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

Recurring EBITDA Analysis - Fourth Quarter

Rs.million	Q4 2023/24	Q4 2022/23	Variance	%
Transportation	2,328	1,537	791	51
Consumer Foods	2,140	540	1,600	297
Retail	2,402	2,176	226	10
Leisure	5,150	3,831	1,319	34
Property	(634)	466	(1,100)	(236)
Financial Services	1,861	1,899	(38)	(2)
Other*	725	1,198	(473)	(40)
Group	13,971	11,647	2,324	20

**Other, including Information Technology and Plantation Services.*

- During the fourth quarter, the Group reported a strong performance across most businesses, with Consumer Foods, Transportation and Leisure, in particular, recording significant growth. The performance seen in most of the businesses is a reflection of the improving macroeconomic conditions in the country and is a continuation of the growth momentum witnessed in the third quarter of 2023/24.

- Recurring Group EBITDA in the fourth quarter of 2023/24 recorded a growth of 20% to Rs.13.97 billion [Q4 2022/23: Rs.11.65 billion]. This growth is despite a higher surplus recognition at UA in the fourth quarter of the previous year due to a timing difference, and the appreciation of the Sri Lankan Rupee by ~12%. The average exchange rate was Rs.355 in the fourth quarter of 2022/23 compared to Rs.313 in the fourth quarter 2023/24, which had a negative translation impact on businesses with foreign currency denominated revenue streams. Further, the Group recognised of an asset write-off amounting to Rs.639 million in the Property industry group, as explained below.

- The strong growth in the Transportation industry group was driven by the Bunkering business, Lanka Marine Services, on account of a significant growth in volumes over 50% due to the Red Sea crisis which resulted in an increase in vessel traffic to the coastal waters of Sri Lanka. The Group's Port and Shipping business, South Asia Gateway Terminals (SAGT), recorded an increase in throughput of 13%. which drove growth in profitability.

- Both the Frozen Confectionery and Beverages businesses recorded strong growth in profitability, driven by improved margins and significant volume increases of 24% and 42%, respectively. It should be noted that volumes in the fourth quarter of the previous year were lower given the reduction in consumer discretionary spend. The volume growth is encouraging, particularly in Beverages, where selling prices of certain SKUs were increased to cover the higher sugar tax and VAT rate increase. Favourable weather conditions, where the country encountered higher than usual temperatures, also supported the growth in volumes.

- Profitability of the Supermarket business was driven by growth in same store sales of 11%, driven by a growth in footfall of 14%. EBITDA recorded growth despite the cost escalations compared to the previous quarter, primarily due to the significant increase in electricity tariffs. The business is expected to see an improvement in energy costs in 2024/25 due to the downward revision of electricity tariffs in March 2024.

- Profitability of the Leisure industry group was driven by a strong recovery in the Sri Lankan Leisure businesses, on the back of a sustained recovery in tourist arrivals to the country, which resulted in higher occupancy and a significant improvement in ARRs across the portfolio. The Maldivian Resorts and Destination Management businesses also saw encouraging growth in EBITDA. The costs pertaining to the ramp up associated with the 'Cinnamon Life' hotel at 'City of Dreams Sri Lanka' increased on account of the impending opening of the hotel in Q3 2024/25.

- The Property industry group EBITDA includes an asset write-off amounting to Rs.639 million relating to the closure of the 'K-Zone' mall in Ja-Ela for the development of the 'VIMAN' residential project, resulting in the existing assets becoming redundant. Given the demand for suburban living spaces, the Group is of the view that the project is an optimum monetisation of such land through development and sales. Excluding the asset write-off, the Property industry group EBITDA was Rs.5 million.

- NTB recorded a significant growth in profitability driven by robust loan growth. UA recorded a higher surplus and shareholder profit although this did not reflect in the quarterly performance due to a timing difference of the recognition of the surplus in the previous year which impacted the base.

Group debt (excluding both lease liabilities and the convertible debenture liability)

Rs.**203.90** billion ▼

2022/23: Rs.211.37 billion 4%

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

Rs.**117.07** billion ▲

2022/23: Rs.111.03 billion 5%

Financial Highlights

Group (Rs.million)	2023/24	2022/23	2021/22
Revenue – consolidated	317,109	311,478	244,295
Recurring profit before interest and tax (EBIT)	32,888	34,944	31,149
Recurring profit before interest, tax, depreciation and amortisation (EBITDA)	43,796	45,740	39,259
Recurring profit before tax (PBT)	16,593	23,771	24,432
Recurring profit after tax (PAT)	11,115	20,739	20,760
Net debt*	117,071	111,029	77,611

**Excludes both lease liabilities and the convertible debenture liability.*

Annual Recurring PBT

Rs.million	2023/24	2022/23	2021/22	2020/21
Transportation	6,401	10,903	5,712	3,269
Consumer Foods	2,957	1,052	2,319	2,304
Retail	2,933	504	3,056	1,608
Leisure	3,313	(386)	(1,512)	(8,546)
Property	(857)	(2,186)	7,650	(109)
Financial Services	9,293	6,400	4,995	3,360
Other, incl. Information Technology and Plantation Services	(7,446)	7,483	2,213	1,612
Group	16,593	23,771	24,432	3,498

Refer Financial and Manufactured Capital Review - page 56

Insights - Capital Expenditure

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 to 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 investments to enhance capacity and capability in the Frozen Confectionery and Insurance businesses have been undertaken. The Group's integrated resort 'City of Dreams Sri Lanka', which has been under construction for the past 10 years and comprises of a significant allocation of capital employed, is near complete and slated to commence operations in the third quarter of 2024/25.

The key investments the Group will focus on in the near-term:

- Balance investment towards the completion of 'City of Dreams Sri Lanka'
- Investment towards the West Container Terminal (WCT-1) of the Port of Colombo
- Roll-out of the Supermarket outlets
- Completion of the 215-key hotel in Kandy, which follows an asset-light investment model, where the Group will hold a 40% minority equity stake.

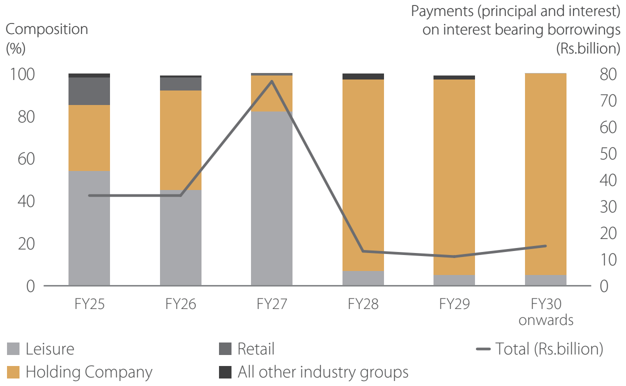
Annual Recurring EBITDA

Rs.million	2023/24	2022/23	2021/22	2020/21
Transportation	7,570	11,963	6,141	3,610
Consumer Foods	4,993	3,184	3,485	3,318
Retail	8,762	8,779	7,549	5,523
Leisure	9,059	8,604	3,785	(3,588)
Property	(822)	(265)	7,867	(17)
Financial Services	9,296	6,451	5,024	3,645
Other*	4,938	7,024	5,408	3,082
Group	43,796	45,740	39,259	15,572

**Other, including Information Technology and Plantation Services.*

The key operational and financial highlights of our performance during the year under review, can be found in the Chairperson's Message - page 9

Maturity Analysis of Interest Bearing Borrowings



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

1. Interest bearing borrowings do not include the convertible debentures issued in August 2022. The liability component amounting to Rs.10.20 billion is recognised under Non-Current Financial Liabilities. In the event the debenture is not converted during the conversion window, since a portion of debentures were already converted, an obligation for Rs.12.76 billion will materialise in August 2025.
2. The USD 219 million term loan facility at Waterfront Properties (Private) Limited, 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.
3. The USD 175 million term loan from the IFC, captured under the Holding Company, falls due for repayment in equally amortising capital repayments from December 2024 onwards.

