

INVESTOR RELATIONS

GROUP HIGHLIGHTS

The ensuing section details the key highlights of the year under review, followed by an overview of the key verticals, its industry potential, outlook and the initiatives that are undertaken to drive growth.



The JKH Investor Presentations are available on the Corporate Website to provide easier access and in-depth details of the operational performance of the Group.

<https://www.keells.com/investor-relations>

FINANCIAL AND MANUFACTURED CAPITAL

Financial Highlights

Group (Rs.million)	2022/23	2021/22	2020/21
Revenue – consolidated	311,478	244,294	145,446
Recurring profit before interest and tax (EBIT)	34,944	31,149	7,893
Recurring profit before interest, tax, depreciation and amortisation (EBITDA)	45,740	39,259	18,750
Recurring profit before tax (PBT)	17,141	24,432	3,498
Recurring profit after tax (PAT)	14,109	20,760	6,222
Net debt (excluding both lease liabilities and the convertible debenture liability)	111,029	77,611	48,709

Key operational and financial highlights during the year under review

- The Group reported a resilient performance during the year, amidst the unprecedented challenges in the operating environment, recording a recurring EBITDA growth of 17% to Rs.45.74 billion. This is despite the substantial EBITDA recognition of Rs.6.30 billion from the revenue of the handover of the residential apartment units and commercial floors at the 'Cinnamon Life Integrated Resort' in 2021/22, compared with the absence of corresponding recognition in the current year.
- Sri Lanka has witnessed a strong turnaround from the onset of its worst macroeconomic crisis, and it is encouraging to witness the continuation of normal day-to-day activities in the country, supported by continued political and social stability.
- The Group's Bunkering business recorded a significant increase in profitability driven by higher margins on account of the steep increase in fuel oil prices and volumes during the first half of the year, whilst the profitability of the Group's Ports and Shipping business recorded an increase as a result of higher revenue from ancillary operations and the translation impact due to the depreciation of the Rupee.
- The Leisure industry group recorded a strong performance driven by the Maldivian Resorts and the recovery momentum in the Colombo Hotels and Sri Lankan Resorts segments, supported by a return to normalcy on the back of continued political and social stability during the second half of the financial year.
- The Supermarket business recorded a recurring EBITDA growth of 45% to Rs.7.46 billion due to an increase in same store sales driven by a combination of higher customer footfall and basket values on account of high inflation.
- Profitability in the Consumer Foods businesses was impacted by volume declines in the second half of the year, reflective of dampened consumer sentiments, and lower margins. With global raw material prices coming off its peak, the stabilisation of the country's foreign exchange liquidity position and the appreciation of the Rupee, the pressure on margins has started to gradually ease from the fourth quarter of 2022/23 onwards.
- The Property industry group recorded a decline in profitability due to 2021/22 including revenue and profit recognition from the handover of the residential apartment units at the 'Cinnamon Life Integrated Resort', compared with the absence of any corresponding recognition in the current year. The recognition of revenue of all units sold at the 'Cinnamon Life Integrated Resort' was completed by 31 March 2022.
- The Financial Services industry group recorded a strong growth in profitability, where the Insurance business witnessed a growth in the life insurance surplus and gross written premiums whilst Nations Trust Bank recorded an increase in net interest margins and a reduction in costs.

Insight - Private Placement of Convertible Debentures to HWIC Asia Fund

In August 2022, the Company raised funds by way of a private placement of LKR denominated securities to HWIC Asia Fund (HWIC), a subsidiary of Fairfax Financial Holdings Limited, Canada.

- Rs.27.06 billion was raised by issuing 208,125,000 Sri Lankan Rupee denominated unrated, unlisted, unsecured convertible debentures at an issue price of Rs.130 per debenture.
- The debentures have a maturity period of three years and will accrue interest at a rate of 3% per annum.
- The date of maturity of the debentures is 12 August 2025 with HWIC having the option to convert each debenture to one new ordinary share of the Company during the conversion period commencing from 12 February 2024 to 12 August 2025.
- The maximum number of ordinary shares that would potentially be issued under the conversion of the debentures would be 208,125,000 ordinary shares.

Accounting Treatment:

- The convertible debentures were benchmarked against an equivalent plain vanilla debenture in order to segregate the liability (which is debt-like) and equity components associated with the transaction, as per the accounting standards.
- The resultant liability embedded in the convertible debentures was recognised under non-current financial liabilities, whilst the residual of Rs.10.51 billion was recognised under other capital reserves.

INVESTOR RELATIONS

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Annual Recurring EBITDA and Recurring PBT

Rs.million	2022/23	2021/22	2020/21	2019/20
Recurring EBITDA				
Transportation	11,963	6,141	3,610	4,375
Consumer Foods	3,184	3,485	3,318	3,366
Retail	8,779	7,549	5,523	5,108
Leisure	8,604	3,785	(3,588)	2,306
Property	(265)	7,867	(17)	641
Financial Services	6,451	5,024	3,645	2,988
Other, including Information Technology and Plantation Services	7,024	5,408	3,082	1,286
Group	45,740	39,259	15,572	20,069
Recurring PBT				
Transportation	10,973	5,712	3,269	4,044
Consumer Foods	1,140	2,319	2,304	2,284
Retail	1,527	3,056	1,608	1,490
Leisure	(382)	(1,512)	(8,546)	(1,597)
Property	(503)	7,650	(109)	535
Financial Services	6,400	4,995	3,360	2,755
Other, including Information Technology and Plantation Services	(2,015)	2,213	1,612	787
Group	17,141	24,432	3,498	10,299

Recurring Group EBITDA

Rs. **45.75** billion ▲
2021/22: Rs.39.26 billion 17%

Recurring Group PBT

Rs. **17.15** billion ▼
2021/22: Rs.24.43 billion 30%

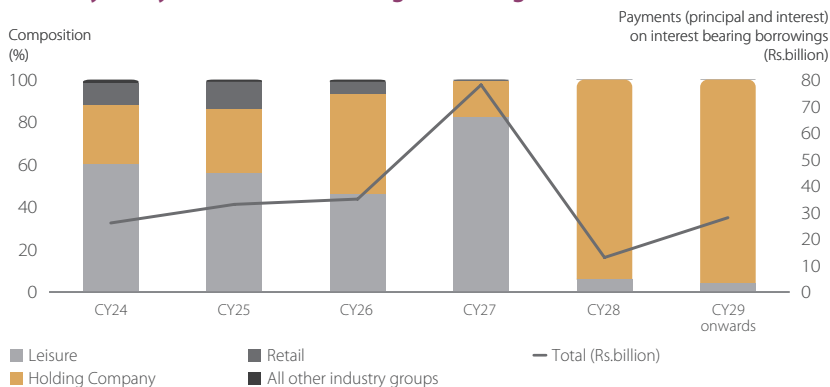
The decline in recurring PBT of 30% in the current year is primarily due to the following reasons:

- The previous year included a profit recognition of Rs.6.30 billion on account of the residential apartment sales at 'Cinnamon Life Integrated Resort', as explained elsewhere in this Report, whereas there was no corresponding profit recognition in the current year.
- Increase in finance expenses due to the impact of significantly higher interest rates and the translation impact of the foreign currency denominated interest expense on account of the depreciation of the Rupee.
- A non-cash notional change of Rs.1.83 billion was recorded in the current year in respect of the convertible debenture issued to HWIC.

