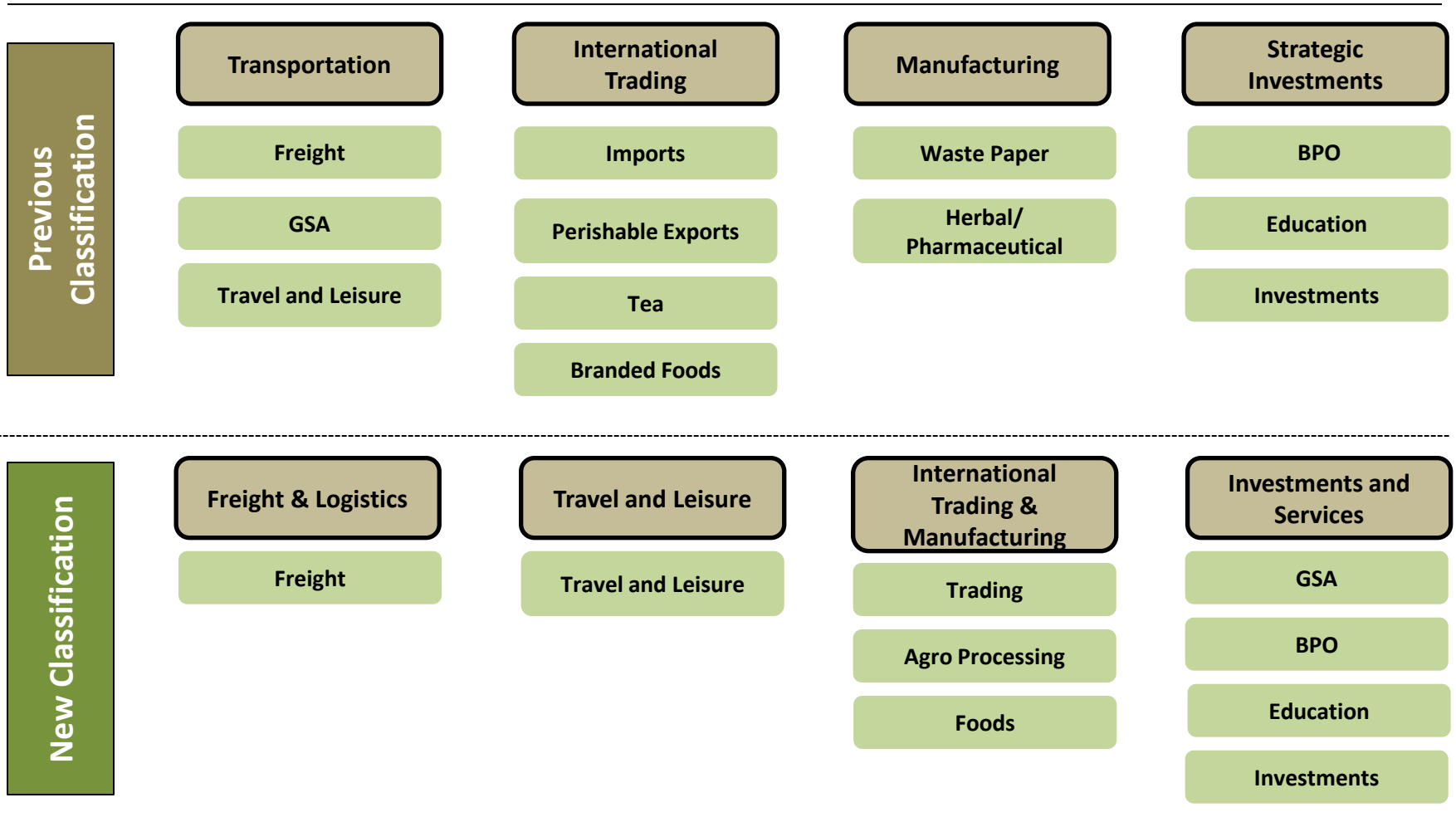


# AGENDA

---

<i>Content</i>	<i>Speaker</i>
• Opening Remarks	Chairman
• Group Overview	CEO
– Performance Review	CFO
– Divisional Performance	CFO
• Strategy Framework	Strategy Team
• Sector Overview	Strategy Team
– Freight & Logistics	
– Travel & Leisure	
– International Trade & Manufacturing	
– Investments & Services	
• IPO funds and Group strategy	Finance & Strategy