Group Revenue excl. equity accounted investees
Rs.**280.77** billion ▲
2022/23: Rs.276.64 billion 1%

Recurring Group EBITDA
Rs.**43.80** billion ▼
2022/23: Rs.45.74 billion 4%

Recurring Group PBT
Rs.**16.59** billion ▼
2022/23: Rs.23.77 billion 30%

Total Assets
Rs.**771.19** billion ▲
2022/23: Rs.744.51 billion 4%

GROUP HIGHLIGHTS

Industry group-wise quarterly performance

As evident from the table below, the Group's performance across the quarters illustrates the recovery momentum during the year under review. Profitability gathered pace from quarter to quarter in line with overall economic activity.

- Q1: Sri Lanka continued to witness normal day-to-day activities with all key macroeconomic indicators showing sustained improvement, with inflation and interest rates recording a decline and the Rupee appreciating on the back of improved foreign exchange inflows and confidence. Most of the Group's businesses, particularly in Transportation and Leisure, had a negative impact on the financial performance due to the translation impact on account of the appreciation of the Rupee by ~11% over the comparative period, which impacted the overall EBITDA of the Group in Q1. Strong growth in the Financial Services industry group helped cushion this impact.
- Q2: Group businesses, except for Transportation and Property, recorded growth in profitability. The operating environment in the country continued its gradual normalisation supported by sustained improvement in the country's key macroeconomic indicators, and enhanced confidence levels. Similar to Q1, performance of the Transportation industry group was impacted by the strong domestic currency in comparison to the comparative period.
- Q3: The Group recorded a strong performance in Q3 with all businesses, other than the Transportation industry group, recording strong growth in recurring profits, on the back of a more stabilised operating environment. The Transportation industry group continued to be affected by the stronger Rupee.
- Q4: The notable increase in tourism and the overall macroeconomic stability of the country, aided Group businesses, especially the Leisure industry group. Both the Beverages and Frozen Confectionery businesses also recorded strong volume growth and improved profitability as a result of a better absorption of fixed costs. The Transportation industry group was able to leverage on the various opportunities that arose from increased shipping traffic in the region stemming from the rerouting of ships due to the Red Sea crisis.

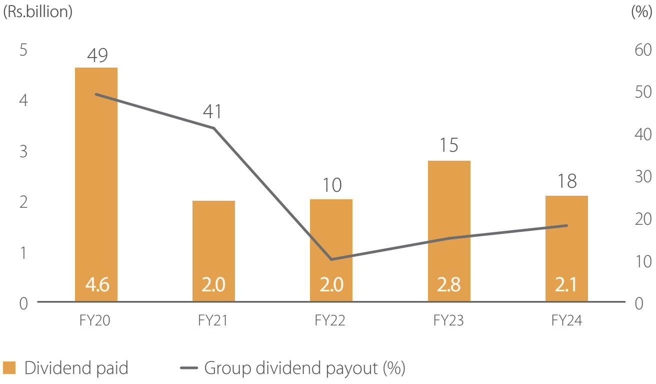
Group Revenue	Rs.million				YoY %			
FY24	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transportation	11,373	8,871	12,584	18,337	(53)	(56)	(18)	30
Consumer Foods	7,967	8,082	6,931	9,917	4	(4)	(5)	26
Retail	29,996	30,079	32,569	29,858	17	16	16	9
Leisure	8,653	10,708	12,809	15,715	0	33	20	27
Property	356	332	449	466	(40)	(52)	12	7
Financial Services	4,086	4,544	5,436	4,599	22	14	12	15
Other, including Information Technology and Plantation Services	1,348	1,498	1,482	1,729	(20)	(19)	(11)	3
Group	**63,778**	**64,114**	**72,260**	**80,621**	**(11)**	**(7)**	**6**	**19**

Recurring EBITDA	Rs.million				YoY %			
FY24	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Transportation	1,615	1,700	1,928	2,328	(65)	(44)	(32)	51
Consumer Foods	720	1,237	897	2,140	(42)	23	123	297
Retail	1,987	1,983	2,390	2,402	(14)	1	3	10
Leisure	284	1,065	2,560	5,150	(85)	6	35	34
Property	187	(435)	60	(634)	234	(56)	119	(236)
Financial Services	1,693	1,702	4,040	1,861	93	54	57	(2)
Other, including Information Technology and Plantation Services	1,937	810	1,466	725	(26)	(44)	(16)	(40)
Group	**8,422**	**8,061**	**13,342**	**13,971**	**(37)**	**(13)**	**16**	**20**

Dividend

- The Company paid two interim dividends for 2023/24, amounting to Rs.0.50 per share, each, in December 2023 and March 2024.
- Accordingly, the final dividend for 2023/24 was maintained at Rs.0.50 per share. The final dividend is to be paid on or before 25 June 2024. The total dividend declared for 2023/24 is Rs.1.50 per share (2022/23: Rs.2.00 per share).
- The Company dividend payout ratio for 2023/24 is 28% with a total dividend outlay of Rs.2.08 billion [2022/23: Rs.2.77 billion]. The Group payout ratio was at 18% during the year [2022/23:15%].
- 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.

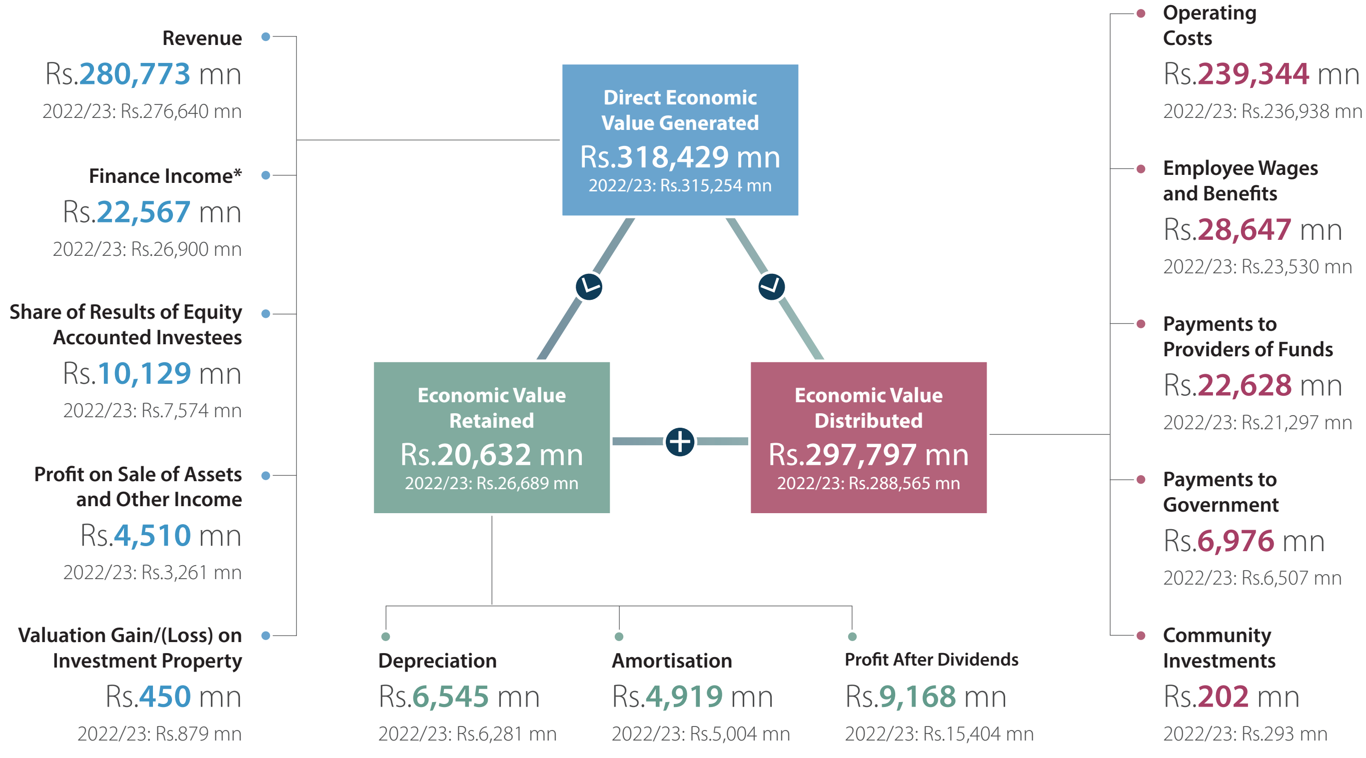
Distributions to Shareholders and Payout Ratio



