

# JKH Investor Presentation

Review of Q1 2024/25

31 July 2024  
Version 2.0

# EBITDA: For the quarter ended 30 June

EBITDA* (Rs. Million)	Q1 2024/25	Q1 2023/24	Variance	Variance %
Transportation	1,555	2,419	(864)	(36)
Consumer Foods	1,493	720	773	107
Retail	2,246	1,987	259	13
Leisure	(794)	284	(1,078)	(380)
Property	(67)	187	(254)	(136)
Financial Services	1,920	1,693	227	13
Other, incl. IT and Plantation Services	1,344	1,579	(235)	(15)
<b>Group EBITDA</b>	<b>7,697</b>	<b>8,869</b>	<b>(1,172)</b>	<b>(13)</b>
Deferred tax credit at SAGT	-	(784)	784	-
Pre-opening costs at City of Dreams Sri Lanka	776	259	517	199
<b>Group excl. deferred tax credit at SAGT and pre-opening costs at City of Dreams Sri Lanka</b>	<b>8,473</b>	<b>8,344</b>	<b>129</b>	<b>2</b>

*\*EBITDA includes interest income and the share of results of equity accounted investees which is based on the share of profit after tax but excludes all impacts from foreign currency exchange gains and losses (other than for equity accounted associates), to demonstrate the underlying cash operational performance of businesses.*

# Quarterly EBITDA movement

EBITDA (Rs. Million)	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Transportation	1,635*	1,700	2,327	2,328	1,555
Consumer Foods	720	1,237	897	2,157	1,493
Retail	1,987	1,983	2,390	2,407	2,246
Leisure	284	1,065	2,560	5,249	(794)
Property	187	(435)	60	(634)	(67)
Financial Services	1,693	1,702	4,040	1,861	1,920
Other, incl. IT and Plantation Services	1,579	810	1,466	822	1,344
<b>Group EBITDA</b>	<b>8,084</b>	<b>8,061</b>	<b>13,740</b>	<b>14,189</b>	<b>7,697</b>
USD/LKR exchange rate (period average in Rs.)	310	322	323	313	301
USD/LKR closing exchange rate (Rs.)	308	324	324	300	306

\*EBITDA is excluding the deferred tax credit of Rs.784 million at SAGT.

# Quarterly movement of finance costs

Finance Costs (Rs. Million)	Q1 2024/25	Q4 2023/24	Q3 2023/24	Q2 2023/24	Q1 2023/24
Transportation	163	149	156	178	190
Consumer Foods	88	155	179	173	249
Retail	618	672	731	832	971
Leisure	1,947	(1,515)*	983	2,928	843
Property	25	29	34	27	31
Financial Services	-	-	0.1	-	-
Other, incl. IT and Plantation Services	2,482	2,944	3,133	2,677	3,061
<b>Group</b>	<b>5,323</b>	<b>2,435</b>	<b>5,216</b>	<b>6,815</b>	<b>5,345</b>
Exchange gain/(loss) on WPL loan translation	(1,252)	2,285**	(145)	(2,139)	-
<b>Group excl. exchange gain/(loss) on WPL loan translation</b>	<b>4,071</b>	<b>4,719</b>	<b>5,071</b>	<b>4,676</b>	<b>5,345</b>
Average weekly AWPLR (% for the period)	9.8	11.6	13.2	16.4	20.9

\*Due to reversal of prior FX losses recognised on the WPL loan, as detailed below.

\*\*Total foreign exchange (FX) translation impact amounted to Rs.5.29 billion during Q4 2023/24. Of this gain, Rs.2.29 billion is captured as a FX loss reversal under finance costs since the Group recognised translation losses on the loan in the second and third quarters of 2023/24. The residual amount is captured under finance income.

# PBT: For the quarter ended 30 June

PBT (Rs. Million)	Q1 2024/25	Q1 2023/24	Variance	Variance (%)
Transportation	1,330	2,032	(702)	(35)
Consumer Foods	1,076	152	924	609
Retail	831	413	418	101
Leisure	(4,045)	(1,655)	(2,390)	(144)
Property	(77)	330	(407)	(123)
Financial Services	1,893	1,692	201	12
Other, incl. IT and Plantation Services	(1,212)	(1,567)	355	23
<b>Group PBT</b>	<b>(204)</b>	<b>1,397</b>	<b>(1,601)</b>	<b>(115)</b>
Deferred tax credit at SAGT	-	(784)	784	-
Forex loss on WPL loan translation	1,252	-	1,252	-
Net Exchange (gains)/losses at Hold. Co.	(105)	359	(464)	-
Net Exchange (gains)/losses excl. Hold. Co. and WPL loan translation	(217)	(515)	298	-
<b>Group excl. deferred tax credit at SAGT and exchange (gains)/losses</b>	<b>726</b>	<b>457</b>	<b>269</b>	<b>59</b>

# Key financial indicators: For the quarter ended 30 June

(Rs. Million)	Q1 2024/25	Q4 2023/24	Q3 2023/24
Group debt* excl. leases and incl. convertible debenture	233,026	214,101	238,797
Group debt excl. leases and convertible debenture	222,417	203,899	218,063
Cash and cash equivalents	89,567	86,828	93,775
Net debt excl. leases and convertible debenture	132,850	117,071	124,288
Net debt excl. leases and convertible debenture/Equity (%)	35.2	31.0	34.6
Net debt excl. leases and convertible debenture/ recurring EBITDA (times)	-	2.7	-
EBITDA	7,697	14,189	13,740

*\*Group debt includes the convertible debentures issued in August 2022. The liability component amounting to Rs. 10.61 billion is recognised under current financial liabilities from Q1 2024/25. In the event the debenture is not converted during the conversion window, an obligation for Rs. 12.76 billion will materialise in August 2025.*