# SECTOR COMPOSITION – BASED ON PREVIOUS AND NEW CLASSIFICATION



# FINANCIAL SUMMARY

## Key Financials 2012 vs. 2011 (LKR MN)

	2011/12	2010/11 (Recurring <sup>*</sup> )	Change % on Recurring P&L
Revenue	35,414	36,302	-2.5%
Gross Profit	6,092	5,648	7.9%
EBIT	1,818	2,115	-14.0%
Net Profit	1,230	1,319	-6.8%
NP for Equity Holder	1,055	1,095	-3.7%
ROE	13.1%	25.4%	

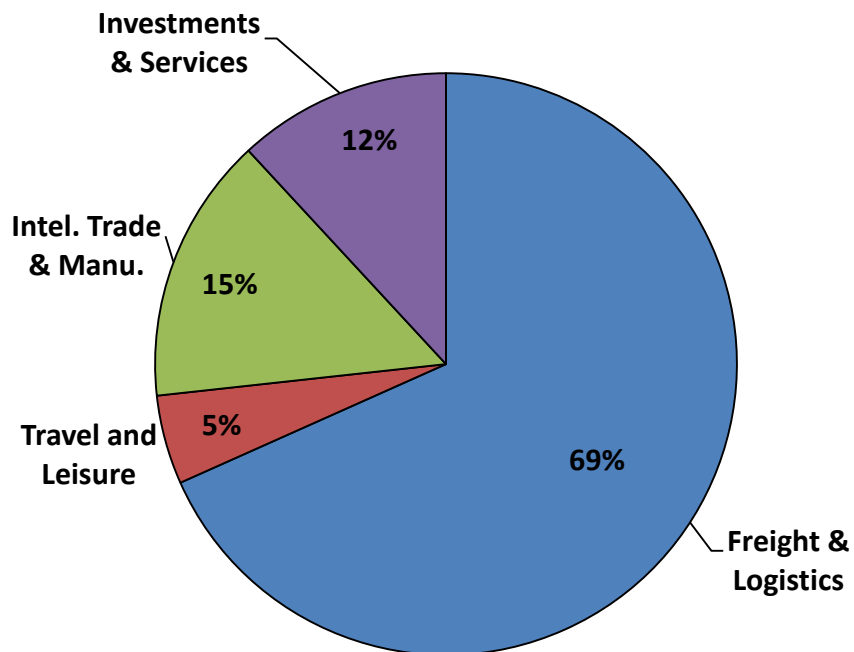
Note: Impact of disposal of subsidiaries 2010 has been excluded for comparison purposes.