Market Information of the Ordinary Shares of the Company

	2023/24	2022/23
Average daily turnover (Rs.million)	725	105
Percentage of total market turnover (%)	12.4	5.0
Market capitalisation (Rs.million)	290,771	193,888
Percentage of total market capitalisation (%)	6.4	5.0

ECONOMIC VALUE ADDED STATEMENT



Revenue
Rs.280,773 mn
2022/23: Rs.276,640 mn

Finance Income*
Rs.22,567 mn
2022/23: Rs.26,900 mn

Share of Results of Equity Accounted Investees
Rs.10,129 mn
2022/23: Rs.7,574 mn

Profit on Sale of Assets and Other Income
Rs.4,510 mn
2022/23: Rs.3,261 mn

Valuation Gain/(Loss) on Investment Property
Rs.450 mn
2022/23: Rs.879 mn

Direct Economic Value Generated
Rs.318,429 mn
2022/23: Rs.315,254 mn

Economic Value Retained
Rs.20,632 mn
2022/23: Rs.26,689 mn

Economic Value Distributed
Rs.297,797 mn
2022/23: Rs.288,565 mn

Depreciation
Rs.6,545 mn
2022/23: Rs.6,281 mn

Amortisation
Rs.4,919 mn
2022/23: Rs.5,004 mn

Profit After Dividends
Rs.9,168 mn
2022/23: Rs.15,404 mn

Operating Costs
Rs.239,344 mn
2022/23: Rs.236,938 mn

Employee Wages and Benefits
Rs.28,647 mn
2022/23: Rs.23,530 mn

Payments to Providers of Funds
Rs.22,628 mn
2022/23: Rs.21,297 mn

Payments to Government
Rs.6,976 mn
2022/23: Rs.6,507 mn

Community Investments
Rs.202 mn
2022/23: Rs.293 mn

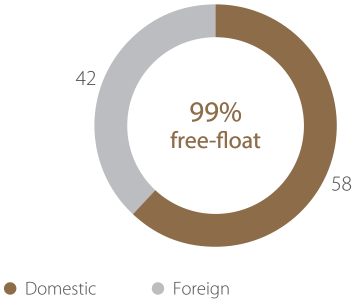
**Includes interest income from life insurance policyholder funds at Union Assurance PLC and foreign exchange gains.*

INVESTOR RELATIONS

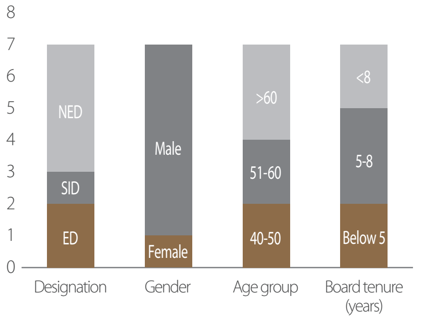
GROUP HIGHLIGHTS

GOVERNANCE

Shareholding Structure
(%)



The current composition of the JKH Board



ED – Executive Director NED – Non-Executive Director
SID – Senior Independent Director

Environmental, Social and Governance (ESG) Initiatives

- As a part of the Group's ongoing efforts towards increasing emphasis on ESG aspects, the Group undertook initiatives to further strengthen its ESG framework and identify focus areas for each industry Group that dovetail into Group level priorities based on relevance and materiality.
- In collaboration with an international consulting firm, the Group conducted an in-depth study across its businesses to identify areas of significant impact, risk and materiality. This initiative was led by a steering committee appointed by the Group Executive Committee (GEC).
- Workshops were convened across the industry groups to assess and formulate ESG ambitions for the respective businesses to aid the Group in developing comprehensive roadmaps aimed at achieving the set ESG ambitions. As a part of this process, businesses were benchmarked against regional peers and best-in-class practices of the respective industries the businesses operate in.

- Data governance initiatives:
  - The Data Governance Steering Committee was established to facilitate the review and enhancement of existing data governance practices of the Group, in compliance with applicable laws and best practice.
  - The Group piloted and implemented a series of new initiatives throughout the year to strengthen the effectiveness of the forensic data analytics platform and related capabilities to complement Continuous Controls Monitoring (CCM) and internal audit engagements.
- Cybersecurity initiatives:
  - The Group engaged with a leading international consultancy firm to conduct a comprehensive assessment of the Group's cybersecurity resilience, by aligning with industry best practice and recommended technological principles.
  - As a part of the ongoing commitment towards improving cyber security and digitisation, an 'Endpoint Detection and Response (EDR)' solution was implemented across the Group. A SMART Office mobile application was also rolled-out across the Group to empower employees with the necessary tools to improve mobility, streamline and automate processes, and increase productivity.
- The Group strengthened its internal policy universe, keeping in line with best practice and the revised CSE Listing Rules.

Transparency in Corporate Reporting

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

INTERNAL GOVERNANCE STRUCTURE

Board of Directors and
Senior Management Committees

Refer the Corporate Governance Commentary for further details – Page 213

Board Appointments and Retirements in 2023/24

- Having completed nine consecutive years, Ms. P Perera (Independent, Non-Executive Director) retired from the Board of Directors with effect from 1 July 2023.
- Mr. S Fernando was appointed to the Board as an Independent, Non-Executive Director of the Company with effect from 9 August 2023.

One JKH - Diversity, Equity and Inclusion Initiative

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 2023/24 stood at 33%.

NATURAL CAPITAL

Total water consumed across all business units.

1,091,471 m^3

Percentage of treated water out of total water consumption.

25%

Percentage of recycled water out of treated water.

51%

Total carbon footprint across all business units.

117,591 MT

Total units of energy consumed across all business units.

964,266 GJ

Total units of renewable energy consumed across all business units.

124,455 GJ

Total waste generated across all business units.

9,581 MT

Percentage of treated non-hazardous waste recycled.

56%

Total plastics waste collected.

186 MT

	2023/24	2022/23*	2021/22
Energy consumption: non-renewable sources (GJ) 1	358,933	352,771	301,172
Energy consumption: non-renewable sources (GJ) per Rs.million of revenue	1.28	1.28	1.65
Energy consumption: renewable sources (GJ) 2	124,455	122,568	127,825
Energy consumption: renewable sources (GJ) per Rs.million of revenue	0.44	0.44	0.70
Purchased energy: national grid (GJ) 3	480,878	399,319	390,654
Purchased energy: national grid (GJ) per Rs.million of revenue	1.71	1.44	2.14
Total energy consumption (1) + (2) + (3)	964,266	874,658	819,651
Direct greenhouse gas emissions – Scope 1 (MT)	26,545	25,979	27,507
Indirect greenhouse gas emissions – Scope 2 (MT)	91,046	75,604	71,188
Total carbon footprint (MT)	117,591	101,584	98,695
Total carbon footprint (MT) per Rs.million of revenue	0.42	0.37	0.53
Greenhouse gas emissions from combustion of biomass (MT)	7,152.61	8,050.34	9,171.51
Water withdrawal (m^3)	2,221,494	2,032,035	1,843,259
Water withdrawal (m^3) per Rs.million of revenue	7.92	7.35	10.10
Water discharge (m^3)	1,130,023	1,297,369	1,305,676
Volume of hazardous waste generated (MT)	365	314	337
Volume of non-hazardous waste generated (MT)	9,216	7,993	7,855
Non-hazardous waste recycled/reused by Group companies and through third party contractors (%)	56	46	32
Significant environmental fines	Nil	Nil	Nil

**2022/23 has been restated.*

INTELLECTUAL CAPITAL

OCTAVE

- OCTAVE, the Data and Advanced Analytics Centre of Excellence of the Group, transitioned into an independent advanced analytics practice during the year.
- The ongoing assessment of the impact to 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 are being sustained at scale once fully implemented.
- A number of use cases are deployed at scale across the Supermarket and Consumer Foods businesses, while a detailed roadmap of advanced analytics use cases are developed for Leisure and Financial Services.