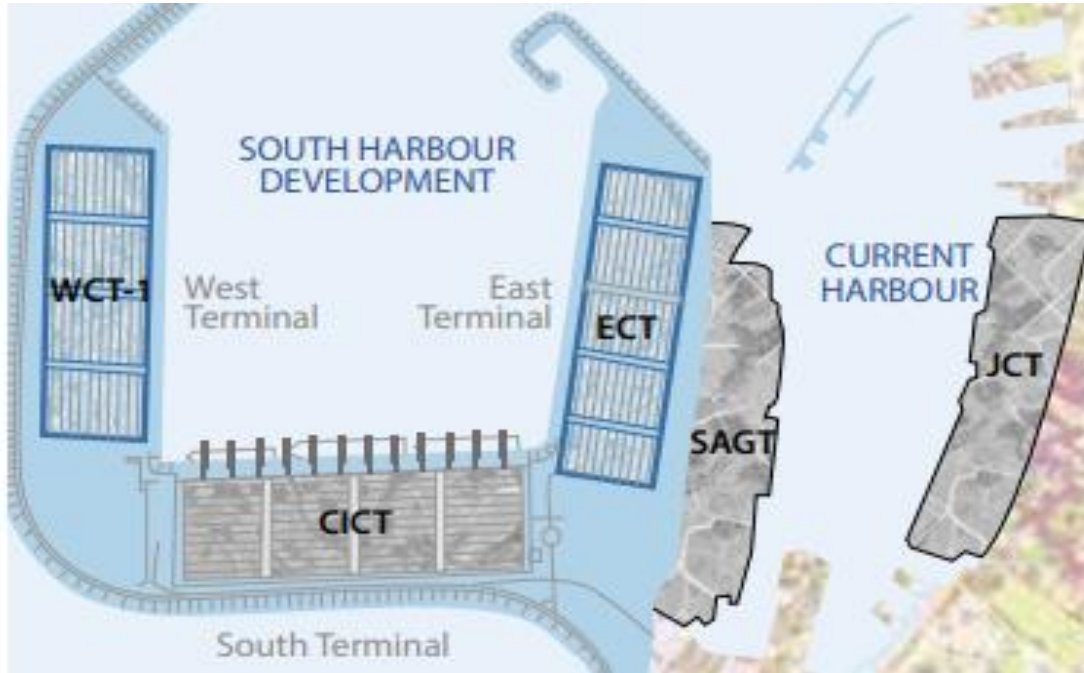
# Overview of ESG initiatives

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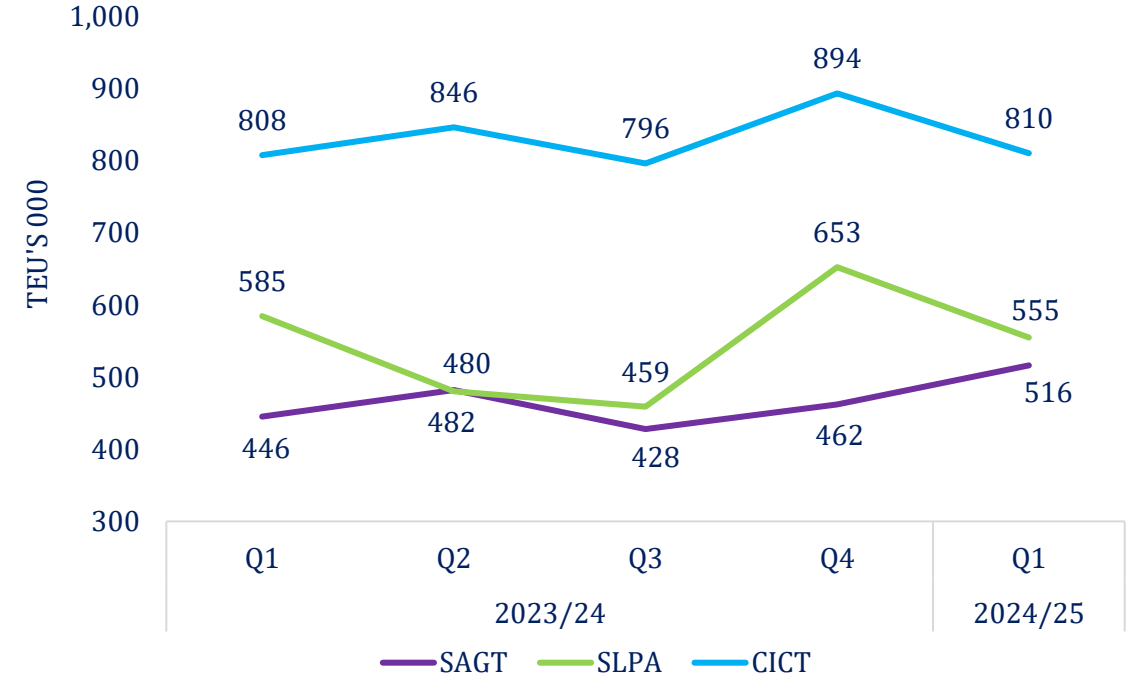
- The Group's carbon footprint per million rupees of revenue decreased by 3% to 0.41 MT.
  - In absolute terms, the Group's carbon footprint increased by 12% to 30,378 MT, primarily due to the increased operational activity in the Supermarket business and Consumer Foods industry group.
- The Group's water withdrawal per million rupees of revenue decreased by 15% to 7.46 cubic meters.
  - In absolute terms, the water withdrawal decreased by 6% to 524,632 cubic meters despite the higher operational activity in key consuming business units such as Leisure and Consumer Foods driven by efficiency gains through the various initiatives undertaken by these businesses.
- In light of national priorities, global best practices and alignment to the Group's Economic, Social and Governance (ESG) strategy, John Keells Foundation (JKF) reclassified and consolidated its focus areas under the pillars of:
  - Education
  - Community and Livelihoods
  - Social Health and Cohesion
  - Environment
- JKH was recognised as Sri Lanka's 'Most Loved Corporate Brand' by LMD magazine in May 2024.

# Transportation: Port of Colombo

## Port of Colombo



## Port of Colombo Volumes



\*SLPA includes volumes of JCT and ECT terminals



# WCT-1: Construction progress



- The construction work on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well.
- The first batch of quay and yard cranes is expected to arrive in August 2024, following which the commissioning and automation is expected to be completed by Q3 2024/25.
- The first phase of the terminal is slated to be operational in Q4 2024/25.
- The quay length in Phase 1 facilitates the servicing of two large vessels concurrently, which will enable a higher throughput once Phase 1 is operational.
- The remainder of the terminal is expected to be completed in mid-2026.