## Key Highlights

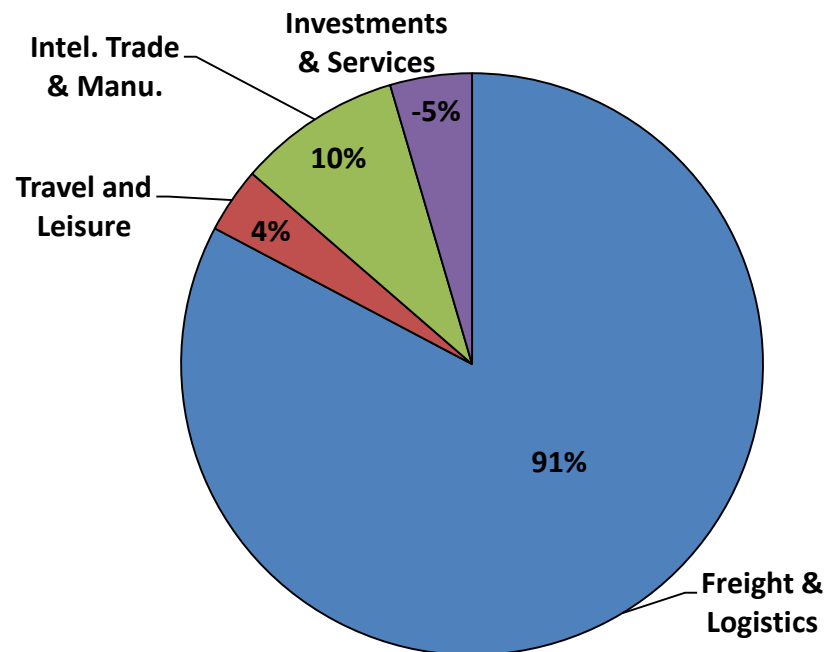
- Gross profit was up 8% despite revenue drop because of better yield management.
- EBIT was down 14% due to inflationary costs.
- ROE drop was due to the increase in equity base after IPO.

# SECTOR ANALYSIS

**Gross Profit**



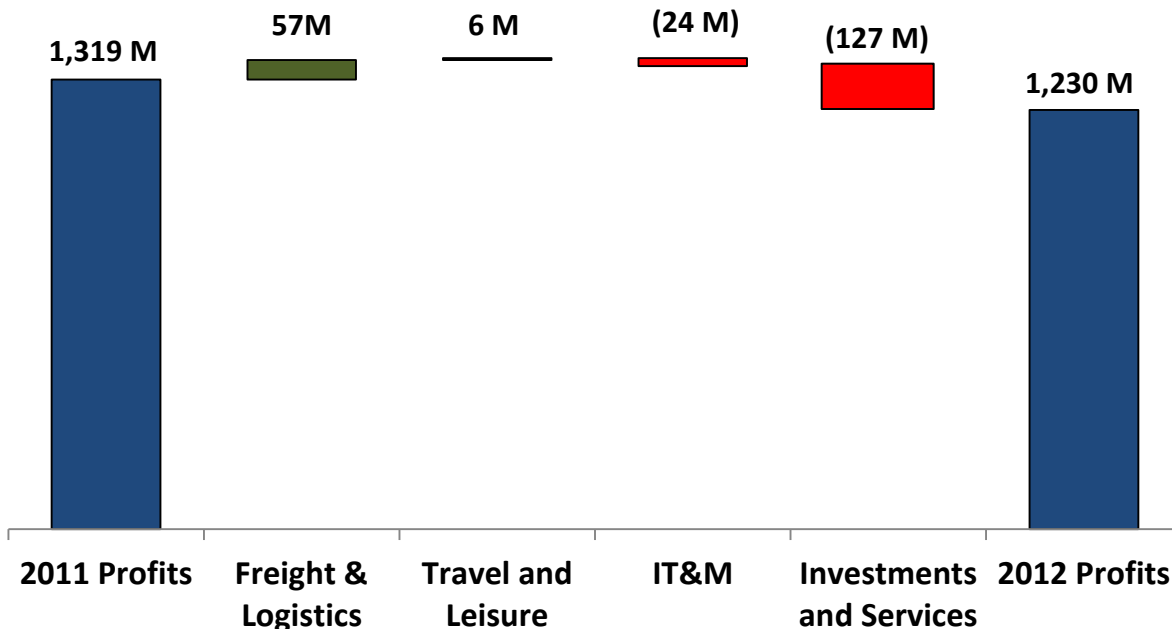
**Net Profit**



***F&L is the largest contributor to group performance.***

# PROFITABILITY ANALYSIS

**Net Profits 2011 vs. 2012**  
(LKR MN)



## Key Highlights

- ITM sector experienced high volatility in commodity prices and the Middle East crisis.
- GSA profitability dropped because of excess capacity in the market.
- Drop in air freight volumes contributed towards lower than expected net profitability in F&L.

