

**BUKIT DARAH PLC**  
Company Registration No : PQ 56

Date: 11<sup>th</sup> May 2020

Mr. Renuke Wijayawardane  
Chief Operating Officer  
Colombo Stock Exchange  
# 04-01, West Block, World Trade Centre  
Echelon Square  
Colombo 1.

Our Ref: BUKIT/CSE/2020/ANN/01

Dear Sir,

**COVID-19 business impact to Bukit Darah PLC and its subsidiaries**

As a group with an exposure to different businesses across many geographies, we have been studying the movement of the ongoing pandemic on a daily basis, and its implications on our businesses. Consequently, health and safety and hygiene standards have been at the forefront of every decisions across our business sectors in our attempt to safeguard lives and livelihoods from this crisis. We are stringently adhering to the highest health advice and guidelines on social distancing from the World Health Organization, Local Health Authorities and Local Governments to assure the wellbeing of our employees, customers and business partners. We have implemented teleworking plans for our work teams and have curtailed all non-essential travel. All sanitary and safety measures implemented have been promptly communicated to our employees through awareness sessions. At the same time, we are closely monitoring the economic cost of the pandemic and will be continually assessing the financial impact across our sectors and drafting proactive business responses accordingly.

As at present, the intermittent island-wide curfew has hindered our local operations, challenging the group's top line and consequently the bottom line. Yet, business continuity plans are in full effect in order to ensure key operations are sustained whilst cost management efforts are being contemplated to maintain liquidity.

**Beverage Sector - 9M20 Contribution to the group revenue: 46.2%**

The sector operations have been temporarily suspended on 20<sup>th</sup> March 2020 with the imposition of the island-wide curfew. Since of then, the sale of alcoholic beverages have been temporarily halted across the country by the Government. Whilst, this suspension was lifted on the 20th of April 2020 in areas where the curfew was also lifted, it was re-introduced the following day. The full-scale operation of the sector will depend on the curfew situation in the country.

The Beverage sector expects an immediate slowdown in demand due to lackluster consumer sentiment with the expected short-term economic fallout from tourism, lower wages and unemployment dynamics. However, the intrinsic fundamentals of the sector remains strong to support a medium term recovery. In the meantime, all precautionary and sanitization measures have been enforced within the brewery premises and promptly advised to the staff.

#### **Oil Palm Plantations and Oils and Fats Sector - 9M20 Contribution to the group revenue: 52.3%**

Preventive measures have been implemented by the two sectors (Palm Oil and Edible Oils & Fats) in their respective geographic territories ahead of Government intervention. Our offices in Colombo, Kuala Lumpur, Jakarta and Singapore have been equipped with Work From Home (WFH) platforms in advance of government measures and were meeting work deliverables without disruption. Upstream plantation and milling operations in Indonesia are currently operating business as usual along with well-equipped emergency response teams in place. In Malaysia, the Edible Oils & Fats plant is also operational albeit with less manpower, as per Government regulations. As for palm oil sales, demand conditions for bio-diesel and edible oils have been negatively impacted by the viral outbreak and the crude petroleum price war. Furthermore, uncertainties and the broad economic slowdown in destination markets are likely to impact the forward sales prospects for the two segments. With regards to supply, adequate storage facilities for CPO are available at vital locations and on the Edible Oils & Fats side, back up suppliers are being constantly evaluated in order to minimize supply disruptions.

#### **Portfolio and Asset Management Sector - 9M20 Contribution to the group revenue: 0.8%**

The largest component of the sector's assets lie with carefully selected investments in the Colombo Stock Exchange (CSE). The CSE has been closed since 20th March 2020, in response to the emergency measures taken by the government but experienced a steep decline of 18.26% for the limited time it was open during the month. Companies across various sectors in the CSE will see reduced performances and earnings in the short term, however in the medium term these performances can recover as the country eventually begins to recover from the crisis. The impact on company performances will vary by sector as their supply chains, demand dynamics and operational abilities are affected or transformed. In the short term, our portfolios may lose further value, but will eventually recover with economic activity returning to some degree of normalcy. The closure of the CSE has affected the sector's business operationally as it is unable to transact to reshape the portfolio accordingly. However, as the market reopens eventually, the sector expects operations to return to normalcy overtime. The sector will evaluate all other investments after taking the necessary precautions given the stressed environment.

#### **Leisure - 9M20 Contribution to the group revenue: 0.6%**

The curfew, airport closures and curtailment of domestic and global travel have created a temporary demand freeze in the leisure segment of the group. On 20<sup>th</sup> March 2020, a decision was taken to



effectively close down the operations, in the best interest of the employees and guests and in order to instill precautionary measures and strengthen hygiene protocols at the hotels. The hotels will continue to remain closed in line with the imposed curfew guidelines of the country. The downward pressure on the economy is likely to impact the short-term discretionary spending of the consumers on leisure and other related activities. At this point, it is difficult to predict the exact timings of a rebound in business and leisure travel, hence the sector's profitability and cash flows would be negatively impacted in the short term.

**Real Estate Sector - 9M20 Contribution to the group revenue: 0.3%**

There has been increased sanitization/hygiene measures and surveillance actions rolled out in all the properties of the sector. However, the immediate challenges are likely to arise in the form of less demand from new tenants, downward adjustments in property values as well as possible low rent regime due to potential business challenges.

Yours faithfully,  
For and on behalf of  
Bukit Darah PLC  
Carson Management Services (Private) Limited



Director  
Secretaries