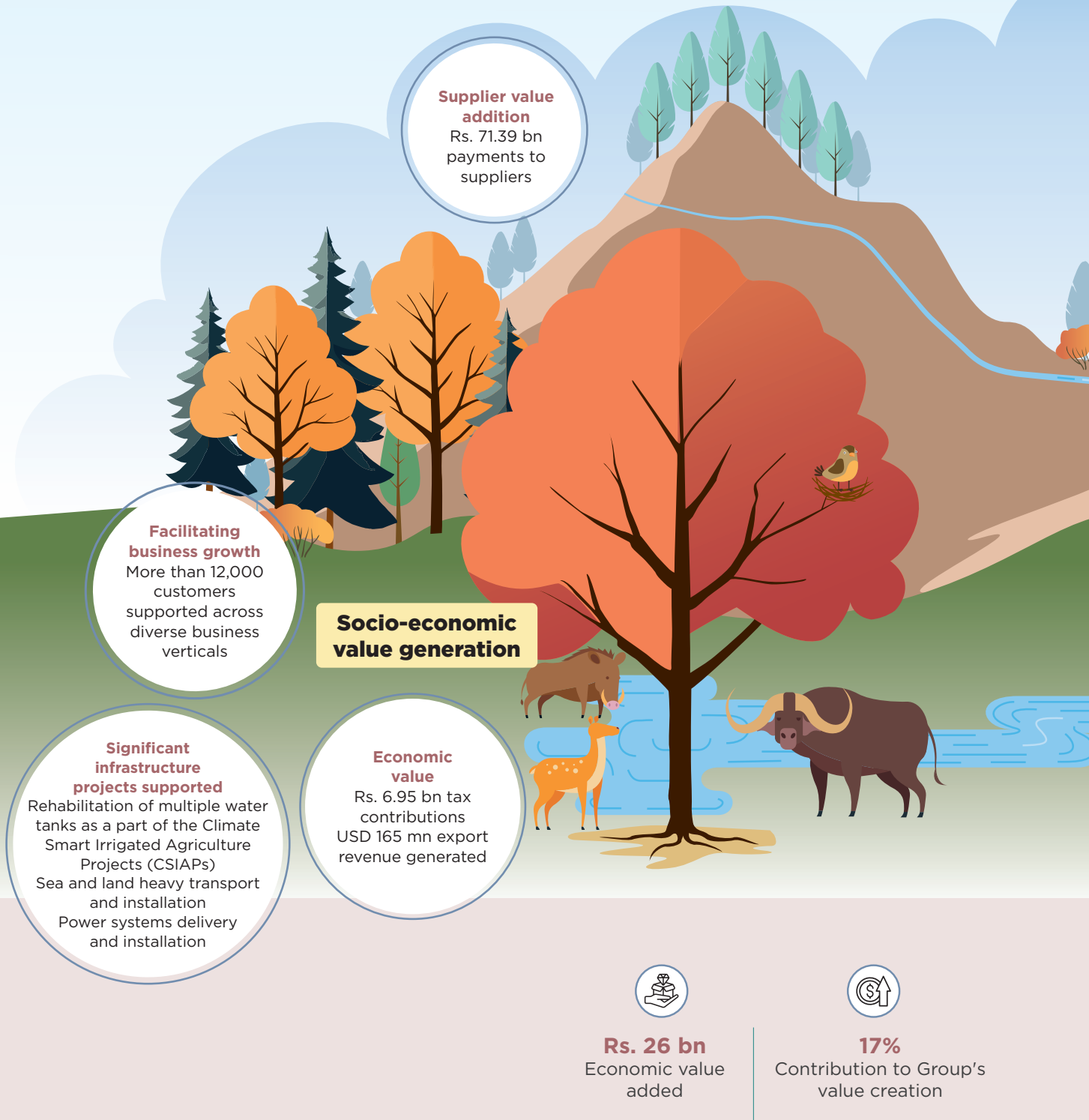


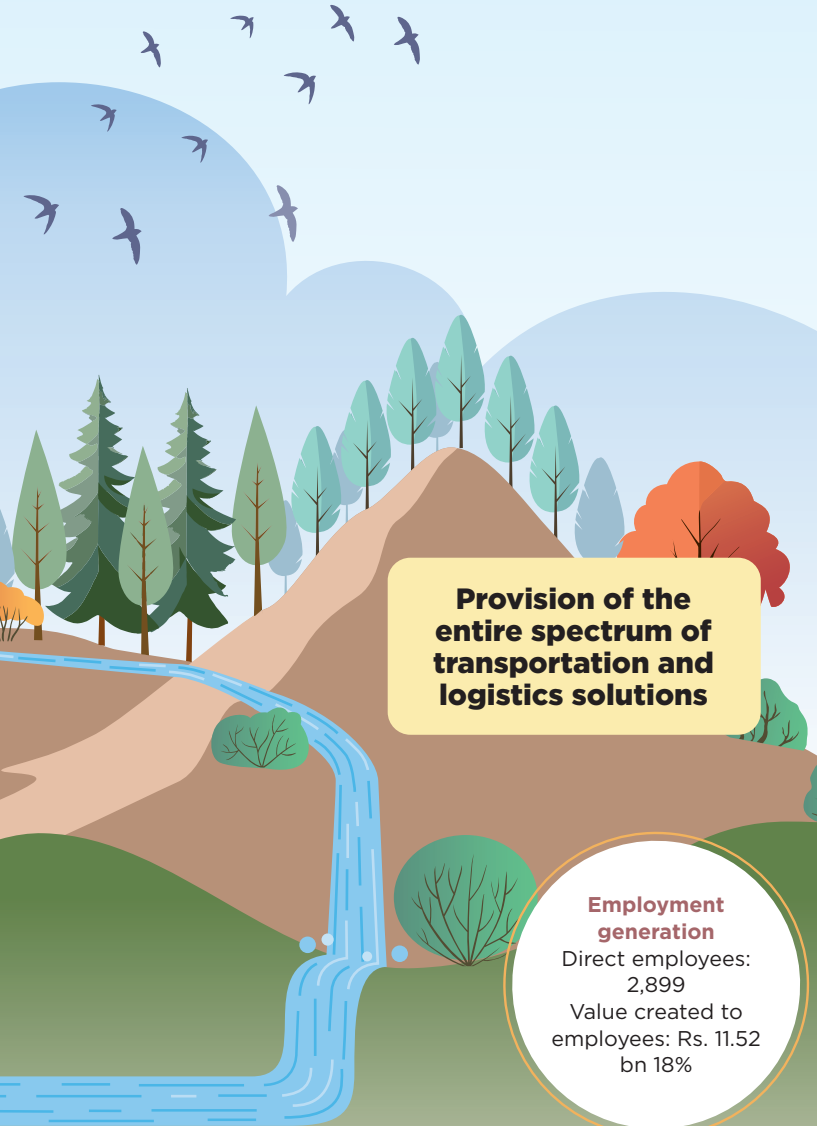


TRANSPORTATION & LOGISTICS

As Sri Lanka's leading transportation and logistics solutions provider, Hayleys Advantis has played a critical role in positioning Sri Lanka as a globally competitive logistics hub. Logistics underpin a nation's economic growth and Hayleys Advantis plays an unparalleled role in facilitating activity of diverse industry verticals through uninterrupted, comprehensive logistics solutions

TRANSPORTATION & LOGISTICS





Provision of the entire spectrum of transportation and logistics solutions

Employment generation
 Direct employees: 2,899
 Value created to employees: Rs. 11.52 bn 18%



Freight Management

Major contributor in facilitating international trade through ocean freight, air freight, project cargo freight and multi-modal, multi-country transportation



Integrated Logistics

we provide third-party logistics (3PL), warehousing, free zone logistics, bonded storage facilities, inland container depot operations, international express, cross-border freight services and last-mile delivery services.



Marine & Energy

Leading marine services and ship supplies provider in the region, offering a comprehensive range of services from vessel agency work, towage & salvage services, offshore support services crew management, ship operations shipping services, energy logistics, bunkering and agency & port services and bunkering services.



Projects & Engineering

We are a leader in providing project logistics and engineering solutions in Sri Lanka, and provide a diverse range of services, including logistics for heavy and out of gauge cargo, engineering & construction solutions, inland container depot operations, aluminium solutions, interiors & contracting, and project management services.



Travel & Aviation

As a leading Aviation services provider in Sri Lanka, our scope includes airline agency representation, travel agency services, aviation equipment supplies, and ground handling.