# GROUP STRATEGY

## Value:

- Drive all businesses over 3 years to 25% ROE.

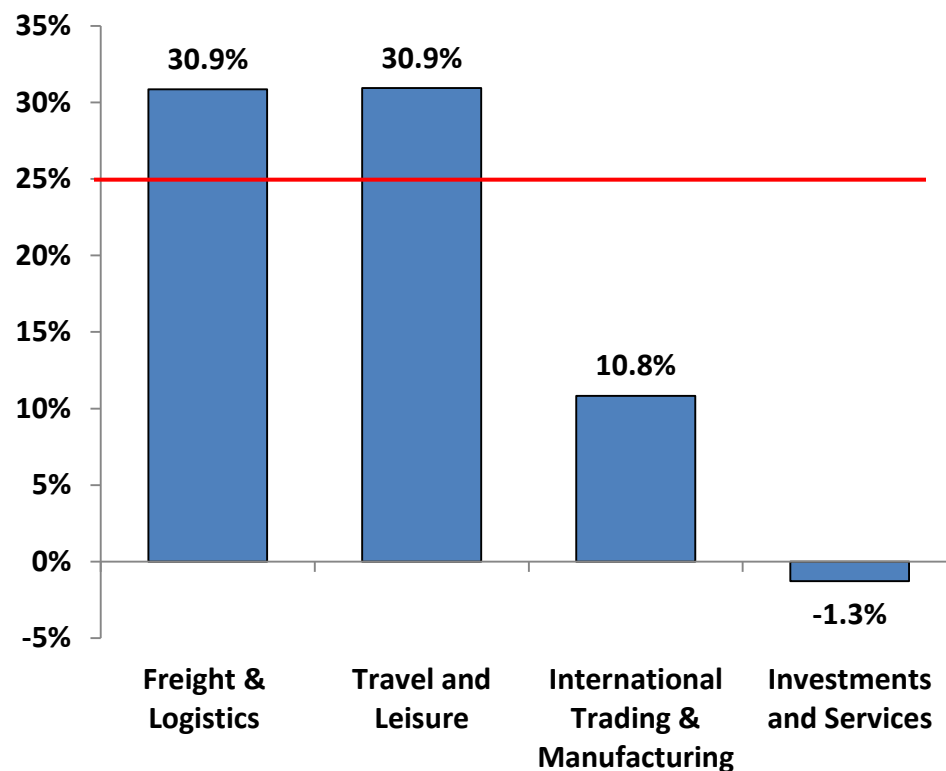
## Focus:

- Emphasis on the freight and logistics sector.
- Concentrate on scalable businesses.

## Realign:

- Ideal capital structure by business to drive returns.
- Push businesses towards ROE goal.

## ROE by Sector



# FINANCIAL OVERVIEW OF FREIGHT & LOGISTICS SECTOR

## Key Financials for Freight & Logistics 2011 Vs. 2012 (LKR MN)

	2011/12	2010/11	Change
Gross Profit	4,182	3,637	14.9%
EBIT	1,511	1,506	0.3%
Net Profit	1,116	1,059	5.4%
ROE	30.9%	38.7%	

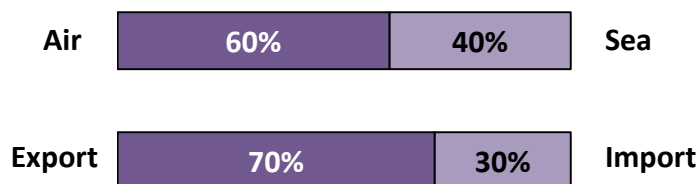
## Key Highlights

- Better yield management resulted increase in GP margins.
- Growth in intra-Asia business despite overall volume contraction.
- Increased contribution from imports.