Net debt (excl. both lease liabilities and the convertible debenture liability)

Rs. **111.03** billion ▲
2021/22: Rs.77.61 billion 43%

Maturity Analysis of Interest Bearing Borrowings



The following should be noted with regard to the illustration above:

- Interest bearing borrowings does not include the convertible debentures issued in August 2022. The liability component amounting to Rs.18.38 billion is recognised under Non-Current Financial Liabilities. In the event the debenture is not converted during the conversion window, an obligation for Rs.27.06 billion will materialise in August 2025.
- The USD 225 million term loan facility at 'Cinnamon Life Integrated Resort', captured under Leisure, falls due for repayment in December 2026. Based on the structuring of the loan, ~75% of the loan is due for repayment in the final year where the intention and strategy would be to refinance a component at that juncture.
- The USD 175 million term loan from IFC, captured under the Holding Company, falls due for repayment in equally amortising capital repayments from December 2024 onwards.
- It is pertinent to note that the pressures on the exchange rate exposure arising from the 'Cinnamon Life Integrated Resort' project are mitigated to a large extent as the functional currency of Waterfront Properties (Private) Limited, its project company, is US Dollars. Accordingly, the risk is largely hedged 'naturally' given the expectation of foreign currency linked revenue streams. Similarly, at present, there is no foreign exchange translation risk on the IFC loan since the cash is retained in foreign currency at the Holding Company.

Insight - Capital Expenditure

Despite the challenging and unprecedented years, the Group has carried out significant investments which have continued steadfastly, maintaining the depth and breadth of the Group's long-term investment strategy which is now coming in fruition.

The investments in recent years have focused on a refurbished portfolio of Leisure properties and the acquisition of a long-term lease on a new hotel in the Maldives. The Group has also doubled its store footprint in the Supermarket business to over 130 outlets and capacity and capability investments in the Frozen Confectionery and Insurance businesses.

The Group is confident of its ability to fund projects, if feasible, and as required, thereby optimising equity returns in the long run.

In addition to the routine maintenance capital expenditure, the key investments the Group will focus on in the near-term:

- Balance investment towards the completion of the 'Cinnamon Life Integrated Resort'
- Investment towards the West Container Terminal (WCT-1) of the Port of Colombo
- Roll-out of the Supermarket outlets
- Completion of 'Cinnamon Red Kandy'

Industry Group-wise Quarterly Performance

The following provides an insight to the performance of the industry groups across the quarters.

- Although there were no pandemic related disruptions in Q1, there were numerous challenges and macroeconomic pressures emanating from a precarious external financing position, including a severe fuel shortage, scarcity of essential commodities, food and medicines, and disruptions to power. Despite this, the Group reported a strong performance, which was a significant improvement over the comparative period of last year, with all businesses witnessing a sustained recovery momentum. The Group's Leisure businesses, in particular, continued to record a significant turnaround in performance primarily due to the Maldivian Resorts. It should be noted that the performance of the comparative quarter was somewhat distorted due to the business disruptions on account of the imposition of island-wide travel restrictions.
- Despite the challenging operating environment in Q2, the Group reported a strong performance with all businesses recording an increase in profitability, except for the Property industry group. The day-to-day consumer and business activity gradually reverted to levels of normalcy from late July 2022 onwards, supported by political and social stability and less disruptions on account of the macroeconomic challenges. It is noted that the comparative quarter continued to be impacted by business disruptions stemming from the Covid-19 pandemic.
- Q3 witnessed the continuation of normal day-to-day consumer and business activity, supported by sustained political and social stability and less disruptions on account of the macroeconomic challenges. Whilst businesses witnessed a strong performance in contrast to the comparative quarter, cost pressures continued to impact businesses. The Consumer Foods industry group in particular noted a decline in profitability due to a contraction in volumes on account of price increases undertaken in several stock keeping units (SKUs) to address rising costs, mitigate margin pressure, and declining disposable incomes.
- The overall macroeconomic stability of the country improved during the fourth quarter aiding tourism and the Group's Sri Lankan Leisure businesses. However, consumer disposable income contracted further with the increase in personal income taxes implemented from 1 January 2023, which impacted the Group's consumer focused businesses, in particular.

Group Revenue 2022/23	Rs.million				YoY %			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transportation	23,969	20,233	15,335	14,108	343	161	102	27
Consumer Foods	7,657	8,457	7,298	7,856	107	85	34	8
Retail	25,624	25,835	28,040	27,349	27	24	8	15
Leisure	8,623	8,030	10,631	12,394	346	160	90	50
Property	590	695	402	436	(84)	(91)	(88)	(98)
Financial Services	3,356	3,970	4,873	4,003	11	2	1	2
Other, including Information Technology and Plantation Services	1,695	1,845	1,659	1,674	71	84	88	44
Group	71,516	69,065	68,239	67,820	84	40	27	(11)

Recurring EBITDA 2022/23	Rs.million				YoY %			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transportation	4,551	3,035	2,840	1,537	345	153	103	(39)
Consumer Foods	1,233	1,009	402	540	288	68	(60)	(65)
Retail	2,319	1,963	2,320	2,176	48	48	2	(9)
Leisure	1,869	1,005	1,898	3,831	(388)	(2,278)	54	18
Property	(140)	(279)	(312)	466	(126)	(122)	(144)	(91)
Financial Services	877	1,104	2,571	1,899	14	12	22	64
Other, including Information Technology and Plantation Services	2,623	1,457	1,746	1,198	119	35	117	(49)
Group	13,333	9,294	11,465	11,647	180	45	20	(37)

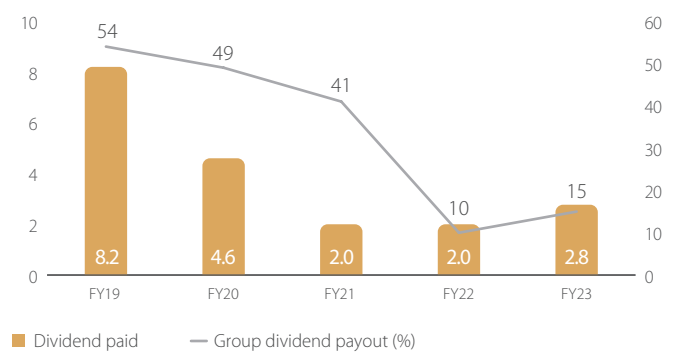
INVESTOR RELATIONS

GROUP HIGHLIGHTS

Dividend

- The Company paid two interim dividends of Rs.1.00 and Rs.0.50 per share in December 2022 and March 2023, respectively.
- Whilst the Group recorded a growth in core operating profits despite the substantial EBITDA recognition of Rs.6.30 billion from the revenue of the handover of the residential apartment units and commercial floors at the 'Cinnamon Life Integrated Resort' in 2021/22, compared with the absence of corresponding recognition in the current year, given the macroeconomic environment which could result in stresses on operating performance and cash flows and the pipeline of strategic investments such as the 'Cinnamon Life Integrated Resort' and the WCT-1 project, the final dividend for 2022/23 was maintained at Rs.0.50 per share.
- Accordingly, the dividend declared for 2022/23 is Rs.2.00 per share [2021/22: Rs.1.50 per share].
- The Group will follow its dividend policy which corresponds with growth in profits whilst ensuring that the Company maintains adequate funds to support business continuity and fund its pipeline of strategic investments.

