



Market

Aitken Spence is one of the oldest, most diversified blue-chip conglomerates in Sri Lanka, possessing extensive holdings in hotels, tourism, logistics and power generation, among other enterprises. Recording an annual turnover of over Rs. 19.8 billion in 2006-2007, the group has a significant presence in plantations, insurance, financial services, IT, printing and garments. Aitken Spence has been recognised by *Forbes* magazine as one of the most successful publicly-traded companies with annual sales under US\$1 billion outside the US for three consecutive years.

The group's success lies in the strength of the strategic alliances that it has forged with globally reputed companies such as Lloyd's of London, TUI (the world's leading tourism and travel-services group), as well as internationally recognised courier TNT and elevator company Otis, in addition to being the General Sales Agent for Singapore Airlines. The group was the first Sri Lankan company to venture into the hotels sector in the Maldives and currently operates eight properties in that island-archipelago. Aitken Spence is also the leading tourist-resort operator in Sri Lanka, with nine properties, and has now ventured into India as well. In a significant move, the group has signed management contracts to operate four properties in Oman, consequently becoming the first Sri Lankan company to enter the Middle East hospitality industry.

The group has been in the maritime-transport sector since its inception and, at present, represents many major international shipping and freight-forwarding principals. The threat of new entrants into this sector is particularly high due to the low entry barriers that prevail. Despite numerous challenges, Aitken Spence remains respected for pioneering services in this sector, with the group's relevant arm being the leader in integrated logistics and a dominant player in freight forwarding in Sri Lanka, with a growing regional presence.

Aitken Spence's leisure properties have received a host of international accolades as a direct result of the group's focussed strategy of developing hotels that reflect local culture, flavour and indigenous talent. The group's premium leisure properties have been re-branded as Heritance, a brand that is reaching out to other parts of the world as well. In the hotels sector, Six Senses Spas, one of the world's leading spa chains, operates its spas at leading Aitken Spence Hotels. Ramada Worldwide has also signed a franchise agreement with Aitken Spence.

Today, the group has achieved the type of financial stability that very few conglomerates in Sri Lanka can match. In the power-generation sector, the company is associated with leading names in development and construction, such as Caterpillar Power Ventures of the US, CDC Globelec UK, Wärtsilä Finland and Banaras House of India.

The Aitken Spence group makes for a riveting case study of how an innovative and indigenous Sri Lankan company has outstripped its



competition, to say nothing of a challenging macro environment as a result of the ongoing conflict, to emerge as one of the most successful corporate entities in the country. The group is forging ahead with its strategic plans to establish a global footprint. For example, it is currently exporting its skills in hotel management and the leisure sector to India and the Middle East. Aitken Spence has also invested in a hotel school and a fully-fledged labour-recruitment agency for its own hotels and international clients.

Achievements

Aitken Spence has won a slew of awards and accolades, both locally and globally, for the quality of its services in virtually every relevant sector. The group was the only conglomerate to win at the HRM Awards, a testimonial of its group philosophy of commitment to its workforce. Counted among the leading corporates in the country, it has achieved operational excellence of outstanding proportions. Its hotel properties take their eco-friendly concerns to a higher plane by enforcing green policies in all aspects of hotel operations, consistently being recognised by leading global environmental organisations.

For example, Heritance Kandalama received mention from *The Observer* of the UK as one of the Magnificent Seven, being icons of modern hotel design in the world, in 2006. It was also voted one of The World's Top 15 Green Hotels and Resorts by *Travel & Leisure* magazine and Conservation International (November 2007). The group's landmark concept hotel, The Tea Factory, won the coveted South Asian Architecture Award for having converted an

abandoned tea factory into a uniquely themed hotel. From the delectable cuisine at each of its properties to world-class logistics, Aitken Spence delivers exceptional quality across the broad spectrum of its businesses. Aitken Spence Travels has gone on to win the Presidential Award for the Best Destination Management Company with Aitken Spence Conventions & Exhibitions securing the Presidential Award for the Best Professional Conference Organization. The group takes pride in its position as a leading corporate and pioneer, providing a benchmark others aspire to follow.

History

In 1868, Scotsmen Thomas Clark and Patrick Gordon Spence laid the foundation for what was to become one of Sri Lanka's most respected names in business. Set up primarily as a trading company, the group diversified into insurance and shipping over time.

In the 1920s, it ventured into the plantations industry, becoming one of the leading companies at the time. In 1950, the entity was converted into a private limited company, without changing ownership. Aitken Spence then commemorated its centenary year, in 1968, with a change of ownership from its British managers to becoming a wholly Sri Lankan-owned entity.

With nationalisation in the 1970s, the group ventured into freight forwarding, marine-container allied services, property development, courier services, garment manufacture and tourism, which soon became its core business. The General Sales Agency for Singapore Airlines was secured in 1972.

In 1974, the group forayed into unfamiliar territory with the opening of Neptune Hotel. Its astounding success and the growing popularity of Sri Lanka as a tourist destination spawned many more such properties. Emboldened by its success in this sector, Aitken Spence entered the Maldivian tourism sector in 1993, with the acquisition of the Bathala Island Resort.

The year 1983 is historically significant for Aitken Spence as the company's shares were quoted for the first time on the Colombo Stock Exchange. That journey on the path to innovation continued through 1987 and 1988, with the establishment of Ace Container Terminals to handle the first inland dry port in the country, as well as Ace Exports to handle export-related printing orders. Aitken Spence gained further global stature by securing the agency for Otis elevators in 1990 and for Commercial Union Assurance, one of the largest UK-based insurance companies.