Revenue
 Rs. 91.4 bn
 (-32%)



Profit Before Tax
 Rs. 3.6 bn
 (-76%)



Profit After Tax
 Rs. 1.35 bn
 (-86%)



Assets
 Rs. 74 bn
 (+6%)



Liabilities
 Rs. 55 bn
 (+7%)



Employees
 2,899
 (+21%)



Carbon footprint
 45,863 tCO₂e
 (+30%)

+ denotes y-o-y growth - denotes y-o-y decline

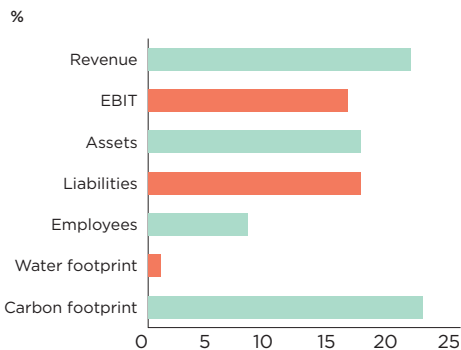
TRANSPORTATION & LOGISTICS

SECTOR OVERVIEW

Hayleys Advantis Group is the undisputed leader in Sri Lanka's transportation and logistics industry, offering end-to-end logistics solutions covering land, air and sea transport as well as the full spectrum of solutions in integrated logistics, projects and engineering, marine and energy, freight management and travel & aviation. Advantis' competitive edge is underpinned by its array of unmatched solutions, world-class service standards and customer centricity, which were recently recognised when the Group was awarded the 'Best Transportation and Logistics Company in Sri Lanka and South Asia' by the Global Brands Magazine, UK.

Unisyst Engineering PLC, in which the majority share is held by Advantis Projects and Engineering has announced plans to delist from the CSE

CONTRIBUTION TO GROUP



COMPETITIVE POSITION

- Largest operator of floating assets in Sri Lanka with a fleet of 23 assets
- Largest Agency house in Sri Lanka and the Maldives
- Warehouse footprint of over 3 mn square ft across 6 markets
- Multi-purpose project logistics capabilities
- B2B distribution footprint of 7.2 million KM annually

Strengthening market presence in transportation and logistics in South Asia and South East Asia

Partnerships with numerous global principals including the world's leading shipping and freight forwarding companies

FREIGHT MANAGEMENT

One of Sri Lanka's largest freight forwarding and shipping agency houses

Contribution to Sector

Revenue: 9%
PBT: 88%

Performance 2023/24

Revenue: 45% decline
PBT: 58% decline



INTEGRATED LOGISTICS

Offers integrated logistics services across diverse industry verticals

Contribution to Sector

Revenue: 13%
PBT: -1%

Performance 2023/24

Revenue: 17% decline
PBT: 105% decline



MARINE & ENERGY

Offers a range of shipping services from vessel agency work to offshore support services

Contribution to Sector

Revenue: 59%
PBT: 54%

Performance 2023/24

Revenue: 41% decline
PBT: 66% decline



PROJECTS & ENGINEERING

A leader in providing project logistics and engineering solutions in Sri Lanka and Maldives