# Transportation: Q1 2024/25

## Port Business (South Asia Gateway Terminal)

Volumes (TEUs)	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
SAGT	445,515	482,255	427,922	462,379	516,373
Domestic: Transshipment volume mix	10:90	10:90	11:89	10:90	10:90

## Bunkering Business (Lanka Marine Services)

LMS (%)	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
YoY volume growth	(19)	(25)	2	52	13

## Q1 Earnings Update:

(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	1,555	2,419

*EBITDA excluding the deferred tax credit at SAGT amounts to Rs.1.63 billion in Q1 2023/24.*

- Profitability at SAGT recorded an increase driven by double-digit growth in throughput, on account of both domestic and transshipment volumes.
- Lanka Marine Services (LMS) recorded a double-digit volume growth during the quarter although profitability was impacted due to a contraction in margins on account of volatile global fuel oil prices and intensified competition from local and regional players.

# Consumer Foods: Q1 2024/25

Key performance indicators (%)	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Volume growth:					
Frozen Confectionery	(10)	(2)	(2)	24	27
Beverages (CSD)	(3)	5	0	42	8
Convenience Foods	(35)	(18)	(1)	42	31
EBITDA (Rs. Million)	720	1,237	897	2,157	1,493
EBITDA margin	9	15	13	22	16
Revenue mix (CSD:FC)	44:56	41:59	40:60	44:56	44:56

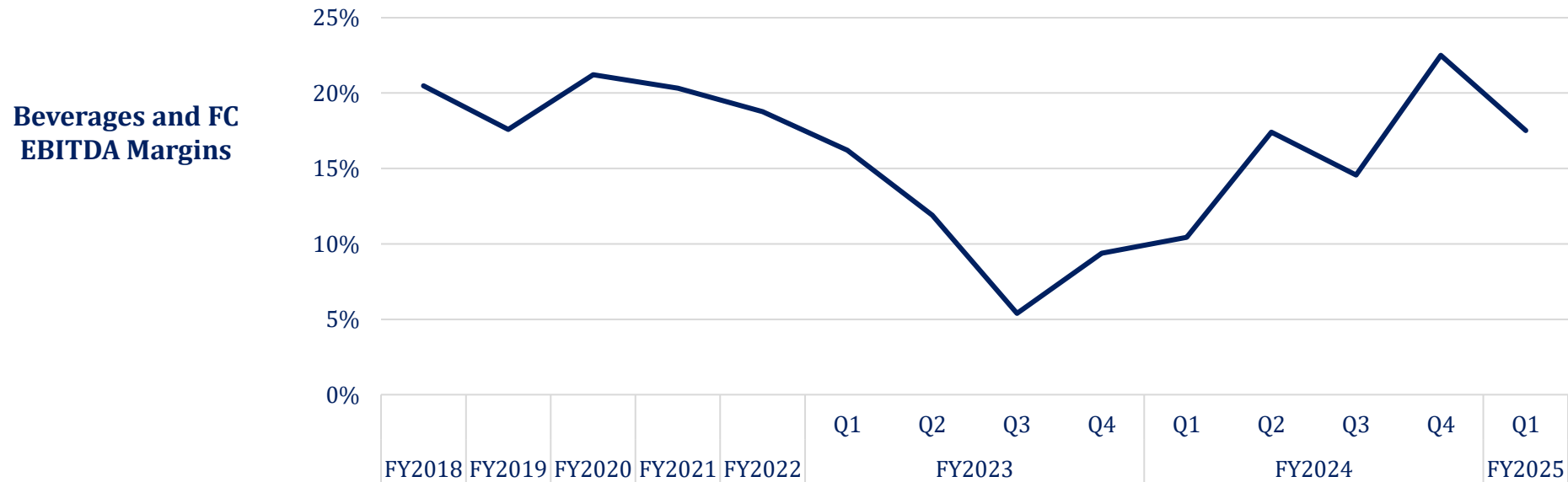
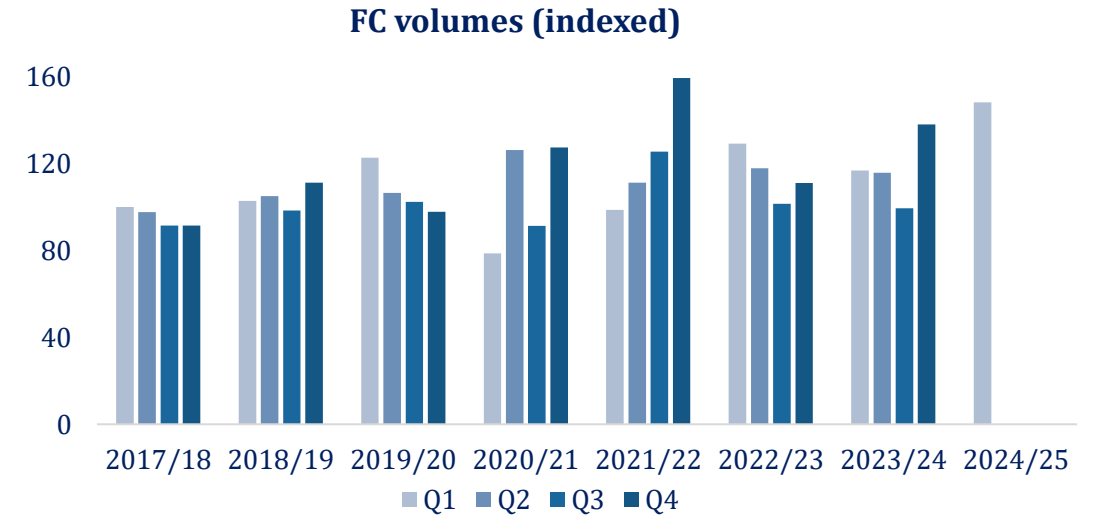
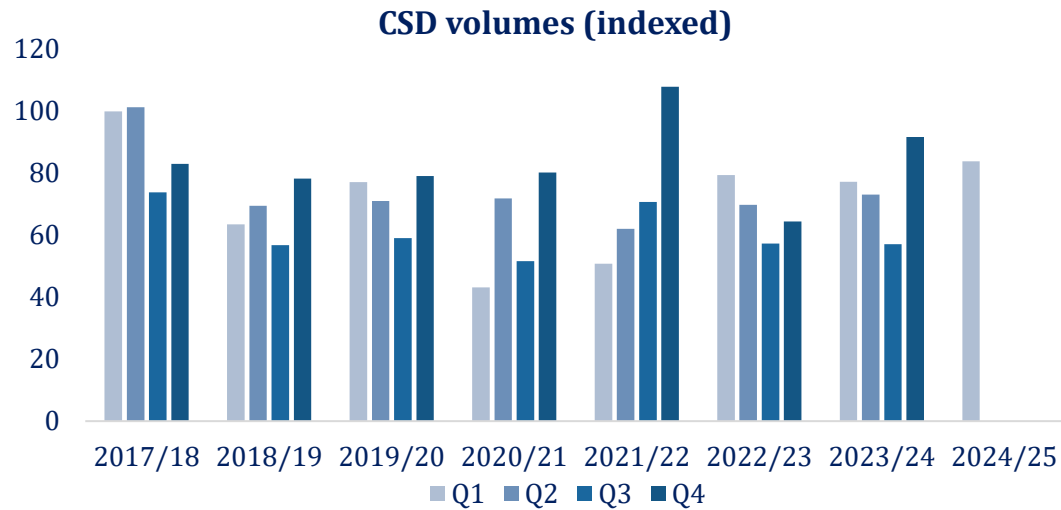
Key performance indicators (%)	FY2020	FY2021	FY2022	FY2023	FY2024
Recurring EBITDA margin	20	20	17	10	15