Its hotel sector flourished with the acquisition of the Adaaran Club Rannalhi island resort, in The Maldives, in 1992-1993. In 2006-2007, the group recorded its highest-ever profit, despite a challenging operating environment, with Aitken Spence Hotels and the Heritance brand moving into the Indian hospitality industry.

Product

Apart from its interests in logistics, hotels and tourism, and power generation, Aitken Spence is venturing rapidly into the field of IT in



collaboration with its German partner, EVES IT, to develop and customise software.

Aitken Spence's hotel portfolio encompasses two brands – namely, Aitken Spence Hotels, which cover the spectrum of four to five-star class hotels; and Heritance Hotels & Resorts, which are positioned as unique, high-end properties and cater to a niche market, comprising exclusive local and foreign clientele. The Heritance properties are destinations in themselves, embodying exclusive aesthetics and interior design coupled with a world-class experience.

Adaaran, the Aitken Spence resorts in the Maldives, encapsulate the essence of Maldivian tradition. A unique feature of the Adaaran portfolio is Adaaran Ayurveda Village Meedhupparu, the first of its kind in the Maldives. The group holds the distinction of being the fourth-largest resort operator in the Maldives. The eclectic blend of its wide range of resorts has come to be appreciated by a diverse clientele over the years, secure in the knowledge that any Aitken Spence resort exceeds world-class standards.

Aitken Spence Travels commands wide respect and recognition as a superior-quality destination-management company amongst the global hospitality fraternity. It has forged strong partnerships with leading tour operators in the global market and remains at the forefront of promoting Sri Lanka's tourism potential. Currently, it handles an impressive 10% of total tourist arrivals into Sri Lanka, easily making it the preferred destination-management partner in the island. In most of its main markets such as the UK, India, Italy Germany, France, the Middle East and Russia, Aitken Spence Travels has carved out its own distinctive niche. The company is going from strength to strength in strategic markets such as China, East Europe and the Middle East, succeeding in establishing a strong brand identity in these growing tourist markets.

Aitken Spence Cargo has maintained its status as one of the key players in the highly competitive cargo sector, while Aitken Spence Logistics is one of the major players dominating the market share in the relevant sector. The company is also considered a market leader in container depot, container-freight station, multi-country cargo consolidation and 3PL services. In the arena of plantations, Elptiya Plantations has positioned itself as a supplier of quality tea and continues to exploit prevailing market opportunities.

Aitken Spence is the first Sri Lankan company to venture overseas into port-efficiency



improvement, and training and container-terminal management, in the wake of its operations at the Port of Durban, the busiest port in South Africa. The group's power plants contribute about 12% of total output supplied to the national grid and are joint ventures with Caterpillar Power Ventures of the US and Wärtsilä of Finland. The group's crude palm-oil processing mill is only the second such facility in Sri Lanka.

Recent Developments

In the hotels sector, Aitken Spence acquired the Vadhoo Island Resort, in the Maldives, and commenced operations of, Adaaran Prestige Ocean Villas, Huduran Fushi, in 2007. It has also commenced the operation of two properties in Trivandrum, in India, as well as the Andaman Islands, with five more properties slated for operation.

In the realm of financial services, the group has invested in the inward-remittances market through its Western Union agency operation in 2006. It is also the first Sri Lankan company to venture overseas in the field of port-efficiency management and training. These programmes are currently being conducted successfully at the Port of Durban - the success of this venture evoking high demand from other international ports for similar services. Aitken Spence has also commenced operations as the agent of Hapag-Lloyd, one of the largest container-liner shipping companies in the world.

Promotion

Aitken Spence leverages on a cross-section of mass media to promote its hotels and destination-management company in both local and overseas markets. Further, sustainable development has always been an integral part in the functioning of Aitken Spence. Leading by example, the group's Human Resources Division took on the responsibility of introducing and facilitating the Management Trainee Programmes for the Universities of Colombo, Ruhuna, Moratuwa and Sri Jayawardenepura.

Broad-spectrum community-based activities are also carried out, the most prominent of these being the conceptualising, designing, building and management of the Aitken Spence School of Hospitality, in collaboration with international partners, to create opportunities in the global hospitality industry for youth from low-income communities.

The group's power-generation sector takes a leading role in community-development initiatives in the areas in which they operate, while Aitken

Spence Plantations focuses on improving village infrastructure and providing employees with structurally safe houses under its worker-housing project. Aitken Spence Plantations has also initiated a welfare programme that provides financial support for orphans.

Aitken Spence is a member of the Steering Committee of the UN Global Compact's local network for Sri Lanka, which underscores the group's commitment to championing sustainability amongst broader stakeholder groups through assisting with the network's activities in the country. The group has also invested significantly in developing a brand that speaks for itself, pioneering services in the country while simultaneously benchmarking them against the best available in the world.

Brand Values

Aitken Spence underwent an extensive rebranding exercise in 2006. Prior to this, the group's brand image was highly fragmented. But as a result of this rebranding exercise, Aitken Spence's brand identity has now been sharpened and greater focus has emerged in terms of leveraging the synergies of the group, creating a stronger unity of purpose than ever before. Over the years, Aitken Spence has displayed the reliability of its services in every sphere in which the group is active, offering great value at all times. Its renewed brand positioning states that it inspires confidence in stakeholders through excellence, reliability, honesty, friendliness and genuine enthusiasm.

www.aitkenspence.com

THINGS YOU DIDN'T KNOW ABOUT Aitken Spence®

- The Aitken Spence corporate signature was developed from the signatures of its two founding chairmen, Edward Aitken and Patrick Spence.
- The group established the first inland dry port in Sri Lanka, in 1987-1988.
- It operates ten resorts in Sri Lanka, seven in the Maldives and two – with seven to follow – in India.
- The company's travel arm is a joint venture with TUI, the world's largest integrated-tourism group.