Contribution to Sector

Revenue: 8%
PBT: -19%

Performance 2023/24

Revenue: 17% decline
PBT: 309% decline



INTERNATIONAL OPERATIONS

Represents the Sector's overseas operations in the region

Contribution to Sector

Revenue: 12%
PBT: 17%

Performance 2023/24

Revenue: 29% decline
PBT: 43% decline



TRAVEL & AVIATION

Leading travel and aviation services provider representing leading airlines

Contribution to Sector

Revenue: 3%
PBT: -30%

Performance 2023/24

Revenue: 23% growth
PBT: 14% decline





0.3%
Global trade volumes



3.6%
Sri Lanka cargo volumes

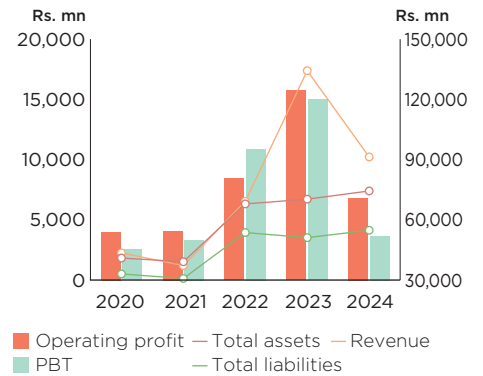


89%
Increase in global freight rates

OPERATING ENVIRONMENT

Global merchandise trade volumes slightly improved by 0.3% in 2023 with strong regional disparities amidst global geopolitical tensions, divergent economic growth and disruptions to main shipping routes. For instance, import demand fell sharply in Europe, remained flat in Asia and grew in fuel-exporting economies. Disruptions to shipping routes during the latter part of 2023, have had wide ranging implications on global trade with diversion of traffic resulting in longer voyage times, higher fuel costs and somewhat reversing the downward trend in freight rates. On average, however, global freight rates which reached unprecedented highs in the aftermath of COVID-19 have continued to trend downwards. Sri Lanka’s port and airport activities recorded modest improvement, rebounding from the implications of the economic crisis during the latter part of the year. Accordingly, total containers handled increased by 1.3% while air cargo handled decreased by 7% supported by the gradual recovery of macro-economic conditions, lifting of import restrictions and stabilisation of interest and exchange rates.

SECTOR FINANCIAL PERFORMANCE



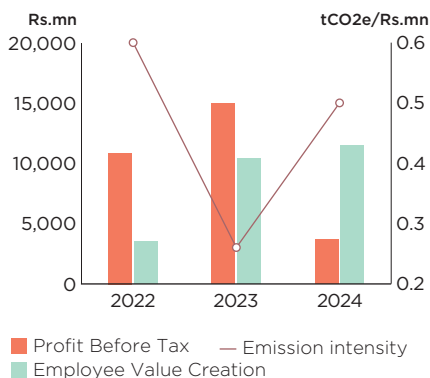
Summary of external drivers

	Driver	Driver Significance of impact	Implications on Sector
Economic and geo-political context	Global geo political tensions	H	- Potential disruptions to shipping routes and implications on voyage length and fuel costs and freight rates
	Volatility in freight rates	M	+ Gradual improvement of freight rates towards the latter part of the year
	Global inflation	M	- Downward impact on the consumption of trade-intensive goods
Industry context	Exchange rate volatility	M	- Impact on global competitiveness and profitability margins
	Increased uncertainty in trade policy	H	- Limited predictability of trade activity
	Technology driven transformation	H	+ Potential improvements in efficiency, cost management and improve the uptime of vessels
Sustainability context	Increased regulations on sustainable shipping	M	+ Increased cost of compliance
	Decarbonisation	M	+ Opportunity to sharpen competitive edge through differentiation + Potential opportunities for cost reductions

H-High, M-Medium, L-Low. Brown circle represents adverse effect while yellow circle represents positive affect

TRANSPORTATION & LOGISTICS

INTEGRATED PERFORMANCE



STRATEGY AND INTEGRATED PERFORMANCE REVIEW

The Sector's performance reflected its efforts to consolidate operations in a year characterised by numerous external challenges. Against this backdrop, the Sector adopted a long-term view to value creation, focusing on retaining relationships, strategising for the future and building a strong platform to drive future growth. The Sector's Revenue declined by 32% to Rs. 91,353 mn, reflecting lower freight rates, appreciation of the Sri Lankan Rupee, as well as the discontinuation of the domestic fuel license through which the Sector had supplied bunker fuel temporarily to the domestic market the previous year. Meanwhile, the Sector's Profit Before Tax also normalised to Rs. 3,671 mn from the record highs of the previous year.

The Freight Management cluster recorded a decline in Profits of 59% mainly due to the normalisation of freight rates during the year and a decline in trade volumes given the softening of global demand. The performance of the Integrated Logistics cluster also weakened significantly, reflecting lower occupancy levels at the warehousing facilities. As consumer purchasing power weakened amidst high inflation, demand for third-party logistics from the FMCG sector also declined, while increasing price consciousness of customers also led to a contraction in profitability margins. Despite short-term volatilities, the long-term prospects of the cluster remain promising given the increasing preference towards third-party logistics services.

Performance of the Marine & Energy cluster normalised from the record highs of the previous year, following the discontinuation of the distribution of fuel to the domestic market. The Cluster focused on the acquisition of new customers and retention of existing relationships through offering an enhanced value proposition at attractive pricing, which although temporarily affecting profitability is expected to drive long-term growth. The Projects & Engineering cluster continued to be dampened by the persistent downturn in the country's construction sector and infrastructure projects.

The Sector refined its international expansion strategy during the year to direct focus towards selected markets which present the most significant opportunities for growth. Accordingly, the Sector will drive deeper penetration in the four markets of Bangladesh, India, Indonesia, and Thailand, leveraging on its established relationships to offer a wider portfolio of services. The Sector's organisational structure was also repurposed with the strengthening of regional leadership capabilities, aligned with the geographical focus.