## Q1 Earnings Update:

(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	1,493	720

- The Beverages and Frozen Confectionery (FC) businesses recorded a volume growth of 8% and 27%, respectively, particularly from seasonal sales in April 2024.
- Both Beverages and FC recorded a sustained improvement in margins on account of declining raw material prices and the increased operating leverage, due to higher volumes, enabling absorption of fixed costs.
- The Convenience Foods business recorded an increase in profitability driven by an increase in volumes during the quarter on the back of downward price revisions undertaken on select products in previous quarters.

# Beverages and FC: EBITDA margin analysis



# Retail: Q1 2024/25

## Supermarket business:

Key performance indicators (%)	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
Same store sales growth	17.6	10.4	10.7	10.7	12.0
Same store footfall growth	8.8	10.6	15.7	14.4	11.9
Average basket value growth	8.1	(0.2)	(4.3)	(3.2)	0.1
Revenue (Rs. Million)	27,614	27,248	28,756	27,358	30,029
EBITDA (Rs. Million)	1,740	1,750	1,997	2,158*	2,026
EBITDA margin	6.3	6.4	6.9	7.9*	6.7

\*Includes promotional income and rebates from suppliers, which is typically seen in the fourth quarter.

The total outlet footprint as at 30 June 2024 remained at 134 outlets.

The flagship showroom of the BYD New Energy Vehicle business is nearing completion and is scheduled to open in August 2024.

## Q1 Earnings Update:

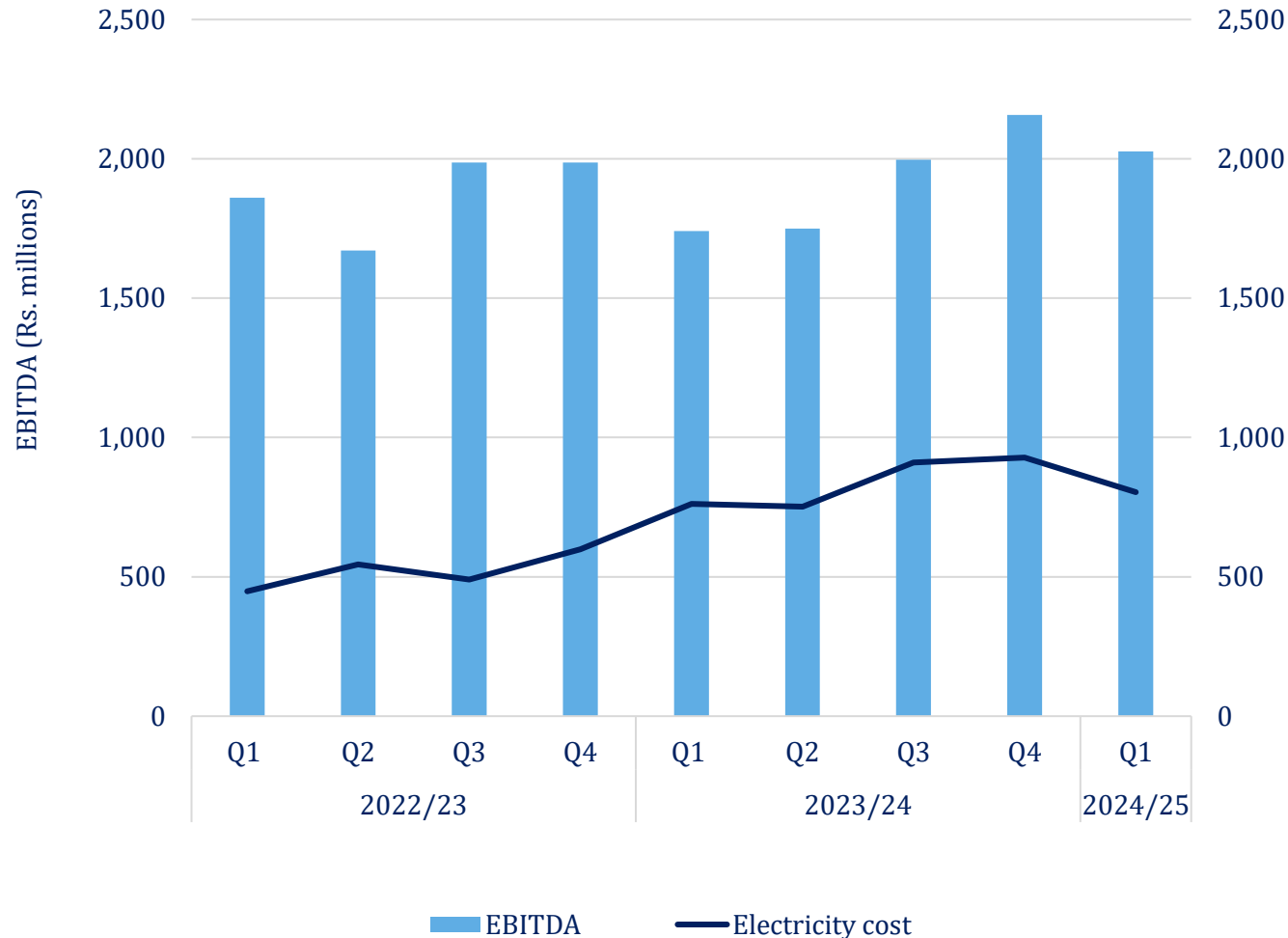
(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	2,246	1,987

- The Supermarket business recorded a strong performance during the quarter, with same store sales recording an encouraging growth of 12% driven by customer footfall growth of 12%.
- During the quarter under review, the Office Automation business witnessed an improvement in both mobile phones and office automation sales volumes.