AWARDS

- Ranked first as the 'Most Respected Entity' in Sri Lanka for the 18th year at the 19th annual edition of LMD's Most Respected Entities rankings. The rankings are based on the survey commissioned and conceptualised by LMD and conducted by NielsenIQ.
- Gold award for Best Investor Relations at the Capital Market Awards 2023 organised by the CFA Society Sri Lanka.
- Received the 'Organisation Promoting Equity/Equality and Diversity of the Year' at the 'Top 50 Professional & Career Women Global Awards – Thirteenth Edition' in 2023, by Women in Management (WIM) in partnership with IFC and the Government of Australia.

INVESTOR RELATIONS

GROUP HIGHLIGHTS

HUMAN CAPITAL

Total staff members of the group.
15,314

Average employee attrition rate.
28%

Gender ratio (Male: Female)
67:33

Total Number of Injuries.
254

Total training hours.
1,404,614 h

Total investment on training and development
Rs. 18.4 million

	2023/24	2022/23*	2021/22
Total workforce (employees and contractors' staff)	20,614	22,250	21,200
Employees**	15,314	15,415	14,700
Outsourced personnel (neither staff employees nor seasonal workers)	5,300	6,835	6,500
Employee benefit liability as of 31 March (Rs.million)	3,590	2,559	3,107
Total attrition (%)	28	31	29
New hires (%)	68	64	76
Number of people educated on serious diseases	***	***	***
Average hours of training per employee	92	26	25
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

**2022/23 has been restated.*
***Of the Group's total employees, 543 are placed in the Maldives, with the remainder domiciled in Sri Lanka.*
**** Not conducted this year.*

SOCIAL AND RELATIONSHIP CAPITAL

Total CSR Spend.
Rs. 187 million

Sourcing from Local Suppliers.
86%

People benefited from Education-related projects.
7,114

People benefited from Arts and Culture projects.
105,669

Total Land Area Impacted.
75.25 Acres

Businesses Analysed for Risk of Corruption.
100%

People benefited from Livelihood Development projects.
512,889

People benefited from Disaster Relief projects.
255

Number of Suppliers Engaged.
83

Total people impacted.
1,952,511

People benefited from Health-related projects.
1,325,631

People benefited from Environment-related projects.
953

	2023/24	2022/23*	2021/22
Community services and infrastructure projects (Rs.million)	187	397	97
Proportion of purchases from suppliers within Sri Lanka (%)	86	81	90
Community engagement (no. of persons impacted)	1,952,511	1,553,971	1,955,639
Sustainability integration awareness (no. of business partners)	200	201	89
Business partners screened for labour, environment and human rights (no. of business partners)	83	63	65
Proportion of labels carrying ingredients used (%)	77	76	76
Proportion of labels carrying information on disposal (%)	96	95	89
Proportion of labels carrying sourcing of components (%)	3	3	1
Monetary value of significant fines** (Rs.)	***	***	***
Proportion of businesses analysed for risk of corruption (%)	100	100	100

**2022/23 has been restated.*
***Significant fines are defined as fines over Rs.1 million.*
**** No significant fines.*

INDUSTRY GROUP HIGHLIGHTS

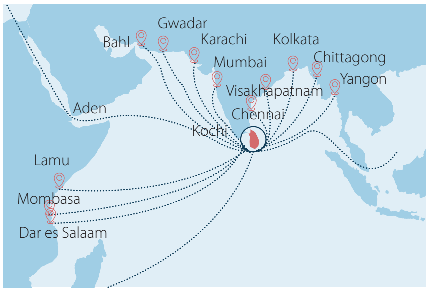
TRANSPORTATION

Industry Potential

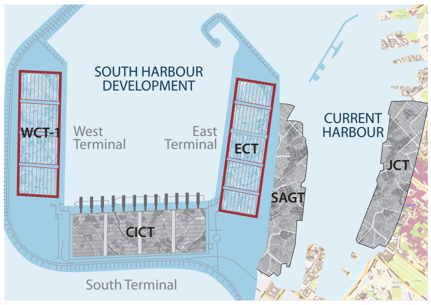
- Ongoing capacity enhancements at the POC and shipping lines opting for 'hub and spoke' services will spearhead the thrust to establish Colombo as a leading transshipment hub in the region.
- Envisaged increase in bunkering market share driven by increased storage and infrastructure.
- Growing demand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

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 both in the West Coast and the Sri Lankan market.
- One of the largest cargo and logistics service providers in the country.
- JVs 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.



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 construction work on 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.
- The first phase of the terminal is slated to be operational in the fourth quarter of 2024/25.
- The remainder of the terminal is expected to be completed in mid-2026.

Key Performance Indicators

		2023/24	2022/23	%	2021/22
SAGT volumes	(TEU '000)	1,818	1,704	7	1,831
Transshipment: Domestic mix		90:10	87:13		86:14
Port of Colombo volumes	(TEU '000)	7,339	6,632	11	7,351
LMS volume growth	(%)	2	8		7
Warehouse space under management	(sq. ft. '000)	370	317*	17	337

** The Kotikawatta and Ekala warehouses were discontinued during the year under review.*

Quarterly Performance

2023/2024		Q1	Q2	Q3	Q4	Full Year
SAGT volumes	(TEU '000)	446	482	428	462	1,818
Port of Colombo volumes	(TEU '000)	1,838	1,809	1,683	2,009	7,339
LMS volume growth*	(%)	(19)	(11)	10	61	10

**Excluding local sales*

Strategy and Outlook

Immediate to Short-Term

Ports, Shipping and Bunkering

- Higher vessel movement through the POC as well as increased bunker demand driven by the Red Sea crisis expected to continue until the resolution of the crisis.
- The sustained economic growth in India will continue to support regional trade volumes which will benefit the POC considering its location and proximity to India.

Logistics and Transportation

- The macroeconomic recovery and the gradual normalisation of export volumes are anticipated to result in increased volumes.
- Increased airline frequencies into the country is likely to bode well for more competitive fares and supply which will translate to higher passenger volumes.

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.
- While it's expected that majority of the new traffic stemming from the Red Sea crisis will revert to the Suez Canal post-resolution, Sri Lanka stands to benefit from heightened visibility and trust, potentially retaining some business in the long-term.
- Sustained growth of the Indian economy will, in addition to current volumes, be a long-term driver of volumes to the Port of Colombo.
- 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, stemming from global economic recovery, and ongoing infrastructure developments in the country.
- 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.

Insight into Quarterly Performance

Volume Growth 2023/24 (%)	Q1	Q2	Q3	Q4	Full Year
Beverages (CSD)	(3)	5	0	42	10
Frozen Confectionery	(10)	(2)	(2)	24	2
Bulk	(7)	1	1	29	5
Impulse	(14)	(6)	(7)	17	(2)
Convenience Foods	(35)	(18)	(1)	42	(9)

- Volumes continued to recover during the first half of the year supported by the gradual recovery of the economy and consumer activity.
- In the second half of the year, growth in volumes of the Consumer Foods businesses were driven by seasonal sales, albeit from a lower base in the fourth quarter of 2022/23, as consumer disposable income was impacted by the increase in personal income taxes implemented with effect from 1 January 2023.
- The volumes of the Beverages (CSD) and FC businesses noted an encouraging recovery in Q4 2023/24 compared to the steep volume declines recorded in the fourth quarter of 2022/23.