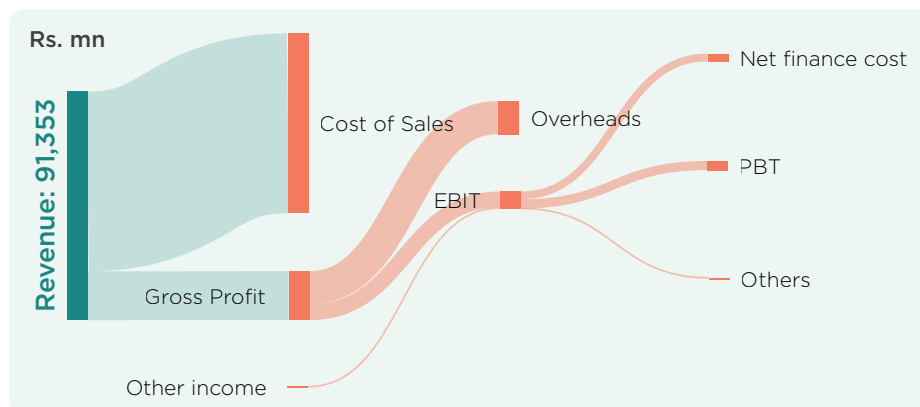
The Travel & Aviation cluster marked a significant achievement by winning a competitive bid for the General Sales Agency to represent Air India, the flag carrier airline of India. This partnership presents significant opportunities for medium-to-long term growth, given the potential to position India as the transit hub for long haul travel and establish Air India as the airline of choice for Sri Lankan travellers to the Europe and Americas.

The Sector continued to focus on strengthening its value position to employees with considerable enhancing investments directed towards enhancing leadership skills across all levels. A culture of learning is nurtured through Advantis Campus- the Sector's dedicated in-house corporate campus which enables employees to share knowledge across diverse disciplines. The Sector also continues to nurture a future-ready, holistic and dynamic organisational culture through Advantis DNA centering on the four pillars of Purpose, Spirit, Philosophy and Values.

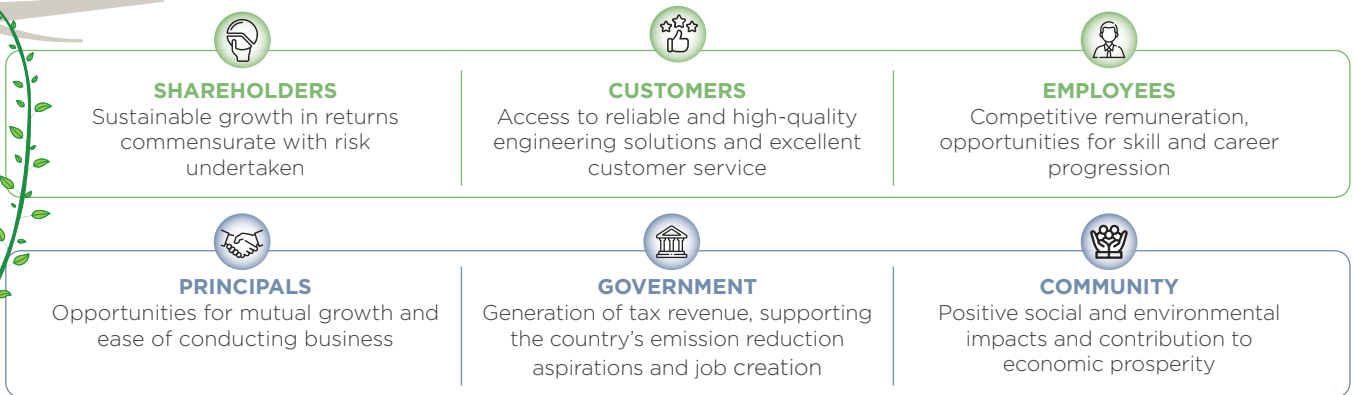
ESG IN ACTION

The Sector marked a step change in its ESG aspirations during the year, with the launch of its ESG strategy, HELIOS. Centered on the seven pillars of energy, emissions, biodiversity, employee engagement, community engagement, safety and governance, HELIOS is aligned to the long-term aspirations of the Hayleys Lifecode while reflecting industry-specific risks and opportunities.