# Supermarket business EBITDA margins and electricity cost impact



**EBITDA and electricity cost**



		Recurring EBITDA margin (%)	Electricity cost (as a % of revenue)
2022/23	Q1	7.6	1.8
	Q2	6.9	2.2
	Q3	7.7	1.9
	Q4	7.7	2.4
2023/24	Q1	6.3	2.8
	Q2	6.4	2.8
	Q3	6.9	3.2
	Q4	7.9	3.4
2024/25	Q1	6.7	2.7



# Retail: Q1 2024/25: vs Q1 2023/24

Same Store  
Sales  
12.0%

## Q1 2023/24:

- Inflationary pressure, effective promotional campaigns and investments on conversion to extended format outlets contributed to same store sales growth.

## Q1 2024/25:

- The conversion of standard format outlets to an extended format, along with promotional campaigns, contributed to same store sales growth.

Same Store  
Footfall  
11.9%

## Q1 2023/24:

- The customer count experienced an increase along with the normalisation of the domestic macroeconomic conditions.
- Continued to attract new customers as well as improved footfall from existing customers.

## Q1 2024/25:

- Customer count increased driven by initiatives to attract new customers as well as improved footfall from existing customers.
- Continued demand towards Modern Trade in comparison to General Trade.

ABV  
0.1%

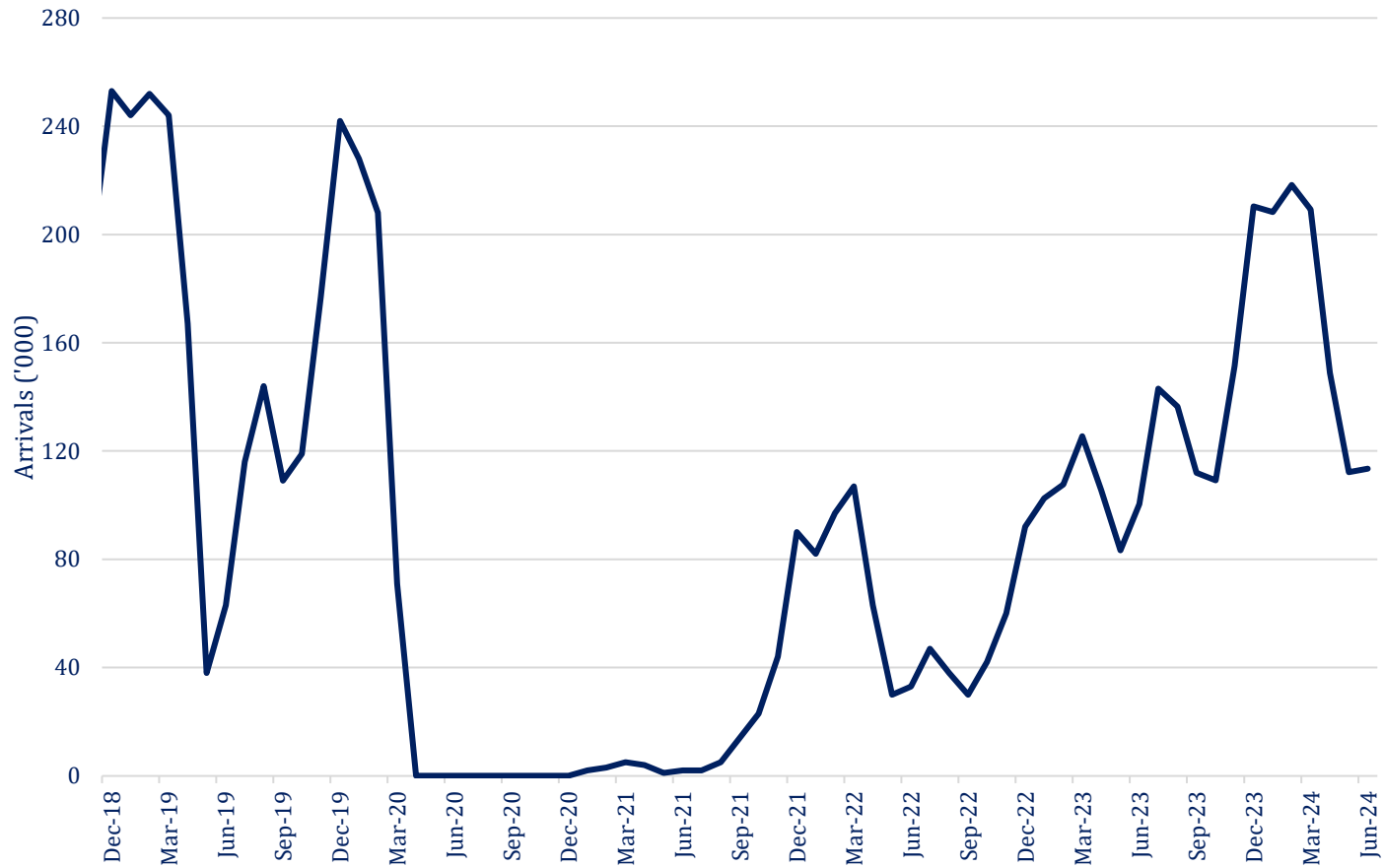
## Q1 2023/24:

- June 2023 NCPI (YoY): 10.8%.
- The YoY increase in inflation resulted in an overall rise in the RSP.
- The consumption of non-essential items witnessed a decline, leading to a drop in the WOP.