100,000+
Outlet reach

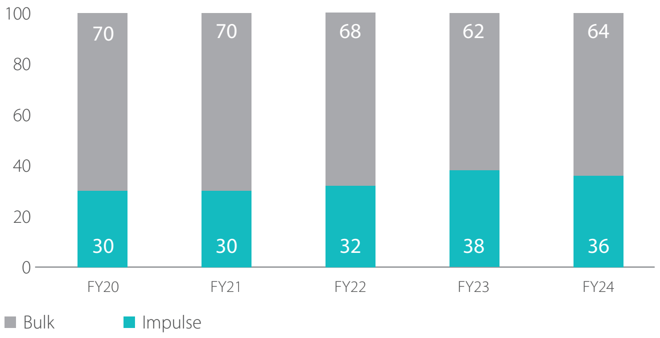
13
CSD flavours

42:58
Revenue mix: Beverages (CSD):FC [FY23: 38:62]

47
Ice Cream flavours

2
Frozen yoghurt flavours

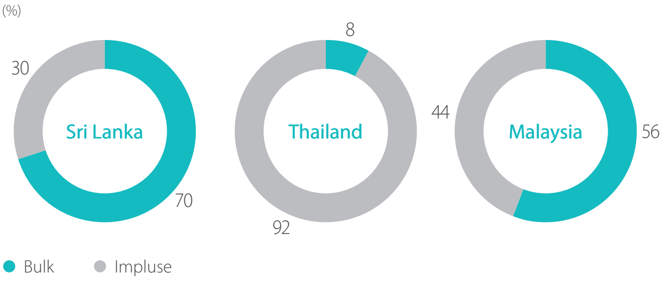
Bulk:Impulse Volume Mix of the FC Business
(%)



Key Performance Indicators

%	2023/24	2022/23	2021/22
Volume Growth			
Beverages (CSD)	10	(7)	18
Frozen Confectionery (FC)	2	(7)	17
Convenience Foods	(9)	(22)	12
EBITDA Margins			
Beverages and FC	17.1	10.8	16.8
Convenience Foods	2.7	9.0	16.1
PBT Margins			
Beverages and FC	11.4	4.2	11.2
Convenience Foods	(6.3)	1.1	11.3

The Bulk:Impulse Mix of Regional Markets
(%)



Expansion Strategies

- Ceylon Cold Stores PLC (CCS), entered into a partnership with one of India's largest conglomerates, Reliance Group, to manufacture, market, distribute and sell beverages under the 'Elephant House' brand across India.
- The partnership marks a significant milestone in amplifying presence in India, where market entry is challenging. The collaboration with a reputed partner such as Reliance, together with synergies due to the expertise and experience of both organisations, is expected to provide a strong platform for success.
- CCS acquired a polyethylene terephthalate (PET) bottling and can manufacturing plant, to support the expansion of the business's product portfolio into new market segments.

Strategy and Outlook

Immediate to Short-Term

- Consumer discretionary spend is envisaged to continue its encouraging recovery momentum similar to the trends witnessed in the latter half of 2023/24.
- Margin pressure is likely to ease on the back of the recent reduction in electricity tariffs and the appreciation of the Rupee.
- Focus on operationalising the launch of the Beverages business's partnership with Reliance Consumer Products (RCPL) in India.
- The hotels, restaurants, and catering (HORECA) channel is expected to gradually recover in tandem with tourism recovery.
- Advanced data analytics will be utilised to optimise promotional spend, distribution networks, and production planning.

Medium to Long-Term

- Domestic demand conditions are envisaged to remain resilient in the medium-term driven by economic revival and improved consumer confidence.
- Significant growth potential exists in the consumer food products industry in Sri Lanka given the 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 17% 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.

Our Business

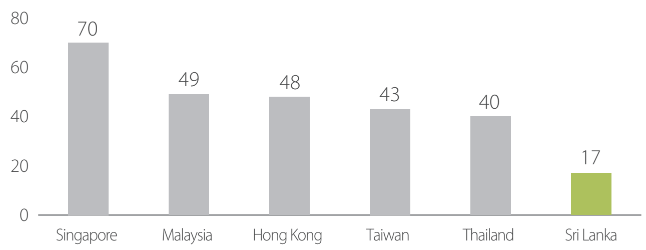
Supermarket Business

- 134 modern trade outlets uniquely branded to cater to evolving consumer lifestyles.
- A 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 over 320 SKUs.
- 'Nexus' - a loyalty programme with ~2.4 million members.

Office Automation Business

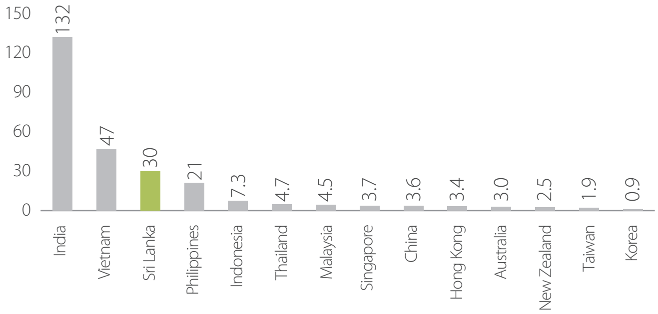
- John Keells Office Automation (JKOA) is the authorised distributor for Office Automation and IT enabled, world-renowned brands and a market leader in providing print solutions for corporates. Brands offered include Samsung, Toshiba and Asus.

Modern Retail Penetration
(%)



Source: Company Analysis

Modern Trade Density
Population ('000) per Store



Source: Retail and shopper trends in the Asia Pacific, AC Nielsen

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

Key Performance Indicators

Supermarkets %	2023/24	2022/23*	2021/22*
Same store sales growth	12.3	47.6	12.9
Same store footfall growth	12.3	28.3	4.5
Average basket value growth	(0.1)	15.1	8.0
EBITDA margin	6.9	7.5	7.8
PBT margin	1.5	1.1	1.3

**Given the pandemic-related disruptions, unprecedented inflation and changes in shopping patterns resulting in shifts in frequency, basket items, and purchase patterns of customers, the KPIs were distorted for the year.*

2023/24 (%)	Q1	Q2	Q3	Q4
Same store sales growth	17.6	10.4	10.7	10.7
Same store footfall growth	8.8	10.6	15.7	14.4
ABV growth	8.1	(0.2)	(4.3)	(3.2)

- The Supermarket business recorded a growth in same store sales driven by higher customer footfall.
- Growth in same store footfall was driven by both existing and new customers.
- Inflation moderated significantly from Q2 2023/24 onwards. As a result, the increase in the retail selling price (RSP) was relatively muted. This marginal increase in RSP was more than offset by the decline in weight of purchase (WOP) due to the reduction in spending on non-essential items, which impacted ABV growth.
- The business witnessed an improving trend of WOP in Q4 given the recovering consumer sentiment, despite the reducing trend of inflation.
- EBITDA margins declined to 6.4% in 2023/24 primarily due to the impact of the electricity tariff revisions.

Key Performance Indicators

Office Automation %	2023/24	2022/23	2021/22
EBITDA margin	10.0	18.8	9.9
PBT margin	11.1*	(8.2)**	(3.5)**

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

New Energy Vehicles

- JKH partnered with BYD Auto Industry Company Limited, the world's leading manufacturer of new energy vehicles (NEVs), to provide cutting-edge and eco-friendly vehicles to the Sri Lankan market.
- The prospect for contributing towards a more environmentally friendly and energy efficient alternative, which will support the country, is in alignment with the Group's sustainability agenda.

Strategy and Outlook

Immediate to Short-Term

Supermarket Business

- Growth in footfall expected to continue driven by higher modern trade participation and the initiatives undertaken by 'Keells' to attract customers.
- ABV is likely to recover as the WOP – the number of items purchased in a basket – recovers in line with the recovery of the economy and improving consumer sentiment.
- Margins will be supported by the increase in revenue as well as the reduction of electricity costs from the peak levels seen in 2023/24.
- The private label range and direct import portfolio to be enhanced to offer customers better choice and value for money.
- The distribution centre is expected to contribute significantly to process and operational efficiencies as business volumes continue to ramp up.