Distributions to Shareholders and Payout Ratio
(Rs.billion)

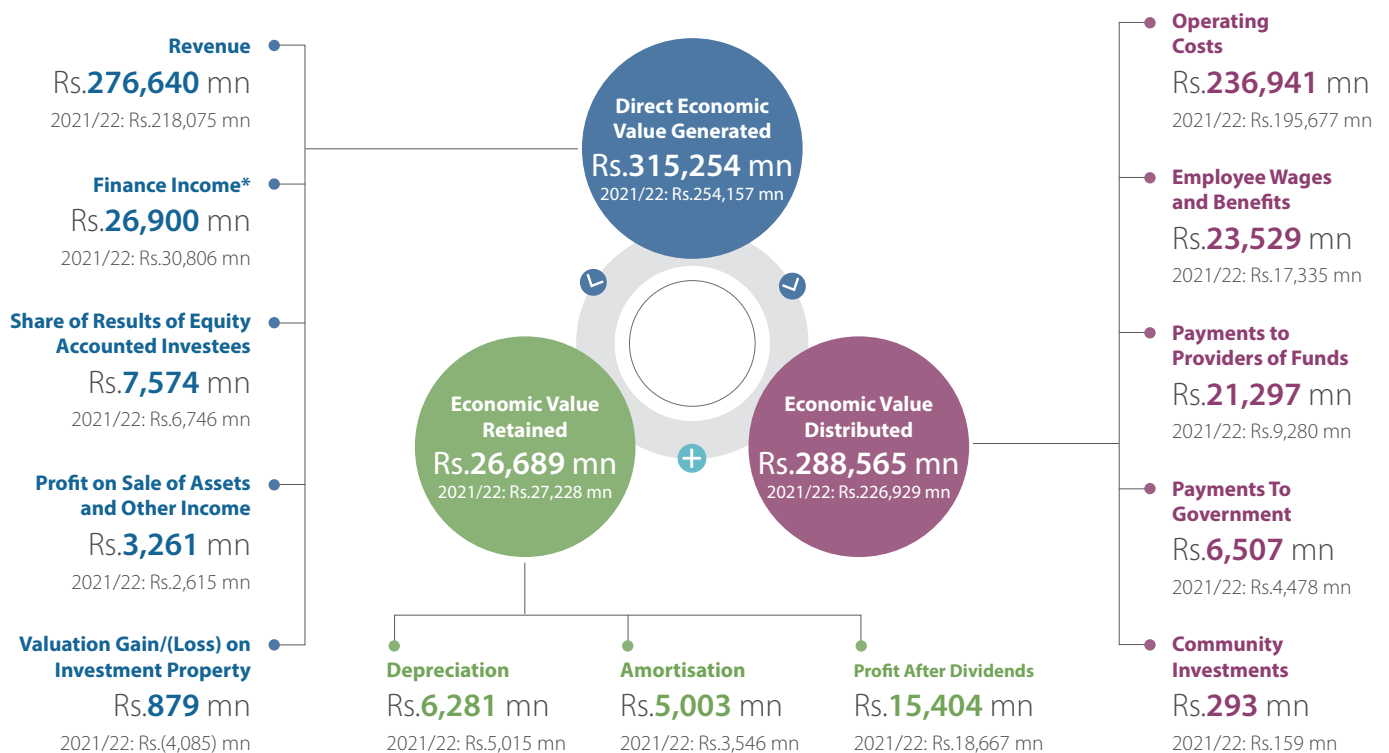


Market Information of the Ordinary Shares of the Company

	2022/23	2021/22
Average daily turnover (Rs.million)	105	169
Percentage of total market turnover (%)	5.0	3.5
Market capitalisation (Rs.million)	193,888	200,813
Percentage of total market capitalisation (%)	5.0	5.2



ECONOMIC VALUE ADDED STATEMENT

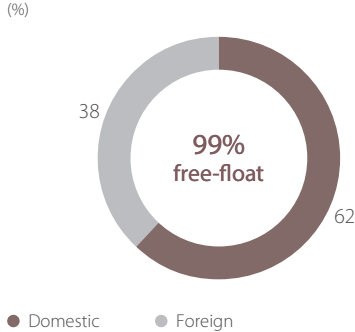


*Includes interest income from life insurance policyholder funds at Union Assurance PLC and foreign exchange gains.

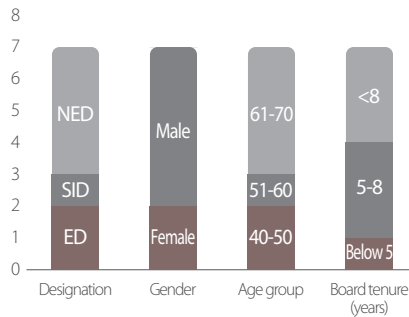


GOVERNANCE

Shareholding Structure



The current composition of the JKH Board



Transparency in Corporate Reporting

JKH was ranked first in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) for the third consecutive year, with a 100% score for transparency in disclosure practices.

Environmental, Social and Governance (ESG) Initiatives

- As a part of the Group's ongoing efforts towards increasing emphasis on environmental, social and governance (ESG) aspects, the Group embarked on re-formulating its ESG framework in collaboration with an international third-party consulting firm, setting revised Group-wide ESG ambitions and translating such ambitions to ESG related targets.
- Select Group policies related to ESG areas were further enhanced in line with best practice advocated by internationally reputed institutions such as the Asian Development Bank and International Finance Corporation, particularly given their focus on development impacts and positive externalities.

ONE JKH – Diversity, Equity, and Inclusion Initiative

Key initiatives during the year:

- Introduction of an equal 100 days of maternity and paternity days as parental leave at the birth or adoption of a child. The five days of paternity leave was enhanced to 100 days, ensuring equity, and recognising the importance of both parents' roles in early childcare.
- The Group has set a goal of increasing women participation in its employee cadre up to 40% by the end of 2025/26. In this regard, women participation as at the end of the year stood at 33% [2021/22: 33%].
- Adoption of gender-neutral terminology with the objective of avoiding word choices which may be interpreted as biased, discriminatory or demeaning and with the intention of being inclusive of gender non-binary persons.
- As a first step to developing a focused strategy around increasing career opportunities for persons with disabilities (PWDs), a tri-lingual survey to understand the needs and perceptions of PWDs was launched.
- The Group continued with its multi-pronged approach to internal audits and process reviews by augmenting its integrated fraud deterrent and investigation framework to foster synergy and collaboration efficiencies between components that deliver governance and assurance and related services, in facilitating business strategies.
- The Group recorded the Policy for bidding on contracts and tenders, which entails a standardised set of guidelines for bidding, including to those of local and foreign governments and related bodies and further strengthened its Policy on gifts and entertainment to include a reporting and monitoring mechanism for all gifts or benefits received or given.

INTERNAL GOVERNANCE STRUCTURE

Board of Directors and Senior Management Committees



INVESTOR RELATIONS

GROUP HIGHLIGHTS



NATURAL CAPITAL

Performance	2022/23	2021/22*	2020/21
Energy consumption: non-renewable sources (GJ) 1	386,837	301,172	216,253
Energy consumption: renewable sources (GJ) 2	124,228	127,825	132,706
Purchased energy: national grid (GJ) 3	398,518	390,654	*** 349,195
Total energy consumption (1) + (2) + (3)	909,583	819,651	*** 698,154
Total energy consumption (GJ) per Rs.million of revenue	3.53	4.49	2.75
Direct greenhouse gas emissions - Scope 1 (MT)	28,144	27,507	15,894
Indirect greenhouse gas emissions - Scope 2 (MT)	75,453	71,188	66,114
Total carbon footprint (MT)	103,597	98,695	82,009
Total carbon footprint (MT) per Rs.million of revenue	0.38	0.53	0.64
Greenhouse gas emissions from combustion of biomass (MT)	8,362	9,172	10,535
Water withdrawal (m3)	1,932,965	1,843,259	1,677,672
Water withdrawal (m3) per Rs.million of revenue	7.01	10.10	13.19
Water discharge (m3)	1,200,051	1,305,676	1,091,384
Volume of hazardous waste generated (MT)	401	337	279
Volume of non-hazardous waste generated (MT)	7,921	7,855	6,484
Non-hazardous waste recycled/reused by Group companies and through third party contractors (%)	46	32	22
Significant environmental fines	Nil	Nil	Nil