- Establishment of Sector ESG Steering Committee
- Strengthen ESG risk assessment and integration with existing risk processes
- Monthly and quarterly monitoring and reporting of performance against ESG targets with the participation of relevant personnel from manufacturing facilities



HOW WE DEFINE VALUE



HOW WE CREATE VALUE

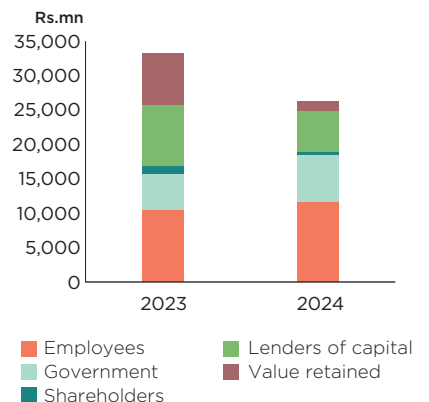
Strategic priorities	Focused regional expansion	Organisational restructure	People development
Resource Allocation	Rs. 204 mn Sales and marketing expenses in selected geographies	Matrix structure reflecting both geographical and product focus	Rs. 71 mn Investment in training
Strategic KPI/ Pre-financials	Customer acquisition -29% Revenue growth from overseas markets		3,162 Employees trained 204 Promotions 76% Employee retention

HOW WE DELIVER AND PRESERVE VALUE

- Total economic value generated during the year declined by 1% in view of the challenging external conditions
- Payments to employees increased by 11% during the year
- Value generated to Governments amounted to Rs. 6,954 Mn and 27% of the total value created
- Payments to lenders of capital decreased by 32%
- Value retained in the business for future investment amounted to 6% compared to 29% the previous year



VALUE DISTRIBUTION



TRANSPORTATION & LOGISTICS

FINANCIAL PERFORMANCE

Rs.mn	2024	2023	% y-o-y	2022
Revenue	91,353	134,295	(32)	69,273
Earnings Before Interest and Tax	6,806	15,737	(57)	8,422
Net finance income/(cost)	3,113	(967)	220	2,226
Profit Before Tax	3,671	15,008	(76)	10,873
Profit After Tax	1,351	9,627	(86)	8,611
Assets	74,415	70,325	6	67,967
Liabilities	54,852	51,174	7	53,698
Operating Cash Flow	(5,124)	4,296	(219)	14,823
Performance against targets				
	Target	Actual	Reason for variance	
ROCE	>15%	13%	Unfavourable external dynamic during the year	
ROE	>20%	7%		
OPERATIONAL HIGHLIGHTS				
	2024	2023	% y-o-y	2022
Cargo handled (Mn MT)	100	96	3.6	104
Energy Intensity (GJ/Revenue Rs.mn)	5.3	3.23	65	6.3
Water Intensity (Litres/Revenue Rs.mn)	536	402	33	813
Carbon Intensity (tCO2e/Revenue Rs.mn)	0.5	0.3	91	0.6
Revenue per Employee (Rs.mn)	31.5	29	9	24
Remuneration per Employee (Rs.mn)	4	2.2	82	2

ESG HIGHLIGHTS



Climate action

- The Sector improved its emission reporting, widening the coverage of its scope 3 emissions following an external assurance on its GHG inventory.
- Pursuing options to decarbonise vessels with the use of alternative fuels such as bio diesel

	2024	2023	Y-o-y	Target
Carbon footprint (tCO2e)	45,863	35,323	30	50% reduction

ADVANTIS BLUE CARBON

The Project seeks to increase the national blue carbon sinking capacity by supporting the conservation and replenishment of coastal ecosystems. The initiative is focused on accelerating the natural regeneration of mangroves at Anawilundawa and included the following:

- Facilitating the studying and collection of data by supporting a team of scientists
- Setting up a pre-engineered laboratory facility adjacent to data collection points
- Gathering topographical data and developing hydrological models providing valuable scientific insights



EMPLOYEE VALUE CREATION

Several companies within the Sector have obtained the Great Place to Work Certification. The Sector's people strategy for the year centered on, skill development, culture-building, health and well-being and diversity, equity and inclusion (DEI) among others

	2024	2023
No. of employees	2,899	2,399
Training investment (Rs.mn)	71	76
Average training hours/employee	6	11



BUILDING FUTURE LEADERS

Advantis partnered with the CINEC campus to deliver a series of transformative workshops catering to undergraduate students. Sessions delivered included fundamentals of problem solving, effective time management and entering the job market



PROSPECTS AND PLANS

The World Trade Organisation anticipates that merchandise trade volumes will increase by 2.6% in 2024 and 3.3% in 2025 as inflationary pressures ease and real household incomes improve. This forecast however, is associated with a high degree of uncertainty given the recent escalation in regional conflicts and geopolitical tensions. Despite short-term volatilities, Sri Lanka's port activity is poised for long-term growth, supported by the gradual recovery of the economy together with policy thrust towards strengthening exports and port infrastructure. The outlook for the Sector is shaped by the following risks and opportunities.