# FREIGHT VOLUMES BY KEY OPERATING SEGMENTS

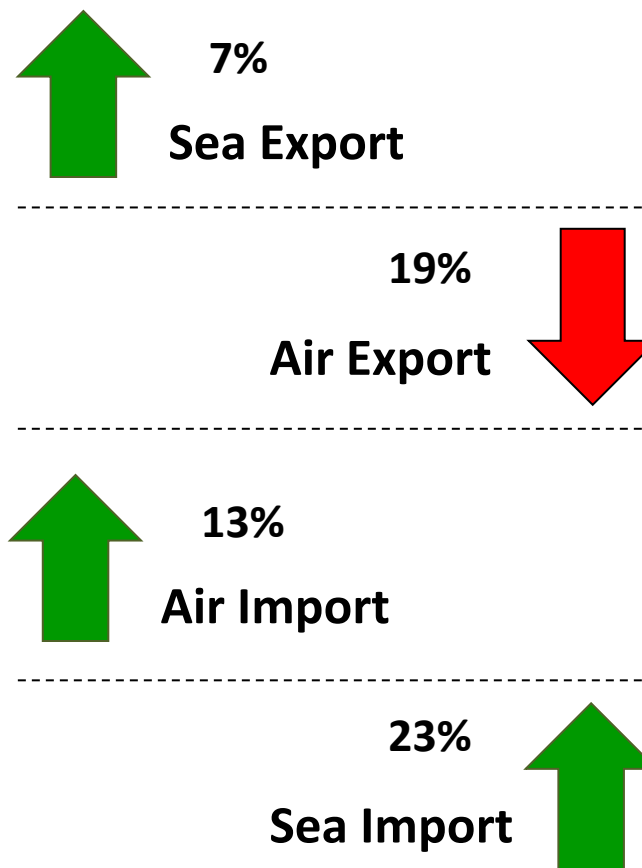
## GP Composition 2011/12



## Key Highlights

- Air freight exports were affected mainly due to a contraction in North American trade lane.
- No major accounts were lost; overall business trade volumes dropped.
- Sea business continued to show stable profits.
- Imports saw encouraging growth.

## F&L Volumes 2011 vs. 2012



## F&L OUTLOOK 2012/13

---

- Volume growth for next year 15% - 20%.
- Yields will be maintained.
- Intra-Asia to remain robust.
- North America stable.
- Europe will be challenging.

# F&L DEVELOPMENTS

---

- Warehouse Project
  - State of the art retail space for value addition.
- Hub Concept:
  - Colombo as a free port retail hub.
- Appointments:
  - S. Senthilnathan as COO of the freight division.
  - Global Sales Team (GST) created to increase sales effort.
  - New IT appointment to streamline operations.
- New stations:
  - Hong Kong
  - China
  - USA

## F&L STRATEGY

---

- Increase market share:
  - Direct client penetration.
  - Focus on large accounts.
  
- Capture share in growing intra-Asia market:
  - New offices across the region.
  - Small acquisitions
  
- Focus on Retail sector:
  - Concentrate on apparel and growing regional fashion market.

# OVERVIEW OF TRAVEL AND LEISURE SECTOR

## Key Financials for Travel & Leisure 2011 Vs. 2012 (LKR MN)

	2011/12	2010/11	Change
Gross Profit	277	223	24.2%
EBIT	51	50	2.0%
Net Profit	45	39	15.4%
ROE	30.8%	30.0%	

### Key Highlights:

- Classic Travels continued to dominate market share of the corporate travel market.
- Inbound business stabilised.

### New Initiatives:

- Akquasun acquisition

### Outlook:

- Increased corporate travel
- India, China market expected to grow.

# AKQUASUN INVESTMENT

---



- USD 915,000 for 50%.
- Expo has management control.
- A destination management company focused on outbound Indian tourists with 16 destinations globally.
- Strategic Alignment
  - Strong hold of the Indian outbound market.
  - Operational efficiency.
  - More destinations improves earnings streams.