Office Automation Business

- Volumes are expected to continue its recovery in line with the improvement in economic conditions although the disparity in pricing between the formal and grey market channels due to the imposition of VAT is a concern.

Medium to Long-Term

Supermarket Business

- Capitalise on the relatively low penetration of modern trade in the country.
- Expansion of outlets in both urban and suburban areas through a mix of standard and 'extended format' stores, including rolling out more 'iconic' format stores given its success.
- Differentiating the shopping experience for its customers 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.

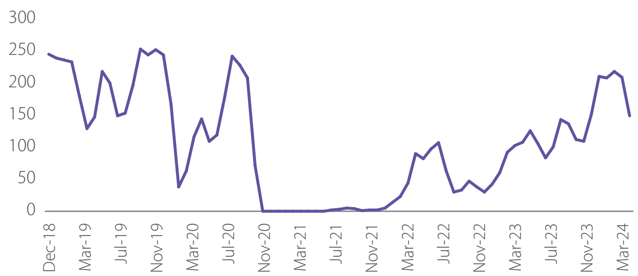
LEISURE

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.

Our Business

- 'Cinnamon', a well-established hospitality brand in Sri Lanka and the Maldives:
  - 3 Colombo Hotels
  - 8 Sri Lankan Resorts
  - 4 Maldivian Resorts
- 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.



Tourist Arrivals to Sri Lanka

Arrivals ('000)

Key Performance Indicators

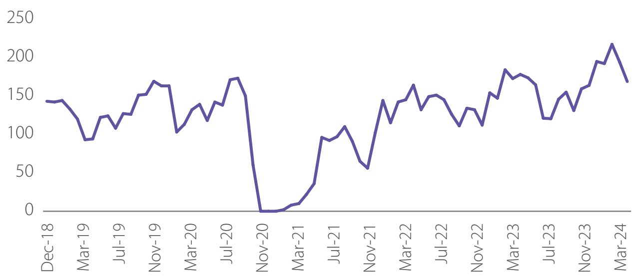
		2023/24	2022/23	2021/22
Colombo Hotels*				
Occupancy	(%)	60	42	29
ARR	(USD)	78	64	70
EBITDA margin	(%)	11.8	7.0	1.5
Sri Lankan Resorts				
Occupancy	(%)	68	41	32
ARR	(USD)	79	65	78
EBITDA margin	(%)	14.7	1.2	(7.2)
Maldivian Resorts				
Occupancy	(%)	86	88	75
ARR**	(USD)	275	255	272
EBITDA margin	(%)	30.5	32.5	34.8

Quarterly Performance

2023/24		Q1	Q2	Q3	Q4
Colombo Hotels*					
Occupancy	(%)	49	67	57	67
ARR	(USD)	70	69	88	84
EBITDA margin	(%)	(3)	13	16	18
Sri Lankan Resorts					
Occupancy	(%)	55	71	66	81
ARR	(USD)	59	62	80	106
EBITDA margin	(%)	(18)	4	15	35
Maldivian Resorts					
Occupancy	(%)	82	82	88	90
ARR**	(USD)	235	212	282	362
EBITDA margin	(%)	23	17	31	44

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

***Net of green tax and allocation (F&B charge).*



Tourist Arrivals to the Maldives

Arrivals ('000)

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

Strategy and Outlook

Immediate to Short-Term

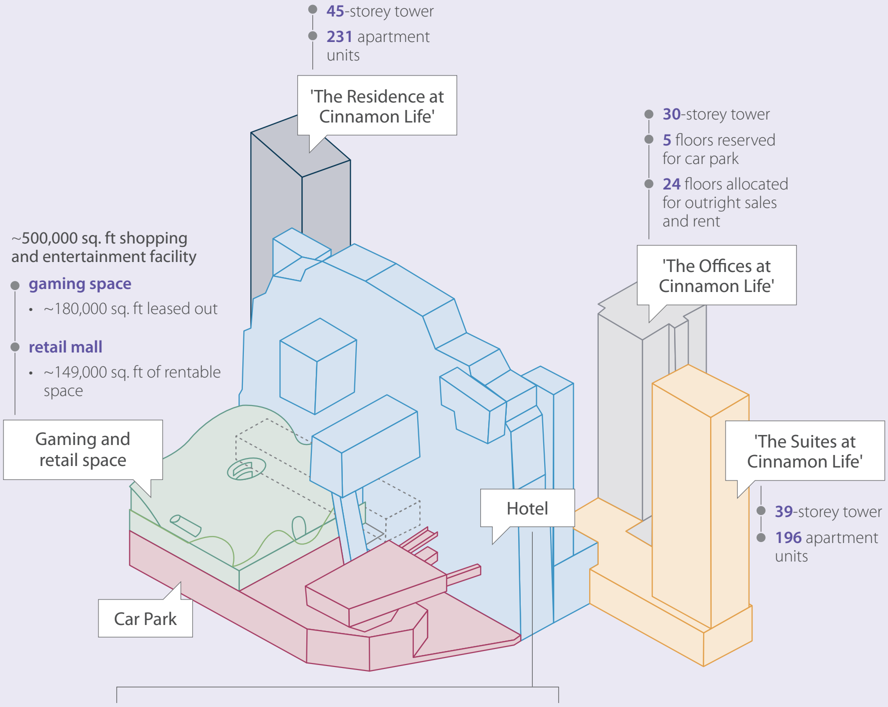
- The current recovery trend in arrivals is expected to continue with growth across all major source markets and the increase in flight capacity.
- Comprehensive yield management strategy to ensure optimum returns.

Medium to Long-Term

- The prospects for tourism remain extremely positive considering the diversity of the offering and the potential for higher regional tourism, particularly out of India considering the growing middle class driven by the strong growth of its economy.
- 'City of Dreams Sri Lanka' to be a key catalyst for tourism given its unique offering as a one-of-a-kind destination in South Asia. The collaboration with Melco, including access to the technical, marketing, branding and loyalty programmes, expertise and governance structures to further drive synergies and demand.
- Continued focus on asset-light investment models as a part of the strategy to enhance the 'Cinnamon' footprint.

'City of Dreams Sri Lanka'

- The year 2024 marks a significant culmination of events for the Group's iconic integrated resort, which has been under construction over the last decade.
- Being the largest and most ambitious private sector investment in the country at an investment of over USD 1 billion, the Group announced its partnership with Melco Resorts & Entertainment Limited (Melco).
- As part of the collaboration between JKH and Melco, the integrated resort, which had previously been branded as 'Cinnamon Life Integrated Resort', will be rebranded as 'City of Dreams Sri Lanka'. 'City of Dreams' is the flagship integrated resort brand of Melco.