## Q1 2024/25:

- June 2024 NCPI (YoY): 2.4 %.
- The recovery in the consumption of non-essential items lead to an increase of the WOP.
- Improving consumer sentiment led to an improvement in ABV compared to Q4 2023/24.

# Tourist arrivals to Sri Lanka: recovery trend post-pandemic



Source: Sri Lanka Tourism Development Authority

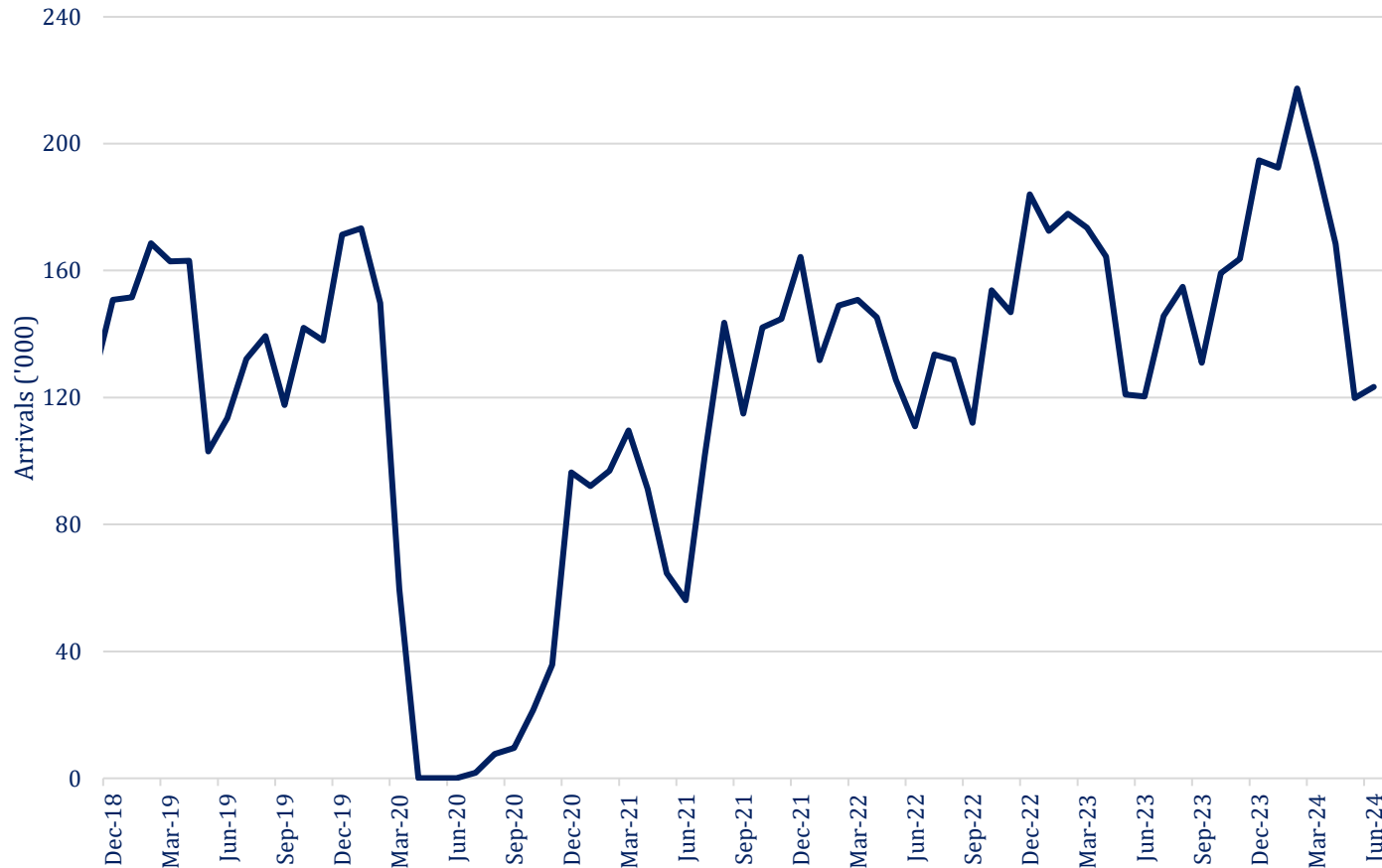
Sri Lanka - Monthly Tourist Arrivals			
Month	2018	2023	2024
Jan	238,924	102,545	208,253
Feb	235,618	107,639	218,350
Mar	233,382	125,495	209,181
Apr	180,429	105,498	148,867
May	129,466	83,309	112,128
Jun	146,828	100,388	113,470
Jul	217,829	143,039	152,177*
Aug	200,359	136,405	
Sep	149,087	111,938	
Oct	153,123	109,199	
Nov	195,582	151,496	
Dec	253,169	210,352	
<b>Total</b>	<b>2,333,796</b>	<b>1,487,303</b>	<b>1,162,426</b>

\*As of 25 July 2024

Arrivals for the period 2019-2022 were disrupted due to:  
 2019: Easter Sunday terror attacks  
 2020 and 2021: COVID-19 pandemic  
 2022: domestic financial crisis