INDUSTRY RISK AND OPPORTUNITY LANDSCAPE

⊖ Escalating geopolitical tensions

Conflict in the Middle East has disrupted main shipping routes and diverted sea shipments between Asia and Europe. Attacks on commercial ships in the Red Sea have resulted in several carriers avoiding transiting via the Red Sea altogether, causing the average number of weekly passages to plunge. This could also lead to some fragmentation in trade flows, with trade activity reorienting along geopolitical lines.

Response

Diversification of revenue sources and geographical footprint

+ Regional dynamics

Sri Lanka's locational advantage and strategic positioning along the main maritime pathways present considerable potential for transforming the country into a central point linking the Middle East and the Far East hubs. Meanwhile, Sri Lanka can benefit from the anticipated economic growth of India, as currently the majority of Sri Lanka's transshipments are from India

Response

Expansion of the portfolio of services offered and customer acquisition

+ Digital transformation

Digital capabilities are transforming the global shipping industry with technologies such as Internet of Things (IOT), Artificial intelligence and big data acting as critical enablers in optimising operations, enhancing efficiency and increasing the uptime of vessels.

Response

The 5-year digital road map introduced for the Sector, will continue to be rolled out during the next financial year

+ Gradual recovery of the Manufacturing Sector

Sri Lanka's Industrial Sector is poised for growth with the gradual stabilisation of the exchange rate and relatively favourable interest rate dynamics fuelling the release of pent-up demand. The apparel sector is also showing promising signs of recovery over the medium to long-term supported by the country's increased competitiveness amidst the adjustment of minimum wages in competing economies.

Response

Pursuing increased customer penetration and acquisition

Sustainability related risks and opportunities (SRRO)

Decarbonisation aspirations of the International Maritime Organisation (IMO)

The IMO has committed to reducing the emissions from international shipping by at least 50% by 2050 (compared to 2008), which can only be achieved through developing new zero-carbon technologies or sustainable products

< 1 year	Limited impact over the short-term
1-5 years	Potential increase in the low-carbon shipping propositions by global operators
>5 years	Increased popularity of commercially viable zero carbon ships
Response	Currently exploring avenues of low-carbon technologies with the aim of decarbonising vessels

Shift to low-carbon economy

As the world transitions to a low-carbon economy, environmental regulations pertaining to vessel emissions, marine pollution and sea farers' rights are likely to increase in stringency

< 1 year	Regulations pertaining to the use of low-carbon fuel such as low-Sulphur fuel
1-5 years	Potential applicability of EU regulations on the use of renewable marine fuels and connection to onshore power supplies
>5 years	In addition to low-carbon ships, regulations pertaining to recycling ships and dismantling vessels could be introduced in the long-term
Response	Ongoing monitoring of emerging regulations and commitment to drive deep reductions in the carbon footprint by 2045



TRANSPORTATION & LOGISTICS

The Sector's regional strategy, extensive customer and principal relationships, strong brand name as well as ongoing focus on expanding its service portfolio has aptly positioned Advantis to effectively leverage the industry's upside potential. Key areas of focus in the short, medium and long-term are given below

FUTURE PLANS	
Short-term	Medium-to-long term
<ul style="list-style-type: none"> • Market penetration in existing markets • Strengthen position of Advantis Singapore • Implement digital roadmap • Initiatives to increase top-of-mind brand awareness • Execution of DEI initiatives across the Group • Exploring opportunities decarbonisation 	<ul style="list-style-type: none"> • Regional investments in identified markets • Enhance technological capabilities and drive productivity improvements • Customised marketing plans for each selected country • Enhance the proposition offered under Advantis Campus
Short-term goals ROCE > 15% ROE > 20%	Medium-to-long term goals ROCE > 15% ROE > 25%