'Cinnamon Life Colombo'

- **687** guest rooms
- Managed by Cinnamon Hotel Management Limited
- Range of ballrooms and banquet facilities including an exhibition centre, that, together, can accommodate MICE events of up to 5,000 seats
- Exhibition hall
- Conference hall

- **3** ballrooms
- **7** meeting rooms
- **2** lounges
- **6** restaurants
- **5** bars
- **3** pool bars
- **4** wellness and fitness centres
- **2** pools

Nuwa - ultra high-end luxury-standard hotel

- **113** guest rooms
- Managed by Melco
- Situated on the top five floors of the hotel

- Dedicated access to casino
- **1** pool

Phase 1 in Q3 2024/25

Opening of 'Cinnamon Life' hotel, restaurants and banquet facilities

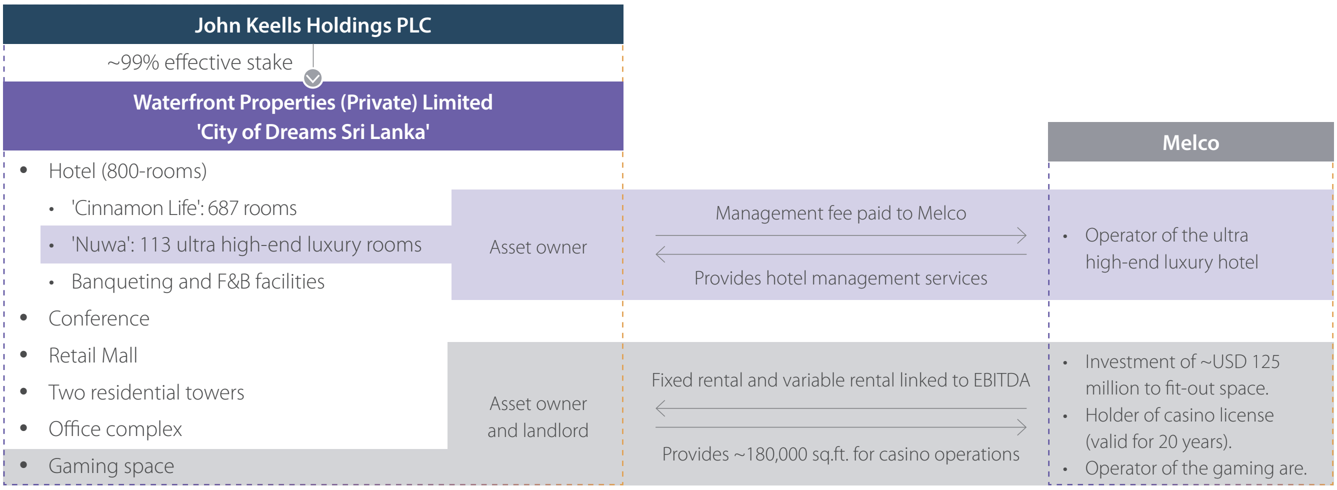
Phase 2 in mid-2025

Opening of 'Nuwa', gaming space and retail mall

The Salient features of the collaboration between JKH and Melco are:

- 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 part of the collaboration between JKH and Melco, the 'Cinnamon Life Integrated Resort' will be rebranded as 'City of Dreams Sri Lanka'.
- The structure of the gaming operations:
  - Melco to invest in the fit-out of the casino and lease ~180,000 sq. ft. Melco is also the 100% shareholder of the gaming space.
  - JKH will function in the capacity of owner and landlord.
  - The 113-key exclusive hotel will be operated by Melco under its 'Nuwa' ultra high-end luxury brand.

Structure of 'City of Dreams Sri Lanka':



John Keells Holdings PLC

~99% effective stake

Waterfront Properties (Private) Limited
'City of Dreams Sri Lanka'

- Hotel (800-rooms)
  - 'Cinnamon Life': 687 rooms
  - 'Nuwa': 113 ultra high-end luxury rooms
  - Banqueting and F&B facilities
- Conference
- Retail Mall
- Two residential towers
- Office complex
- Gaming space

Asset owner

Management fee paid to Melco →

← Provides hotel management services

Melco

- Operator of the ultra high-end luxury hotel

Asset owner and landlord

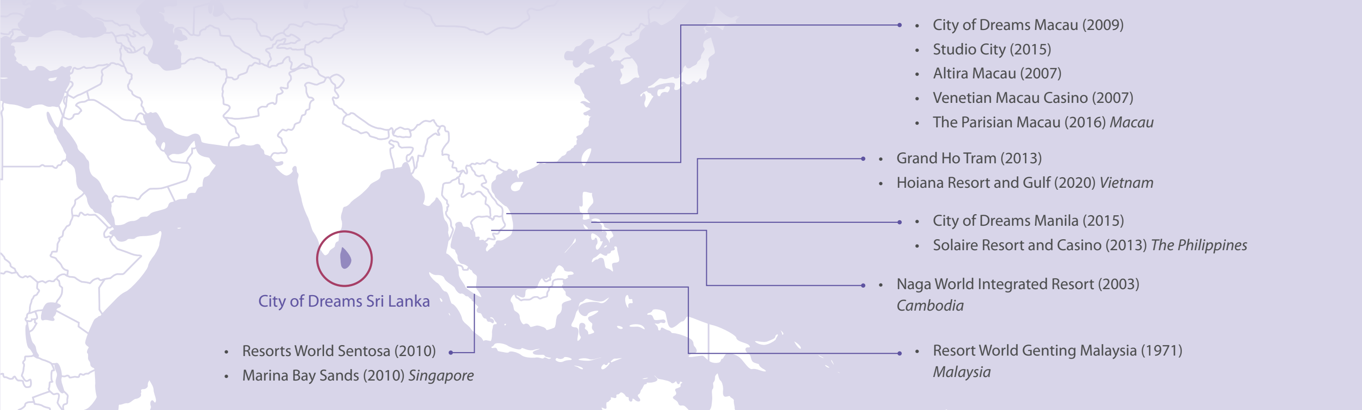
← Fixed rental and variable rental linked to EBITDA

Provides ~180,000 sq.ft. for casino operations →

- Investment of ~USD 125 million to fit-out space.
- Holder of casino license (valid for 20 years).
- Operator of the gaming are.

First fully fledged Integrated Resort (IR) in South Asia:

- The strong economic growth in India and the resultant increase in outbound travel from India, is a significant opportunity for Sri Lanka, similar to what China witnessed about two decades ago,

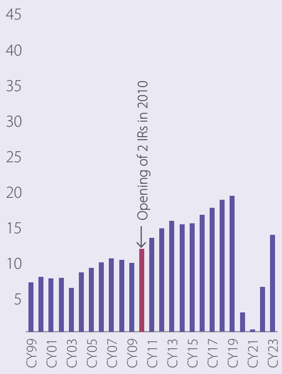


Note: The IRs depicted in the above map represent a selection and is not exhaustive.
Sources: Las Vegas Sands Corp, Sentosa, Genting Highlands, NagaCorp, BloomBerry Resorts Corporation, Forbes, Hoiana, Melco Resorts and Sands China websites.

The positive impact on tourism and the economy will be significant, as seen with the impact other integrated resorts in the region have created – even in more advanced tourism markets such as Singapore.

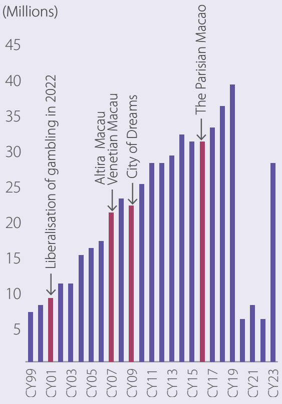
Integrated resorts are a key driver of tourism*

Singapore
(Millions)



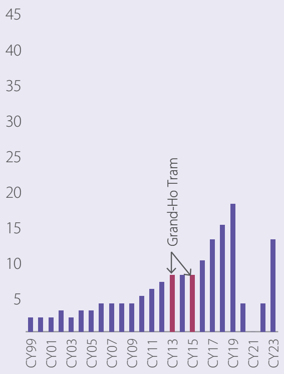
Source: Department of Statistics Singapore.

Macau
(Millions)



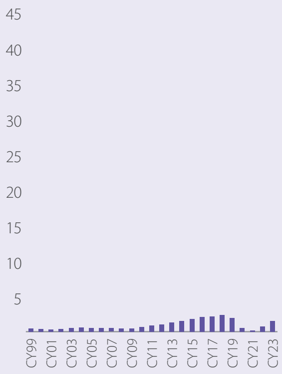
Source: Government of Macao Special Administrative Region - Statistics and Census Service.

Vietnam
(Millions)



Source: World Bank.

Sri Lanka
(Millions)



Source: Sri Lanka Tourism Development Authority.