# Tourist arrivals to the Maldives: recovery trend post-pandemic



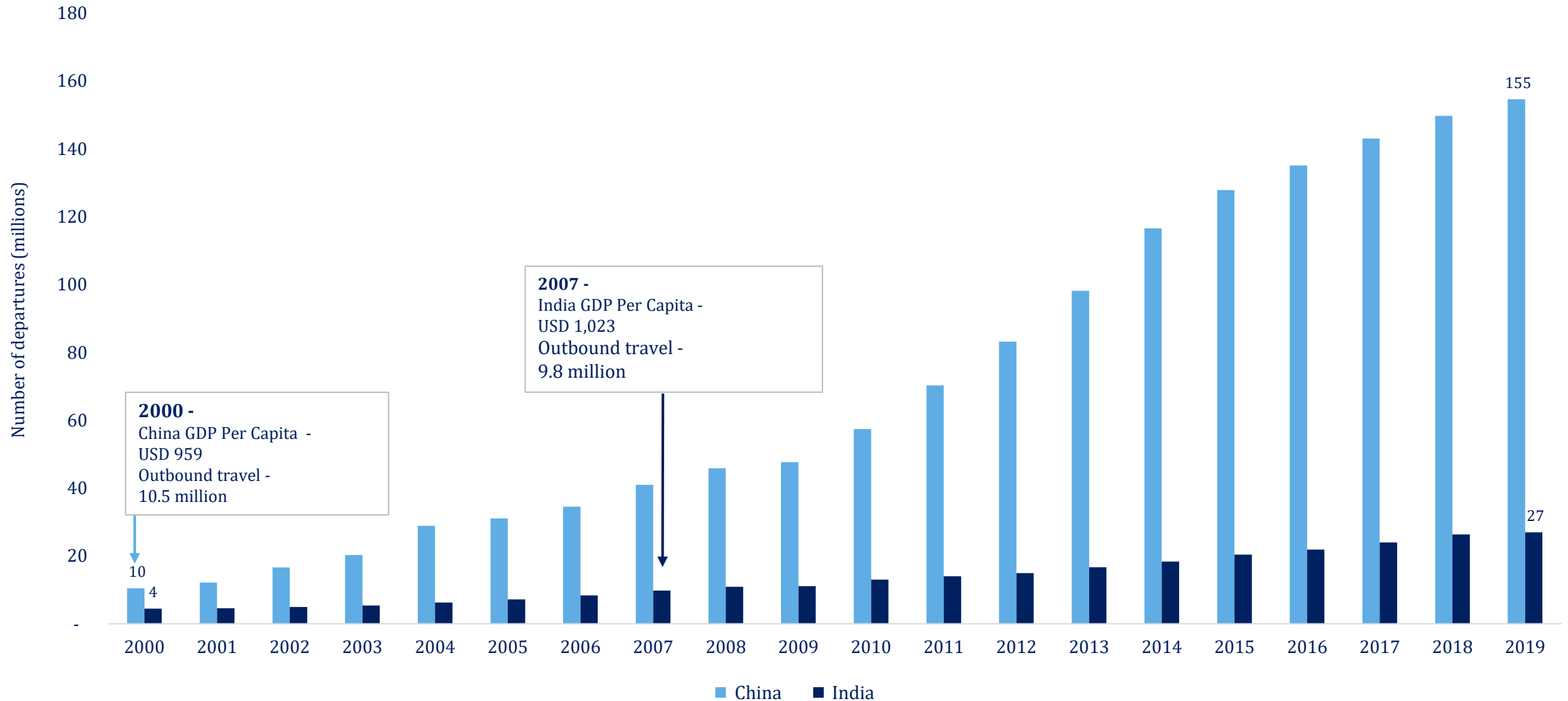
Source: Ministry of Tourism Maldives

The Maldives - Monthly Tourist Arrivals			
Month	2019	2023	2024
Jan	151,552	172,499	192,385
Feb	168,583	177,915	217,392
Mar	162,843	173,514	194,227
Apr	163,114	164,357	168,366
May	103,022	120,959	119,875
Jun	113,475	120,363	123,284
Jul	132,144	145,620	150,404*
Aug	139,338	154,854	
Sep	117,619	130,967	
Oct	141,928	159,141	
Nov	137,921	163,658	
Dec	171,292	194,969	
<b>Total</b>	<b>1,702,887</b>	<b>1,878,543</b>	<b>1,165,933</b>

\*As of 28 July 2024

Arrivals were disrupted in 2020 and 2021 due to the Covid-19 pandemic

# Comparison of outbound travel – China and India



Source: World Bank

# Leisure: Q1 2024/25

Key indicators	2023/24				2024/25
	Q1	Q2	Q3	Q4	Q1
<b>Colombo Hotels*</b>					
Occupancy (%)	49	67	57	67	40
ARR (USD)	70	69	88	84	98
EBITDA Margin (%)	(3)	13	16	18	(2)
<b>Sri Lankan Resorts</b>					
Occupancy (%)	55	71	66	81	49
ARR (USD)	59	62	80	106	81
EBITDA Margin (%)	(18)	4	15	35	(5)
<b>Maldivian Resorts</b>					
Occupancy (%)	82	82	88	90	71
ARR (USD)**	235	212	282	362	235
EBITDA Margin (%)	23	17	31	44	10

\*Occupancies and ARRs exclude 'Cinnamon Red Colombo'.

\*\*ARRs net of Green tax and allocation (F&B charge).

## Q1 Earnings Update:

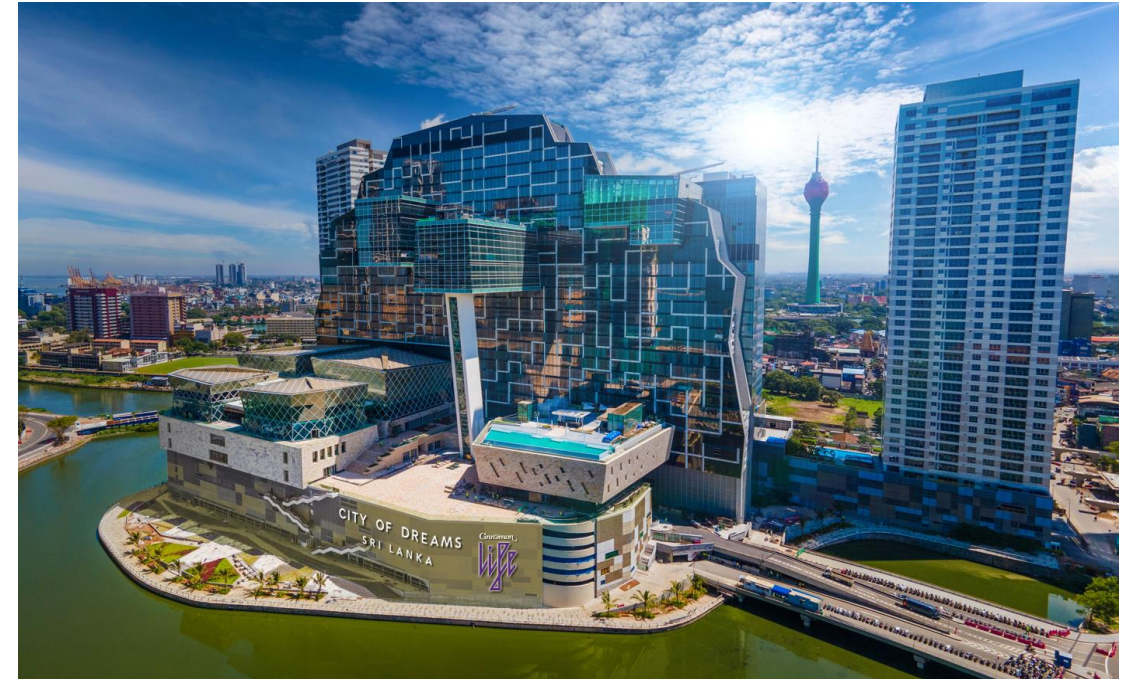
(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	(794)	284