1,931,418 m³

Total water consumed across all business units

47%

Percentage of treated water out of total water consumption

51%

Percentage of recycled water out of treated water



8,322,285 MT

Total waste generated across all business units

46%

Percentage of treated non-hazardous waste recycled

182.7 MT

Total plastic waste collected



909,583 GJ

Energy used

19,018,103 kWh

Total units of renewable energy generated across all business units

11,322 MT

Total carbon footprint across all business units

13%

Percentage of renewable energy generated out of total energy consumption



INTELLECTUAL CAPITAL

OCTAVE

- Work on a series of advanced analytics use cases in the Retail, Consumer Foods, Financial Services and Leisure industry groups yielded promising results with pilot projects delivering evidence of significant value that can be unlocked from translating advanced analytics insights into front line business interventions. Accordingly, tested use cases continued to be rolled out at scale.
- The ongoing assessment of the impact to the business of these advanced analytics solutions, post roll-out and complete business wide adoption, has provided strong evidence that the anticipated benefits that were evident through initial pilot projects can be sustained at scale, with iterations to adapt to a changing operating environment as and when required.



AWARDS

- 'Keells' supermarkets ranked as the 'Strongest Brand in Sri Lanka 2022' for the first time in its history and the 'Most Valuable Supermarket Brand 2022' by Brand Finance.
- 'Brand Finance Most Loved Brands 2022' in the Beverages and FMCG categories.
- Union Assurance was awarded the 'Best Digitising Life Insurance Sri Lanka' award at The Global Business Magazine Awards 2022.



HUMAN CAPITAL

Performance	2022/23	2021/22	2020/21
Total workforce (employees and contractors' staff)	22,250	21,200	20,092
Employees****	15,415	14,700	13,889
Outsourced personnel (neither staff employees nor seasonal workers)	6,835	6,500	6,203
Employee benefit liability as of 31 March (Rs.million)	2,559	3,107	2,814
Total attrition (%)	31	29	18
New hires (%)	64	76	47
Average hours of training per employee	26	25	23
No. of employees receiving performance reviews (%)	100	100	100
Incidences of child labour (below age 16)	0	0	0
Incidents of forced labour during the year	0	0	0

15,415

Total staff members of the group

67%

Male

Gender ratio

33%

Female

69%

Average employee retention rate

Rs.33 million

Total investment on training and development

405,331

Total training hours

26

Average learning hours per employee

234

Total Number of Injuries



SOCIAL AND RELATIONSHIP CAPITAL

Performance	2022/23	2021/22	2020/21
Community services and infrastructure projects (Rs.million)	397	97	51
Proportion of purchases from suppliers within Sri Lanka (%)	81	90	85
Community engagement (no. of persons impacted)	1,553,971	1,955,639	756,153
Sustainability integration awareness (no. of business partners)	201	89	72
Business partners screened for labour, environment and human rights (no. of business partners)	63	65	74
Proportion of labels carrying ingredients used (%)	76	76	79
Proportion of labels carrying information on disposal (%)	95	89	92
Proportion of labels carrying sourcing of components (%)	3	1	1
Monetary value of significant fines** (Rs.)	No significant fines	No significant fines	No significant fines
Proportion of businesses analysed for risk of corruption (%)	100	100	100

220,394

People benefited from Crisis Response Initiatives

579,459

People benefited from Livelihood Development projects

4,132

People benefited from Education-related projects

Rs.397 million

Total CSR Spend

93.75 Acres

Total Land Area Impacted

1,553,971

Total people impacted

655,551

People benefited from Health-related projects

63

Number of Suppliers Engaged

315,255 million

Total Economic Value Generated

81%

Sourcing from Local Suppliers

92,570

People benefited from Arts and Culture projects

*2021/22 has been restated

**Significant fines are defined as fines over Rs.1 million.

***Purchased energy: national grid and total energy consumption values have been restated

****Of the Group's total employees, 683 are placed in the Maldives, with the remainder domiciled in Sri Lanka

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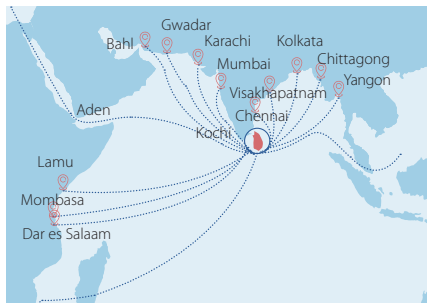
INDUSTRY GROUP HIGHLIGHTS



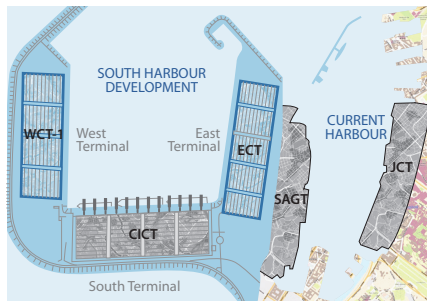
TRANSPORTATION

Industry Potential

- Ongoing capacity enhancements in the POC and shipping lines opting for 'hub and spoke' services will spearhead the thrust to establish Colombo as a leading transshipment hub in the region.
- Envisaged increase in bunkering market share driven by increased storage and infrastructure.
- Growing demand for logistics services through growth in inbound project cargo and other major industries.



The Port of Colombo (POC) is strategically positioned on the main East-West shipping routes.



Capacity enhancements in the POC - WCT-1 and ECT.

West Container Terminal (WCT-1)

- The groundwork on the West Container Terminal (WCT-1) at the POC is progressing well with the entirety of the dredging works for both phases near complete.
- The contract for the quay wall construction, a significant component of the overall construction works, was awarded in October 2022.
- Phase 1 of the terminal, comprising of a quay length of 800 meters as against the previous 600 meters, is slated to be operational by the third quarter of 2024/25. The remainder of the terminal is expected to be completed by the third quarter of 2025/26.

Our Business

- 42% stake in SAGT – container terminal (capacity of ~2 million TEUs).
- Development of the WCT-1 (capacity of ~3.2 million TEUs).
- Leading bunkering services provider.
- One of the largest cargo and logistics service providers in the country.
- JV with Deutsche post for DHL air express, AP Moller for Maersk Lanka and Inchcape Shipping Services for IMMS.
- GSA for KLM Royal Dutch Airlines and Gulf Air.
- Warehousing and supply chain management.
- Domestic scheduled and charter air flight operations.

Key Performance Indicators

		2022/23	2021/22	%	2020/21
SAGT volumes	(TEU '000)	1,704	1,831	(7)	1,810
Domestic: Transshipment mix		13:87	14:86		13:87
Port of Colombo volumes	(TEU '000)	6,632	7,351	(10)	6,800
LMS volumes	(%)	8	3		(22)
Warehouse space under management	(sq. ft. '000)	317	337	(6)	337

Insight into Quarterly Performance

2022/23		Q1	Q2	Q3	Q4	Full Year
SAGT volumes	(TEU '000)	439	440	416	408	1,704
Port of Colombo volumes	(TEU '000)	1,705	1,680	1,628	1,619	6,632
LMS volume growth	(%)	54	(2)	(8)	(0)	8

Strategy and Outlook

Immediate to Short-Term

Ports, Shipping and Bunkering

- Volumes are expected to be insulated from macroeconomic disruptions given that a majority of its businesses have revenue models primarily driven by offshore markets.
- In Rupee growth terms, there maybe a negative base effect stemming from the appreciation of the Rupee in the current year as against the levels witnessed last year post the steep depreciation of the currency.