# OVERVIEW OF THE INTERNATIONAL TRADE AND MANUFACTURING SECTOR

## Key Financials for Intl. Trading & Manu. 2011 Vs. 2012 (LKR MN)

	2011/12	2010/11	Change
<b>Gross Profit</b>	<b>918</b>	<b>904</b>	<b>1.6%</b>
<b>EBIT</b>	<b>270</b>	<b>363</b>	<b>-25.6%</b>
<b>Net Profit</b>	<b>126</b>	<b>150</b>	<b>-16.0%</b>
<b>ROE</b>	<b>10.9%</b>	<b>32.0%</b>	

### Key Businesses:

- Trading: Imports & Exports, Teas, waste paper.
- Processed Foods: Norfolk, Herbal Nutraceuticals.
- Agro-Processing: Fruits & Vegetables, Value added products.

### Key Highlights:

- Currency volatility
- Middle eastern crisis.
- ROE dropped due to asset re-valuation.

### Outlook/Highlights/Strategies for 2012

- Entreport
- Value added products.
- Optimal capital structure.

# OVERVIEW OF INVESTMENTS AND SERVICES SECTOR

## Key Financials for Investments & Services 2011 Vs. 2012 (LKR MN)

	2011/12	2010/11 (Recurring)	Change
<b>Gross Profit</b>	<b>715</b>	<b>884</b>	<b>-19.1%</b>
<b>EBIT</b>	<b>-14</b>	<b>235</b>	<b>-106.0%</b>
<b>Net Profit</b>	<b>-56</b>	<b>70</b>	<b>-180.0%</b>
<b>ROE</b>	<b>-1.3%</b>	<b>3.8%</b>	

Note: Impact of disposal of subsidiaries 2010 has been excluded for comparison purposes.

### Key Businesses:

- APIIT
- GSA
- Hello Corp.
- Investments
- Corporate services.

### Key Highlights:

- GSA net profit dropped 77%.
- APIIT net profit grew by 108%.



# IPO FUND UTILISATION

---

- Total IPO Funds (net) – LKR 2,308M
- IPO fund utilisation:

Components	Amount (LKR M)
Working capital	1,000
Debt settlement	908
Treasury investments	400

- Warehouse investment is in progress.

# 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

Drive existing businesses to increase scale in current operations

Low ROCE Businesses will operate via debt

Restructure strategic investments sector holding only core investments

Align all businesses to meet group ROE requirements through a formal business structuring process

# Disclaimer

---

This presentation is an invitation to the Prospective Investors and shall not constitute an offer to buy shares of Expolanka Holdings PLC (the Company). Recipients of this information must conduct their own independent Investigations, analysis, assessment and evaluation of the information and data contained in this presentation. Recipients are responsible for their own independent evaluations. Each recipient of this Information who is a participant at this investors forum shall be deemed to have made its own independent investigations of the information set out herein and its own appraisal of the proposal, and must satisfy itself as to legal, technical, accounting and taxation issues and decide whether investing in the company is appropriate having regard to its own investment Objectives, financial situation and particular need or circumstances. Recipients must form their own views solely in reliance upon their investigations and assessments and their own skill and judgment in before making the commitment. Further, advise to consult their investment advisors and tax advisors prior to investing in shares of the Company.

This presentation contains forward-looking statements which involve risks and uncertainties by the usage of words herein such as “may”, “plans”, “expects”, “believes” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. No obligation is assumed to update any forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

The Financial information provided in this presentation is prepared according to the Sri Lankan Accounting Standards prescribed by the Institute of Chartered Accountants of Sri Lanka (ICASL). The information contained in this document has not been independently verified and no representation or warranty, express or implied, is made to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. The information in this presentation is subject to change without notice, it may be incomplete or condensed, and it may not contain all material information concerning the Expolanka Group. None of Expolanka Holdings PLC or its respective affiliates or subsidiaries shall have any liability whatsoever for any loss whatsoever arising from any use of this document, or otherwise arising in connection with this document.

This presentation or the document does not constitute or form part of an offer to sell or a solicitation of an offer to purchase any shares and nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This information neither constitute an offer to buy shares of Expolanka Holdings PLC nor a prospectus with the statutory meaning given under the Company Laws of Sri Lanka.