*EBITDA excluding 'City of Dreams Sri Lanka' is negative Rs.18 million for Q1 2024/25 and Rs.543 million for Q1 2023/24.*

- The Sri Lankan Resorts segment profitability recorded an improvement due to an increase in room rates.
- The Colombo Hotels segment, although impacted for two months by the imposition of Minimum Room Rates (MRR), performed overall on par with the previous year.
- The Maldivian Resorts recorded a decline in performance on account of occupancies which were lower in comparison to Q1 2023/24, given a change in the mix of overall arrivals to the Maldives.

# City of Dreams Sri Lanka

- The finishing works at the 'City of Dreams Sri Lanka' integrated resort is progressing well, with the 687-key 'Cinnamon Life' hotel, restaurants and banquet facilities being in the final stages of fit-out with operations due to commence in October 2024.
- The remainder of the project comprising of the 113-key 'Nuwa' hotel, gaming operations and retail mall, will be operational, in a phased manner, with overall completion of these elements scheduled for mid-CY2025.
- Further to the announcement to the CSE on 30<sup>th</sup> April 2024, Melco Resorts & Entertainment Limited ('Melco') will be the operator of the gaming facility.
- Melco will invest ~USD 125 million in the fit-out and equipping of the gaming space, as the 100% shareholder of the gaming space.
- A wholly-owned locally incorporated subsidiary of Melco has been awarded a license from the Government of Sri Lanka for a period of 20 years, under the stipulated criteria.



Subsequent to the 20-year lease agreement for the demarcated gaming space at the 'City of Dreams Sri Lanka' being executed between WPL and the locally incorporated subsidiary of Melco, Melco has already mobilised the teams to commence the fit-out work of the gaming space. Operations are expected to commence in mid-CY2025.

# Property: Q1 2024/25

## Cumulative sales update as at 30 June 2024:

	Number of units sold	Number of remaining units
<b>Cinnamon Life:</b>		
The Residence at Cinnamon Life	147	84
The Suites at Cinnamon Life	110	86
<b>Total</b>	<b>257</b>	<b>170</b>
<b>TRI-ZEN</b>	<b>710</b>	<b>181</b>
<b>VIMAN*</b>		
Phase 1	95	19
Phase 2	15	61

\*Number of total units in Phase 1 and 2 of the development are 114 and 76 respectively.

## Q1 Earnings Update:

(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	(67)	187
<ul style="list-style-type: none"> <li>Profitability declined due to the revenue recognition cycle of the ‘TRI-ZEN’ development project and finance expenses on account of temporary working capital requirements for the project.</li> <li>The EBITDA includes rental income from ten floors of ‘The Offices at Cinnamon Life’.</li> </ul>		

# Financial Services: Q1 2024/25

## Union Assurance PLC:

Key performance indicators (%)	Q4 2022/23 (Jan-Mar 2023)	Q1 2023/24 (Apr-Jun 2023)	Q2 2023/24 (Jul-Sep 2023)	Q3 2023/24 (Oct-Dec 2023)	Q4 2023/24 (Jan-Mar 2024)
GWP growth	5	21	15	12	17
Net profit (Rs. Million)	445	469	435	2,410	484
Net profit growth	105	79	46	22	9
UA Surplus (Rs. Million)	500*	-	-	2,800	-

*\*Recognition of surplus at JKH PLC.*

## Nations Trust Bank PLC:

Key performance indicators (%)	Q4 2022/23 (Jan-Mar 2023)	Q1 2023/24 (Apr-Jun 2023)	Q2 2023/24 (Jul-Sep 2023)	Q3 2023/24 (Oct-Dec 2023)	Q4 2023/24 (Jan-Mar 2024)
Net profit (Rs. Million)*	2,699	3,230	3,230	1,948	3,698
Net profit growth	79	208	29	4	37
Loan growth	(11)	(14)	1	9	18
Net interest margin	8.0	7.6	6.7	6.6	6.8
Stage 3 loan ratio (net)	3.4	3.4	3.3	2.3	2.1

*\*Share of profits from the associate of 32.6%.*

## Q1 Earnings Update:

(Rs. mn)	Q1 2024/25	Q1 2023/24
EBITDA	1,920	1,693

- NTB recorded a strong growth in profitability aided by loan growth, lower impairments and increased trading and fee income.
- UA recorded encouraging double-digit growth in gross written premiums, driven by renewal premiums and regular new business premiums, although profitability was impacted by a decline in interest income compared with the previous year.

# Rights Issue followed by a Sub-division of Ordinary Shares

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- As announced to the CSE, on 30<sup>th</sup> July 2024, the Board recommended to the Shareholders a Rights Issue of Ordinary Shares, followed by a Sub-division of Ordinary Shares.
- The Rights Issue will be in the proportion of One (1) new Ordinary Share for every Ten (10) Ordinary Shares in issue, at a consideration of Rs.160/- per share. The Company intends to raise ~Rs.24 billion through the Rights Issue.
- The proceeds of the Rights Issue will be used to support the project funding requirement at WPL, a subsidiary of the Company. WPL is the developer of the 'City of Dreams Sri Lanka' integrated resort.
- Upon the listing of shares pursuant to the Rights Issue, the Sub-division of Shares would take place in the proportion of One (1) Ordinary Share to Ten (10) Ordinary Shares.
- The Rights Issue is subject to the CSE approving in-principle the issue and listing of shares. Both the Rights Issue and the Sub-division of Shares are subject to Shareholder approval at an Extraordinary General Meeting.



# THANK YOU

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