Logistics and Transportation

- The gradual removal of import restrictions and the normalisation of export volumes are anticipated to result in increased volumes.
- Given the increased airline frequencies into the country, this should bode well for more competitive fares and supply.



Medium to Long-Term

Ports, Shipping and Bunkering

- Anticipated growth in regional and global economies coupled with a rebound in the domestic economy is expected to facilitate a growth in overall volumes in the POC.
- Continue to explore opportunities arising from the POC, Hambantota and Trincomalee, particularly in relation to bunkering and storage.

Logistics and Transportation

- Explore opportunities arising from the anticipated growth in regional and domestic trading activity, and ongoing infrastructure developments in the country.
- Optimise cost and operational efficiencies through emphasis on digitisation initiatives.
- Increased trading activity and investment in the tourism industry is expected to benefit the Airline segment.



CONSUMER FOODS

Industry Potential

- Per capita consumption of beverages at 14 litres, is below peer markets.
- Per capita consumption of ice creams at 3 litres, is far below developed markets.
- Bulk:Impulse ice cream mix in regional markets is highly skewed towards the Impulse segment, demonstrating significant potential within the Impulse category.
- Emerging 'health conscious' consumers and growing need for convenient and affordable main meal options.

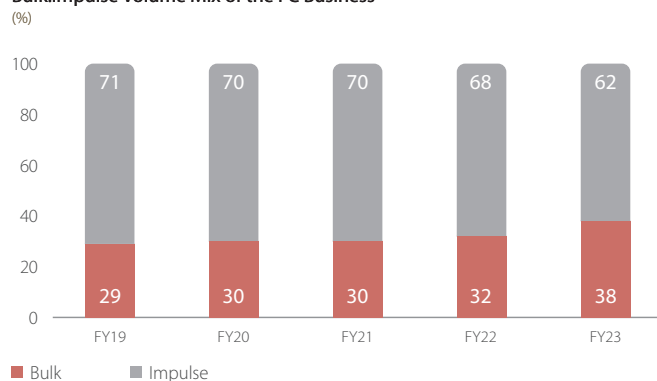
Our Business

- Strong market presence in Beverages, Frozen Confectionery and processed meats through 'Elephant House' and 'Keells-Krest' brands.
- Frozen Confectionery products including premium ice cream range 'Imorich' and the 'Feelgood' guiltfree frozen yoghurt range for customers seeking wellness and balanced lifestyles.
- A portfolio of CSD and non-CSD Beverages catering to a wide array of customers and island-wide distribution network.

Key Performance Indicators

%	2022/23	2021/22	2020/21
Volume Growth			
Beverages (CSD)	(7)	18	(14)
Frozen Confectionery (FC)	(7)	17	(1)
Convenience Foods	(22)	12	(6)
EBITDA Margins			
Beverages and FC	10.8	16.8	20.3
Convenience Foods	9.0	16.1	19.0
PBT Margins			
Beverages and FC	4.2	11.2	14.2
Convenience Foods	1.1	11.3	12.3

Bulk:Impulse Volume Mix of the FC Business



100,000+

Outlet reach

14

CSD flavours

38:62

Revenue mix:

Beverages (CSD): FC

FY22: 42:58

60

Ice Cream flavours

2

Frozen yoghurt flavours

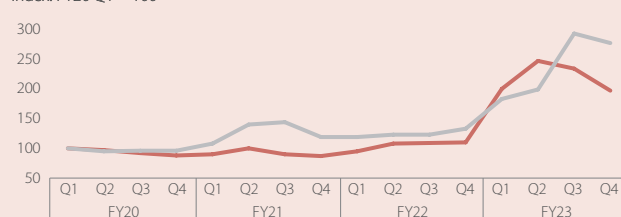
Insight into Quarterly Performance

Volume Growth 2022/23 (%)	Q1	Q2	Q3	Q4	Full Year
Beverages (CSD)	56	13	(19)	(40)	(7)
Frozen Confectionery	31	6	(19)	(30)	(7)
Bulk	19	(6)	(25)	(37)	(15)
Impulse	65	30	(7)	(18)	10
Convenience Foods	14	(11)	(33)	(48)	(22)

- The Consumer Foods industry group recorded a strong volume recovery during the first half of 2022/23 with volumes exceeding pre-pandemic levels.
- However, the profitability in the Consumer Foods businesses was impacted by volume declines in the second half of the year, reflective of dampened consumer sentiments, and lower margins.
- With global raw material prices coming off its peak, the stabilisation of the country's foreign exchange liquidity position and the appreciation of the Rupee, the pressure on margins has started to gradually ease from the fourth quarter of 2022/23 onwards.

Movement of Raw Material Prices of the Beverages Business

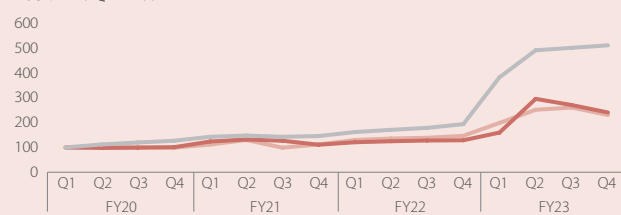
Index: FY20 Q1 = 100



— Beverages: white refined sugar (price per kg) — CSD PET bottle (price per unit)

Movement of Raw Material Prices of the FC Business

Index: FY20 Q1 = 100



— Skimmed milk powder (price per kg) — Ice cream:white refined sugar (price per kg) — Ice cream containers and lids (per unit)

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

Strategy and Outlook

Immediate to Short-Term

- Consumer discretionary spending is expected to moderate in the short-term due to a reduction in disposable income.
- Margin pressure is expected ease on the back of decreasing commodity prices, lower freight costs, improved foreign exchange liquidity, and availability of raw materials.
- Capacity enhancements will be evaluated based on business growth and the evolution of the product portfolio.
- Advanced data analytics will be utilised to optimise promotional spend, distribution networks, and production planning.
- The hotels, restaurants, catering (HORECA) channel is expected to gradually recover in line with tourism recovery.

Medium to Long-Term

- Domestic demand conditions are expected to rebound in the medium-term, driven by economic revival and improved consumer confidence.
- There is significant potential for growth in the consumer food products industry in Sri Lanka due to relatively low penetration compared to global and regional peers.
- Digitisation strategy will continue in the medium to long-term, focusing on advanced analytics for data-driven decision-making to optimise production practices, achieve cost savings, and identify growth opportunities.



RETAIL

Industry Potential

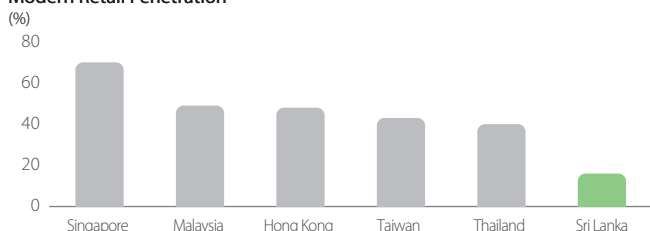
Supermarket Business

- Modern trade penetration at 16% is one of the lowest in the region.
- Growing popularity of modern trade as a result of:
 - Convenient and modern shopping experience.
 - Access to diverse categories and brands at affordable prices.
 - Rising per capita income, rapid urbanisation and changing consumption patterns.

Office Automation Business

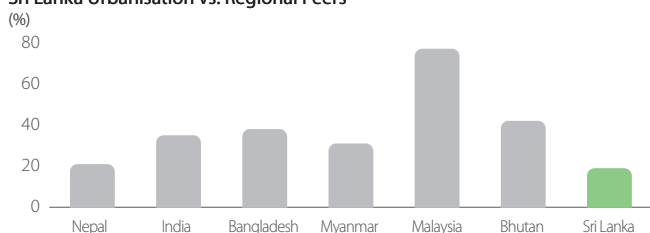
- Increased smartphone penetration in the country.
- Increased digital adoption within the country driven by smart mobile devices.