** The graphs illustrated show some of the key IRs in these jurisdictions and is not an exhaustive list.*

INVESTOR RELATIONS

INDUSTRY GROUP HIGHLIGHTS

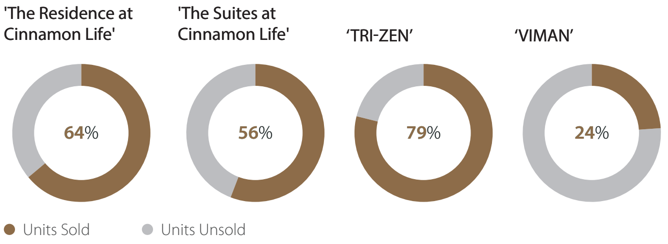
PROPERTY

Industry Potential

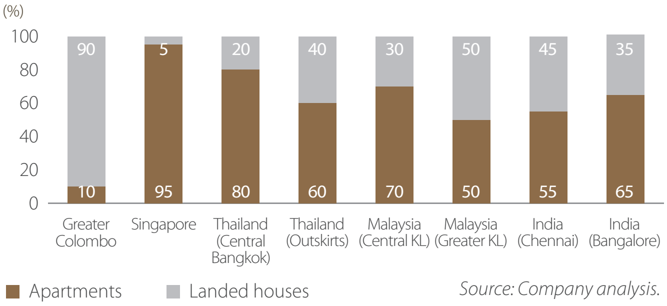
- An urban population of 17%, far below regional peers.
- Emerging suburban multi-family housing market.
- Increasing demand for mid-tier housing units within the city.
- Port City Colombo project, positioning Sri Lanka as a regional financial and trade hub.
- Increased demand for commercial space.

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'.
- 'TRI-ZEN', a residential apartment development based on smart living in the heart of the city.
- 'VIMAN', a suburban residential apartment development located in the heart of Ja-Ela.
- Ownership and operation of the 'Crescat Boulevard' mall and management of the 'K-Zone' mall in Moratuwa.
- 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 and a developable land extent of ~80 acres.



Apartment Penetration in Sri Lanka in Comparison to Regional Peers



Source: Company analysis.

Key Highlights

- The construction of 'TRI-ZEN', an 891-unit residential development project, received the required clearances to commence handing over of units from April 2024.
- Launched the first suburban residential development project, 'VIMAN', located in the heart of Ja-Ela, a suburban area in close proximity to Colombo. The preliminary sales interest for the project has been very encouraging, with the first phase of the project consisting of a total of 114 units, nearly sold out within six months since the launch of the project. The construction of the first phase of the project is expected to commence in mid-2024.

Mall Occupancy (%)	2023/24	2022/23	2021/22
K-Zone Moratuwa	100	99	99
Crescat Boulevard	80	73	61*

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

Cumulative Sales (SPAs)	2023/24	2022/23	2021/22
The Residence	147	151	152
Suites	109	115	115
Commercial complex	4	4	4
TRI-ZEN	700	655	652
VIMAN	100	N/A	N/A

Strategy and Outlook

Immediate to Short-Term

- Buyer interest and momentum in sales is envisaged to continue given the gradually improving macroeconomic environment, including declining interest rates, and market adjustments to new price levels in the industry, considering the relatively higher replacement costs.
- Continued exploration of investment opportunities in the emerging suburban areas of Colombo.
- Sales at the 'City of Dreams Sri Lanka' is expected to pick up given the completion of project construction, on the back of the limited inventory available in the luxury segment and commencement of operations of the 'Cinnamon Life' hotel and related facilities in 3Q 2024/25.

Medium to Long-Term

- Prospects for the housing market in Colombo and the suburbs continue to be promising on the back of drivers such as the expanding middle-class demographic, increased commercial activity within Colombo and potential for increased GDP per capita.
- Significant growth expected in the market for vertical and middle-income housing due to high land prices and construction costs of single-family houses.
- Monetisation of the existing land bank of the industry group, subject to market conditions, through systematic development strategies to roll-out a robust pipeline of developments via the land parcels available.

FINANCIAL SERVICES

Industry Potential

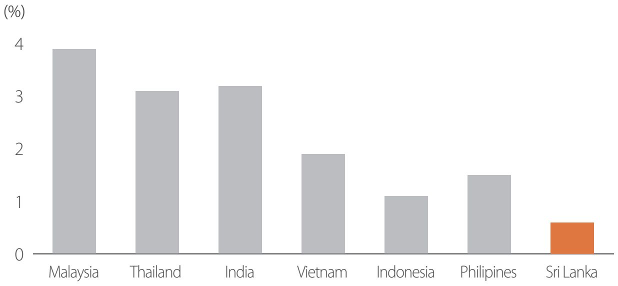
Life Insurance Industry

- Shifting demographics creating demand for health, retirement and financial protection insurance solutions.

Banking Industry

- Advances in technology around the integration of Artificial Intelligence (AI) and Robotic Process Automation (RPA) in operational, customer servicing and administrative tasks in the long-term.
- Increasing demand for digital infrastructure.
- Shift towards cashless payments.

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



Source: Swiss Re sigma No 4 /2022.

Our Business

Life Insurance

- Operating footprint of 85 branches, excluding virtual locations.
- Total agency cadre of 2,690.
- Market share of ~12%.

Banking

- Branch network of 96 outlets, 81 ATMs and 87 CRMs.
- Strong online presence.
- Sri Lanka's first digital bank, 'FriMi'.
- Largest issuer of credit cards in Sri Lanka.

Key Performance Indicators

		CY2023	CY2022	CY2021
Life Insurance				
Premium growth	(%)	13	8	18
Market share	(%)	12	12	12
Life fund	(Rs.billion)	65.0	55.4	48.9
Capital adequacy ratio	(%)	291	194	228
Banking				
Growth in loans and advances	(%)	12.3	(3)	18
Return on equity	(%)	21	17	18
Net interest margin	(%)	7.7	7.0	3.9
Stage 3 loan ratio	(%)	2.3	2.6	2.1
Capital adequacy ratio – total capital	(%)	19.1	16.3	17.5

Strategy and Outlook

Immediate to Short-Term

Life Insurance

- Focus on maintaining persistency of existing policies and strengthening its position as the third largest new business producer in the insurance industry in CY2023.
- Strengthening partnerships with leading banks to consolidate its status as a leading bancassurance provider.
- Expanding the agency channel to broaden market reach, fostering deeper connections with customers.

Banking

- Continue to proactively manage its operations to capture market opportunities, as demand for credit rises, while effectively managing risks.
- Focus on building resilience and sustainability by prioritising credit quality, margin management, return-focused lending, and financial stability.
- Continue to leverage on its digital platforms and channels, driven by increasing demand for digital infrastructure.

Medium to Long-Term

Life Insurance

- Significantly lower level of insurance penetration in comparison to regional peers, an ageing population, and the increasing prevalence of non-communicable diseases are expected to aid growth in the life insurance industry.
- Integration of AI and Robotic Process Automation (RPA) in operational, customer servicing and administrative tasks is expected to be seen in the long-term.
- Focus on diversifying its channels through an omni-channel distribution model and optimising bancassurance partnerships.

Banking

- Further augmenting its digital infrastructure and processes to ensure better customer service, innovative solutions and efficiency in operations.
- Continued expansion and positioning of 'FriMi' as a lifestyle application and digital bank.

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 five of the seven factories owned. Two factory are 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.
- Digital literacy among the populace is ever-growing, along with increased digital adoption, creating ample opportunity for the industry to leverage on.

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, is expected to augur well for the industry.

Plantation Services

Immediate to Short-Term

- Production levels in the country are expected to gradually increase to pre-2021/22 numbers in tandem with the improvement in fertiliser application.
- Market prices are envisaged to remain at current levels, given the relatively stabilised macroeconomic environment, although global commodity price movements will have a significant impact on auction prices.
- Geopolitical issues, devaluation of currency in key export markets and volatile exchange rates may impact demand as well as lead to higher insurance and freight costs for tea exporters.

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.
- The business will face increased regulations and controls on chemical usage in the tea plantation industry to meet maximum residue levels (MRLs).
- Adverse and increasingly unpredictable weather conditions caused by climate change pose a significant challenge.
- Continually evaluate new opportunities such as those arising from the emerging Chinese market for Ceylon orthodox black tea.