



# United Motors Lanka PLC

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Company Reg.: No. P.Q.74



10<sup>th</sup> June 2020

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

Dear Sir,

## **The impact of COVID-19 pandemic on the business/operations of the Company**

The business was adversely affected with the restrictions in free movement of customers, staff and key stakeholders since mid-March 2020. This had a negative impact on the performance of March 2020 and consequently the results of the financial year 2019/20, which is currently being audited.

The Government's decision to restrict imports of many categories of vehicles and the financial institutions decisions to restrict new lending further impacted the automobile industry in which we are predominantly involved in.

The future will depend on how long the economy will take to recover, policy decisions by the Government and the purchasing power of the consumer, all of which could be assessed in the months to come. As a result it's too early to evaluate the medium to long term impact to the business at this point in time.

## **The Company's response to the impact of the COVID – 19 pandemic**

We have taken all possible measures to ensure that our staff, customers and other stakeholders are safe in our premises. In addition, we have repeatedly run many campaigns to educate them on how to be safe and how to keep their families safe on a day to day basis while at home and when in public.

From a business point of view, we have mapped out the different possibilities of how the business could get impacted and ensured that we rationalize all non-essential expenses. However, we will keep a positive mind set and drive our teams to sell our products and services aggressively. We will incentivize our staff for outstanding achievements under these conditions and will focus on maximizing the top line with greater efficiency.

**The Company's expectation of the future impact of COVID – 19 on the company's future operations and the financial condition**

As mentioned above, it's too early to be certain. With two months of the financial year already ending with minimal operations, it is difficult to quantify the financial impact caused by the ongoing situation and make a reasonable forecast of company's future operations and the financial condition.

It's safe to assume that the year is going to be extremely challenging even if things turnaround in the next quarter. However, our current forecast of the cash inflows will be sufficient to continue our operation without the need for further borrowings in 2020/2021, even if the restrictions imposed by the Government is not relaxed.

To minimize the impact, we will focus on after sales revenue from service, repairs and spare parts. We see this as an area where the demand will grow should the import restrictions get extended.

We will continuously monitor the situation and drive innovation to operate at optimum levels under the circumstances.

Thanking you.

Yours faithfully,  
**UNITED MOTORS LANKA PLC**

  
Chanaka Yatawara  
Group Chief Executive Officer/Executive Director