Modern Retail Penetration



Source: Central Bank of Sri Lanka, Nomura Research Institute.

Sri Lanka Urbanisation vs. Regional Peers



Source: World Bank indicators.

Our Business

Supermarket Business

- 131 modern trade outlets uniquely branded to cater to evolving consumer lifestyles.
- The state-of-the-art distribution centre (DC) centralising offerings across the dry, fresh, and chilled categories with a capacity for ~250 outlets.
- Private label consisting of ~290 SKUs.
- 'Nexus' - a loyalty programme with ~2.1 million active members.

Office Automation Business

- John Keells Office Automation (JKOA) is the authorised distributor for Samsung smartphones and leading global office automation brands.

Key Performance Indicators

Supermarkets %	2022/23	2021/22	2020/21
Same store sales growth	47.6	12.9	(8.6)
Same store footfall growth	28.3	4.5	(31.5)
Average basket value growth	15.1	8.0	33.4
EBITDA margin	7.5	7.8	7.6
PBT margin	1.1	1.3	0.8

The statistics on footfall and basket values are distorted in the short-term due to changes in shopping patterns.

The PBT of the Supermarket business was impacted by higher finance expenses due to the significant increase in interest rates and higher working capital to ensure continuity of supplies and minimising of disruptions. This has now stabilised with the business reverting to normalised levels of working capital, although interest rates remain elevated.

Office Automation %	2022/23	2021/22	2020/21
EBITDA margin	18.8	9.9	8.9
PBT margin	(8.2)*	(3.5)*	9.1

*Impacted by exchange losses due to the steep depreciation of the Rupee.

Insight into Quarterly Performance

%	Q1	Q2	Q3	Q4	Full Year
Same store sales growth	54.2	73.7	40.6	30.1	47.6
Same store footfall growth	52.2	76.9	11.1	0.1	28.3
Average basket value growth	1.4	(1.8)	26.5	30.0	15.1

The statistics on footfall and basket values are distorted in the short-term due to changes in shopping patterns.

- The Supermarket business recorded a growth in same store sales driven by a combination of higher customer footfall and basket values due to high inflation.
- The average basket value (ABV) is derived based on the weight of purchase (WOP) and the retail selling price (RSP). Given the inverse relationship between the WOP and inflation, the decline in the WOP on account of reduced purchase of non-essential items due to notable inflation had a negative effect on ABV while this was more than offset by the significant increases in RSP which resulted in a net positive impact on ABV.

Strategy and Outlook

Immediate to Short-Term

Supermarket Business

- Performance largely insulated, considering that essentials and regular groceries constitute a large portion of a consumer basket.
- The distribution centre is expected to contribute significantly to process and operational efficiencies.
- Private label range and direct imports will be increased to offer customers better choice and value for money.
- The business will carefully evaluate and monitor outlet expansions due to increased construction costs.

Office Automation Business

- The gradual recovery in macroeconomic conditions is expected to drive growth in volumes.

Medium to Long-Term

Supermarket Business

- Capitalise on the low penetration of modern trade in the country.
- Expansion of outlets in both urban and suburban areas through a mix of modular and standard stores.
- Leverage on data analytics for the development and implementation of use cases to enhance business performance and productivity.
- Differentiate the shopping experience through its 'fresh' promise, service excellence and quality within five activity pillars; product, price, place, people and the customer.

Office Automation Business

- Underlying demand for office automation solutions and smart mobile phones to be driven by increasing commercial activity and an improvement in business sentiment.
- Increased potential given the rapid urbanisation witnessed in recent years.



LEISURE

Industry Potential

- Proximity to India and increased flight connectivity.
- Infrastructure led growth driving MICE and corporate tourists.
- Sought after tourist destination in the region, with increased popularity and recognition – centred around its natural diversity and cultural heritage.

Key Highlights

- The Maldivian Resorts segment continued its strong performance with occupancies averaging over 90%, supported by arrivals from both traditional and new source markets.
- The Colombo Hotels and Sri Lankan Resorts segments recorded a gradual recovery, supported by return to normalcy on the back of continued political and social stability.



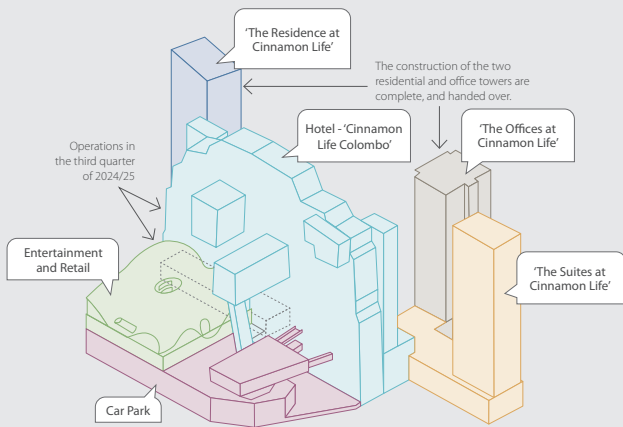
INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

Our Business

- 'Cinnamon', a well-established hospitality brand in Sri Lanka and the Maldives:
 - 3 Colombo Hotels
 - 8 Sri Lankan Resorts
 - 4 Maldivian Resorts
 - Rooms under management - 2,112 Sri Lanka and 454 Maldives
- Diverse product offering based on 'Inspired Living'.
- Combined room inventory of 2,566 rooms under management in both Sri Lanka and the Maldives.
- Land bank of 128 acres of freehold and 140 acres of leasehold land in key tourism locations.
- Leading inbound tour operator.

Cinnamon Life Integrated Resort



- Consists of an 800-guest room hotel, 'Cinnamon Life Colombo', 16 specialty restaurants, 3 ballrooms, 7 meeting rooms, exhibition hall and a conference, along with many other hotel amenities, retail, and entertainment spaces.
- Subsequent to the gazetting of the gaming regulations by the Government in August 2022, the Group is currently engaged in discussions with leading international gaming operators to secure the necessary international gaming expertise to operate at the 'Cinnamon Life Integrated Resort'.
- Similar to the experience with integrated resorts in other Asian countries, the 'Cinnamon Life Integrated Resort' has the potential to transform Colombo as a destination for leisure and entertainment and lead to significant foreign exchange earnings for the country.

Key Performance Indicators

		2022/23	2021/22	2020/21
Colombo Hotels*				
Occupancy	(%)	42	29	3
ARR	(USD)	64	70	64
EBITDA margin	(%)	7.0	1.5	(84.8)
Sri Lankan Resorts				
Occupancy	(%)	41	32	16
ARR	(USD)	65	78	62
EBITDA margin	(%)	1.2	(7.2)	(140.6)
Maldivian Resorts				
Occupancy	(%)	88	75	27
ARR	(USD)	360	333	349
EBITDA margin	(%)	32.5	34.8	(8.4)

*Both Occupancy and ARRs exclude 'Cinnamon Red Colombo' and 'Cinnamon Life Colombo'.

Margins in the Sri Lankan Leisure businesses were under pressure given the rising input and utility costs, as yields did not pick up commensurately since the benefit of foreign currency revenue was limited due to the gradual recovery of tourism.

