

EXPOLANKA - THE JOURNEY OF A GLOBAL SRI LANKAN

The journey to create a sustainable long-term value

Executive Director and Group CEO
MR. HANIF YUSOOF



A glimpse into the past

The roots of our entrepreneurial journey dates back to 1978 with the liberalization of the domestic economy in Sri Lanka. At the onset Expolanka was synonymous as being a Diversified organization. The company was involved in several unrelated businesses a result of our diversification strategy. The Jewel amongst all these businesses remained the Logistics business, EFL Global, as it is now known.

Our international expansion commenced in 1992, where we ventured into Bangladesh through a strategic partnership. We now have a global presence in 34 International markets, where over 95% of our revenue is derived from operations outside of Sri Lanka.

Just prior to and immediately preceding the IPO, the organization undertook a portfolio restructure exercise aimed at primarily reallocating our resources to the Logistics business, this resulted in the group divesting several businesses. It was this important step that laid the platform and framework for Expolanka to grow into being the Global Logistics leader it is today.

SG Holdings acquired 51% of Expolanka in 2014, which has since increased to 75.6%. The support and understanding of Sagawa was one key ingredient which gave us the much-needed confidence to pursue and expedite our growth journey, enabling us to embark on our single most important expansion initiative into our largest market USA, in 2017.

Adopting a consistent, continuous multi-pronged strategy Focused on the Logistics Sector

The USA expansion was the pivotal moment, which expedited the transformation of Expolanka into the global leader it is today. The Strategy has been multi pronged, simple and agile, epitomizing the DNA of the company.

The key component of our strategy has always remained customer centricity enabling the company to develop a large base of strategic customers ensuing a growth in both Air Freight & Ocean Freight Volumes. This strategy was supported by our overreaching desire to operate as an efficient organization. The

company implemented a proactive procurement plan enabling the business to develop relationships and build capacities in trying market conditions. Furthermore, the company continued to develop network infrastructure and capabilities which was a key nexus enabling the rapid growth of the organization. Investments into technology too played key role in building resilience in the organization as it enabled the company to leverage its capabilities in an efficient manner.

Proactive ESG Strategy

The company has placed great emphasis on ESG as a critical component of the business operations of the company, with a focus on building a sustainable and well governed framework which encompasses our promise to all our stakeholders.

“Global Goodness” our hallmark brand representing our sustainability initiatives provides a framework which enables the company to undertake initiatives which guides our business operations in a more environmentally friendly, socially conscious manner.

A successful business strategy has to be ably supported by a strong governance framework which allows the business to deliver earnings quality and integrity. The organization has built in several processes, policies and structures which encapsulate the governance framework of the company. An example of the quality of our governance framework is reflected in the successful implementation of J-SOX audits with 100% compliance, consistently over a 3 year period.

Resilience in Motion

The advent of the Pandemic saw businesses globally adopting to the new normal conditions. Expolanka was not only able to successfully navigate these challenges, the company was able to deliver extraordinary financial results stemming from the Investments it has made and the infrastructure it has built to support its strategic initiatives. The efforts in building our commercial team, customer relationships, technology platforms and building the strength of enabled us to propel our performance particularly over the last two years. The company delivered a Group Revenue of Rs. 694Bn (YoY +217%) with an

operating profit of Rs. 79.9Bn (YoY +385%) and a PAT of Rs. 72Bn (YoY +389%). Operationally the company delivered significant growth in both its Air Freight Volumes (YoY+51%) and Ocean Freight Volumes (YoY +49%). The efficiency of our operations and the quality of earnings is further demonstrated in the returns we have generated with an ROE of 96% and an ROCE of 56%.

These exceptional results were not achieved opportunistically, but an outcome of the company adopting a varied multi-pronged strategy consistently and continuously, implemented with precision.

The Journey Continues

The focus for the future will be to sustain this performance. Market conditions remain dynamic with several factors at play. The company has remained agile and nimble adopting to these conditions. The aim of the business will be to consolidate its current position by growing volumes whilst managing margins. Increasing customer wallet share whilst strategically growing customer base will be at the center of the growth strategy adopted by the company. Service expansion is another key initiative adopted by the company to grow the domestic logistics business particularly in the US Market. The company will look to expand its market position in the mid to long term focusing on other key markets such as Europe whilst growing the Intra Asia business operations. At the same time, we will also work to strengthen and

expand trade lanes to and from Japan while closely coordinating with domestic and overseas offices of SG Holdings boasting a robust customer base in Japan. In this way, we believe we can become a Global Logistics Player in future aiming for a geographic balance and a customer balance that is not excessively oriented toward the United States. In addition, digitization is at the forefront of the strategy and is aimed at enabling and augmenting the business operations of Expolanka.

This will continue to be supported by our ESG Strategy which will position Expolanka as a truly sustainable organization. As a company we believe in creating sustainable long term value and we will continue to pursue our strategic initiatives into the future to enable Expolanka to deliver true value to all its stakeholders.