Insight into Quarterly Performance

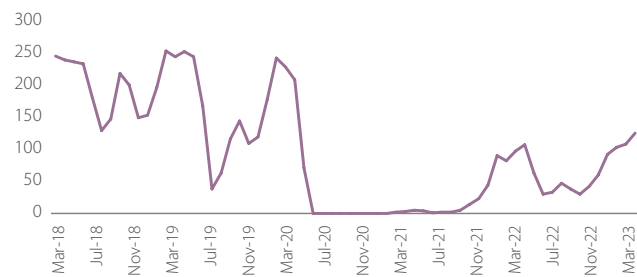
2022/23		Q1	Q2	Q3	Q4
Colombo Hotels*					
Occupancy	(%)	33	29	43	62
ARR*	(USD)	68	62	65	63
EBITDA margin	(%)	0	(4)	12	14
Sri Lankan Resorts					
Occupancy	(%)	33	31	38	62
ARR	(USD)	66	57	63	71
EBITDA margin	(%)	(16)	(25)	(11)	33
Maldivian Resorts					
Occupancy	(%)	86	86	91	89
ARR	(USD)	333	316	372	416
EBITDA margin	(%)	32	26	31	40

*Both Occupancy and ARRs exclude 'Cinnamon Red Colombo' and 'Cinnamon Life Colombo'.

- The Colombo Hotels recorded a strong performance in its restaurant and banqueting operations. Occupancies of the Colombo Hotels improved on the back of a gradual recovery in business travel.
- The first half of the year was subdued due to the fuel restrictions and social instability witnessed in the country. The Sri Lankan Resorts segment witnessed a rebound in occupancies during the second half of the year driven by domestic travel and improved tourist arrivals.

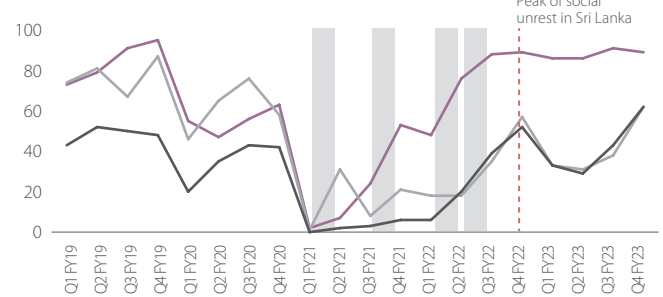
Tourist Arrivals to Sri Lanka

Arrivals ('000)



Leisure - Occupancies

(%)



— Colombo Hotels — Sri Lankan Resorts — Maldivian Resorts
 ■ Sri Lanka travel restrictions

Strategy and Outlook

Immediate to Short-Term

- The current recovery trend in arrivals is expected to continue, considering the opening of the Chinese borders and the increase in frequencies of flights.
- Given the proximity advantage and strong economic growth, India is expected to be a key source market.
- Comprehensive rate strategy to ensure profitable optimisation of returns; although margins maybe under pressure due to cost escalations.
- The significant increase in airfares has exerted pressure on the tourism industry.

Medium to Long-Term

- The prospects for tourism remain positive considering the diversity of the offering and the potential for regional tourism.
- 'Cinnamon Life Integrated Resort' to be a key catalyst for tourism given its unique offering in South Asia.
- Greater focus on asset-light investment models as a part of the strategy to enhance the 'Cinnamon' footprint.

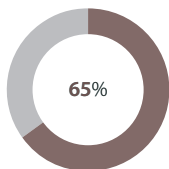


PROPERTY

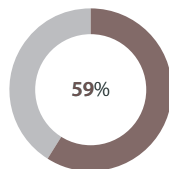
Industry Potential

- An urban population of 17%, far below regional peers.
- Emerging suburban multi-family housing market.
- Increasing demand for mid-tier housing units within the city.
- Port City Colombo project, positioning Sri Lanka as a regional financial and trade hub.
- Increased demand for commercial space.

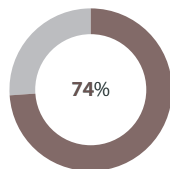
'The Residence at Cinnamon Life'



'The Suites at Cinnamon Life'



'TRI-ZEN'



● Units Sold ● Units Unsold

- The current high interest rate regime has resulted in a slowdown in sales, although 'TRI-ZEN's position as an affordable living solution with a Rupee pricing model, mitigates the risk of fluctuating exchange rates for buyers.
- The introduction of VAT of 15% on the sale of residential apartments and a SSCL of 2.5%, both of which are on revenue, further suppressed demand.

Our Business

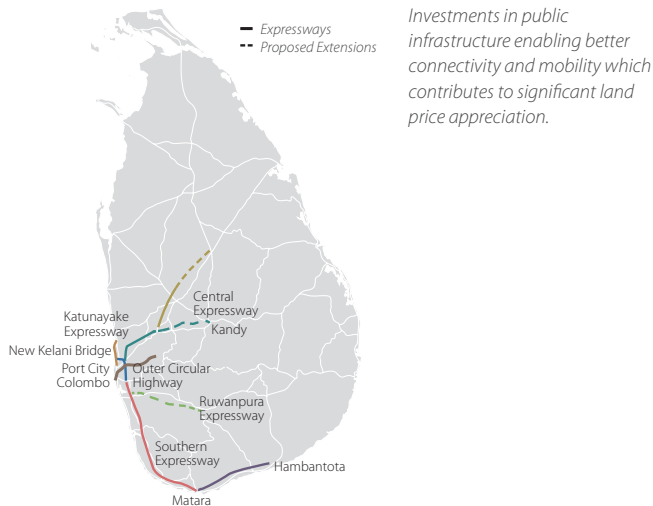
- Projects developed under the 'Luxe Spaces', 'Metropolitan Spaces', 'Suburban Spaces' and 'Leisure linked developments' verticals which cater to the luxury, mid-tier and suburban multi-family housing segments.
- The development and sale of two residential apartment towers; 'The Suites at Cinnamon Life' and 'The Residence at Cinnamon Life'.
- The development and sale/rental of units of the office tower, 'The Offices at Cinnamon Life'.
- Ongoing development of 'TRI-ZEN', a 'Metropolitan' development based on smart living in the heart of the city.
- Ownership and operation of the 'Crescat Boulevard' mall and 'K-Zone' malls in Moratuwa and Ja-Ela.
- Land bank:
 - Prime land bank of over 34 acres in central Colombo.
 - Developable freehold land of ~25 acres in close proximity to Colombo city.
 - Over 500-acres of scenic leased land with an 18-hole golf course with a developable land extent of ~80 acres.

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

Mall Occupancy (%)	2022/23	2021/22	2020/21
K-Zone Ja-Ela	82	82	82
K-Zone Moratuwa	99	99	90
Crescat Boulevard	73	61*	71

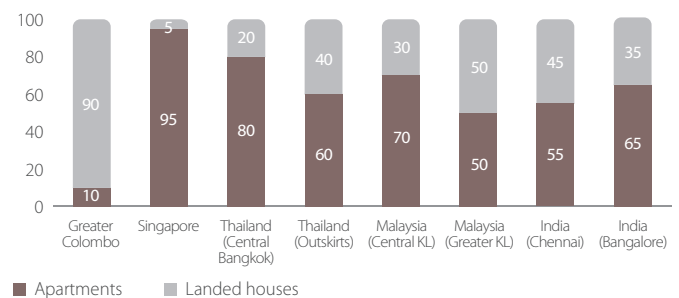
*Partial operations as 'Crescat Boulevard' was closed for refurbishments.



Cumulative Sales (SPAs)	2022/23	2021/22	2020/21
The Residence	151	152	140
The Suites	115	115	111
Commercial Complex	4	4	4
TRI-ZEN*	655	652	311

*The number of units sold at 'TRI-ZEN' as at FY23, FY22 and FY21 stood at 655, 659 and 342 units, respectively.

Apartment Penetration in Sri Lanka in Comparison to Regional Peers (%)



Source: Company analysis.

Strategy and Outlook

Immediate to Short-Term

- Considering the steep increases in prices last year, including the significant increase in the costs of construction, the pricing of any new development will be less competitive than projects currently in development. Residential apartment supply is likely to taper as the commencement of new projects is likely to slow down given the uncertain and volatile costs and market conditions.
- Challenges in labour mobilisation and brain drain may continue to impact construction activity.
- Exploration of investment opportunities in suburban areas of Colombo to enter the suburban market segment.

Medium to Long-Term

- Monetise the existing land bank available to the industry group, subject to market conditions, through systematic development strategies to roll-out a robust pipeline of developments via the land parcels available.
- Robust market for affordable, multi-family housing solutions in urban areas close to commercial hubs.
- Significant growth expected in the market for vertical and middle-income housing due to high land prices and construction costs of single-family houses.

FINANCIAL SERVICES

Industry Potential

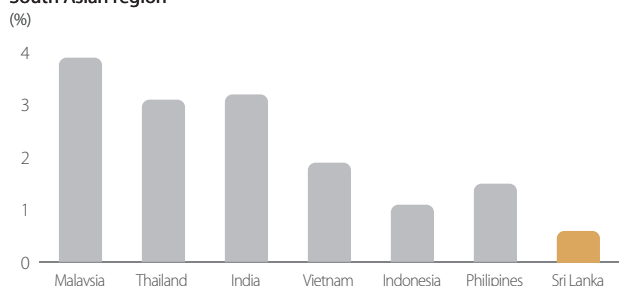
Life Insurance Industry

- Increased labour mobility is expected to increase the level of urbanisation in Sri Lanka, which is currently low compared to the rest of the world.
- Under-utilised bancassurance and digital distribution channels, despite high bank branch density.

Banking Industry

- Industry loans and advances growth of 19% in calendar year 2022.
- Advances in technology around customer experience, disintermediation, delivery channels, and process automations.

Life insurance premium as a percentage of GDP, in the South Asian region



Source: Swiss Re sigma No 4/2022.

Our Business

Life Insurance

- Operating footprint of 78 branches, excluding virtual locations.
- Agency force of over 3,177.
- Market share of ~12%.

Banking

- Branch network of 96 outlets, 83 ATMs and 85 CRMs.
- Strong online presence.
- Sri Lanka's first digital bank, 'FriMi'.
- Largest issuer of credit cards in Sri Lanka.

Insight – Impairment Provision at NTB

- An impairment provision of Rs.2.52 billion was made on its portfolio of Sri Lanka Government securities denominated in foreign currency for 2022/23.
- NTB has a relatively low exposure given that this investment portfolio accounts for ~2% of the Bank's total assets as of 31 March 2023.

Key Performance Indicators

		CY2022	CY2021	CY2020
Life Insurance				
Premium growth	(%)	8	18	13
Market share	(%)	12	12	13
Life fund	(Rs.billion)	54.9	48.9	41.9
Capital adequacy ratio	(%)	194	228	31
Banking				
Growth in loans and advances	(%)	(3)	18	(7)
Return on equity	(%)	17.1	17.9	12.1
Net interest margin	(%)	7.0	3.9	4.1
Stage 3 loan ratio	(%)	2.6	2.1	7.2 *
Capital adequacy ratio – total capital	(%)	16.3	17.5	18.3

*NPL ratio.

Strategy and Outlook

Immediate to Short-Term

Life Insurance

- Focus on maintaining persistency of existing policies and strengthening its position as the second-largest new business producer in the insurance industry.
- Strengthening partnerships with leading banks to consolidate its status as a leading bancassurance provider.
- Will continue to monitor the domestic debt restructuring (DDR) process and potential impact on financial services sector. The business is confident in its ability to navigate potential impacts based on reasonable stress-tested scenarios.

Banking

- Decline in interest rates expected with better clarity on DDR, leading to potential recovery in credit growth.
- Higher credit and market risk exposures remain due to elevated interest rates and the prevailing economic conditions.
- Continue to leverage on its digital platforms and channels, driven by increasing demand for digital infrastructure.

Medium to Long-Term

Life Insurance

- Domestic conditions expected to rebound in the medium-term with a revival of the economy and improved confidence and disposable income after the fiscal consolidation process.
- Lower insurance penetration in comparison to regional markets, rising incomes, and an ageing population expected to drive growth in the life insurance industry.
- Utilise data analytics to gain insights for market evaluation, product development, and growth strategies.

Banking

- NTB will continue to invest in its digital infrastructure and processes to improve customer service, offer innovative solutions, and enhance operational efficiency.

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS



OTHER, INCLUDING INFORMATION TECHNOLOGY AND PLANTATION SERVICES

Industry Potential

Information Technology

- Increased digital adoption within the country and growing digital literacy.
- Investment in futuristic technology infrastructure.
- Businesses and operations are increasingly adopting digital practices.
- Competitive labour force and high-quality services to drive the business process management (BPM) industry.

Plantation Services

- Sustained growth in global tea consumption with growing demand for value-added tea.
- Anticipated growth in demand from Middle Eastern countries.
- Increased focus on existing as well as new markets, whilst capitalising on the unique flavour, quality and brand presence of 'Ceylon Tea'.

Our Business

Information Technology

- Software solutions and consultation services based on Internet of Things (IOT), Robotic Process Automation (RPA) and other digital stack solutions.
- Brand presence in Middle East and North Africa (MENA) and Asia Pacific (APAC) regions as a leading digital solutions provider.
- Strategic partnerships with SAP and Microsoft.
- BPM service provider with the mandate of driving greater efficiencies for their clientele. Core focus areas of finance and accounting, payroll management and data digitisation.

Plantation Services

- Leading tea and rubber broker.
- Operates six of the seven factories owned. One factory is leased externally.
- Produces both 'crush, tear, curl' (CTC) and orthodox tea.
- Manufacturer of low grown teas.
- State-of-the-art warehousing facility for pre-auction produce.

Strategy and Outlook

Information Technology

Immediate to Short-Term

- Leverage on its strategic partnerships and capabilities to offer smart software solutions, especially in the areas of cloud computing, software as a service (SaaS) and automation.
- Explore potential opportunities for managed services, outsourcing and offshoring given the 'new' ways of working.
- A key challenge for the IT businesses is attrition and talent sourcing, which is exacerbated by the ongoing macroeconomic environment.

Medium to Long-Term

- Explore opportunities in cloud-based solutions and services across industries, with emphasis on cloud, SaaS, automation, advanced analytics, application modernisation, cyber resilience and platform/ecosystem thinking, among others.
- Focus on delivering innovative consultative solutions and services across the five value stacks of 'Strategy', 'Core', 'Cloud', 'Platforms' and 'Ecosystems'.
- The low penetration of BPM services in Sri Lanka and the increasing demand for outsourced services, particularly non-core functions, are seen as positive factors.

Plantation Services

Immediate to Short-Term

- The previous fertiliser shortages caused by the ban on agrochemical imports in April 2021 have largely subsided, supporting an anticipated improvement in tea production.
- Tea prices in USD terms are expected to remain resilient in the short-term, despite increased tea supply, supported by organic growth and health-conscious consumers.
- Demand for tea may be impacted by a global economic slowdown.

Medium to Long-Term

- Explore opportunities to capitalise on demand for low grown tea from the Middle East and Russia, and emerging tea drinking countries such as Germany and the United States.
- Adverse and unpredictable weather conditions caused by climate change pose a significant challenge for the business.
- The business will face increased regulations and controls on chemical usage in the tea plantation industry to meet maximum residue levels (MRLs) and ensure compliance.
- Optimise costs and improve factory utilisation.