

JKH Investor Presentation

Review of Q1 2023/24

Version 3.0

EBITDA: For the quarter ended 30 June

EBITDA* (Rs. Million)	Q1 FY2024	Q1 FY2023	Variance	Variance (%)
Transportation	2,419	4,551	(2,133)	(47)
Consumer Foods	720	1,233	(514)	(42)
Retail	1,987	2,319	(332)	(14)
Leisure	284	1,869	(1,586)	(85)
Property	187	(140)	327	234
Financial Services	1,693	877	816	93
Other, incl. IT and Plantation Services	1,937	2,623	(686)	(26)
Group	9,227	13,333	(4,106)	(31)

**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.*

Annual recurring EBITDA displays growth momentum

Recurring EBITDA* (Rs. Million)	2022/23	2021/22	2020/21	2019/20
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, incl. IT and Plantation Services	7,024	5,408	3,082	1,286
Group	45,740	39,259	15,572	20,069

**Recurring EBITDA entails removal of one-off impacts in order to reflect the performance of the core operations of the businesses. Refer the JKH Annual Report for a detailed analysis on adjustments reflected in recurring EBITDA calculation.*

Quarterly EBITDA movement

EBITDA (Rs. Million)	2022/23				2023/24
	Q1	Q2	Q3	Q4	Q1
Transportation	4,551	3,035	1,499	1,546	2,419
Consumer Foods	1,233	1,009	402	651	720
Retail	2,319	1,963	2,320	2,230	1,987
Leisure	1,869	1,005	1,898	3,787	284
Property	(140)	(279)	(312)	516	187
Financial Services	877	1,104	2,855	1,966	1,693
Other, incl. IT and Plantation Services	2,623	1,457	1,746	826	1,937
Group	13,333	9,294	10,408	11,523	9,227
LKR/USD Exchange rate (period average in Rs.)	353	365	368	355	310

Finance Costs: For the quarter ended 30 June

Finance Costs (Rs. Million)	Q1 FY2024	Q1 FY2023	Variance	Variance (%)
Transportation	190	115	75	66
Consumer Foods	249	91	158	173
Retail	971	653	318	49
Leisure	843	615	228	37
Property	31	175	(144)	(82)
Financial Services	0	277	(277)	(100)
Other, incl. IT and Plantation Services	3,061	1,319	1,742	132
Group	5,345	3,244	2,102	65

- Interest payment on the convertible debentures issued to HWIC in August 2022, includes a notional non-cash interest charge of approximately Rs. 750 million for Q1 FY2024.

Analysis of finance costs

Finance Costs (Rs. Million)	Q1 FY2024	Q4 FY2023	Q1 FY2023
Transportation	190	178	115
Consumer Foods	249	332	91
Retail	971	1,082	653
Leisure	843	864	615
Property	31	25	175
Financial Services	0	0	277
Other, incl. IT and Plantation Services	3,061	2,954	1,319
Group	5,345	5,435	3,244
Average weekly AWPLR (% for the period)	20.9	24.8	17.7

PBT: For the quarter ended 30 June

PBT (Rs. Million)	Q1 FY2024	Q1 FY2023	Variance	Variance (%)
Transportation	2,032	4,446	(2,414)	(54)
Consumer Foods	152	812	(660)	(81)
Retail	413	(362)	775	214
Leisure	(1,655)	(73)	(1,582)	(2,168)
Property	330	(2,341)	2,671	114
Financial Services	1,692	860	832	97
Other, incl. IT and Plantation Services	(1,567)	11,459	(13,026)	(114)
Group	1,396	14,801	(13,405)	(91)
Exchange (gains)/losses - Holding Company	359	(10,119)		
Group excl. exchange (gains)/losses at the Holding Company	1,755	4,682	(2,927)	(63)

Q1 FY2023 recorded net exchange gains on its US Dollar denominated cash holdings at the Holding Company, resulting from the steep depreciation of the Sri Lankan Rupee against the US Dollar, whereas Q1 FY2024 recorded net exchange losses. PBT was also impacted by higher finance expenses due to the high interest rate regime and the interest charged on the convertible debentures issued to HWIC Asia Fund.

Key financial indicators

(Rs. Million)	Q1 FY2024	31 March 2023
Group debt* excl. leases and incl. convertible debenture	227,759	229,749
Group debt excl. leases and convertible debenture	208,635	211,369
Cash and cash equivalents	96,760	100,340
Net debt excl. leases and convertible debenture	111,875	111,029
Net debt excl. leases and convertible debenture/Equity (%)	32.4	30.8
Net debt excl. leases and convertible debenture/ recurring EBITDA (times)	-	2.4
EBITDA	9,227	45,740**

**Group debt includes the convertible debentures issued in August 2022. In the event the debenture is not converted during the conversion window, an obligation for Rs. 27.06 billion will materialise in August 2025.*

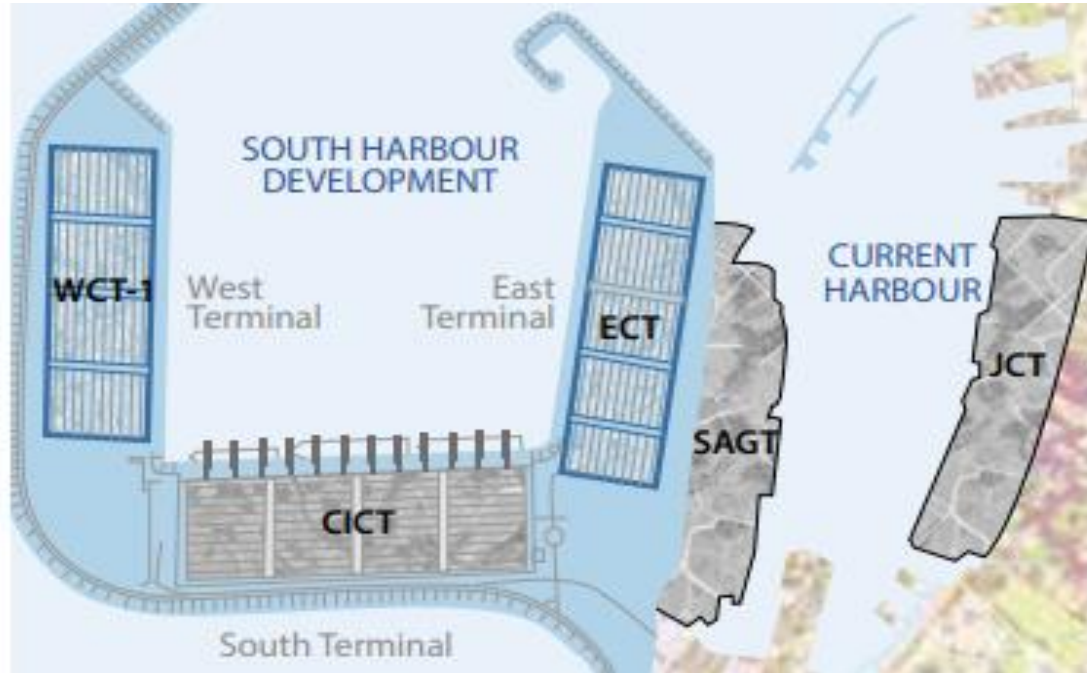
***Recurring EBITDA*

Overview of ESG initiatives

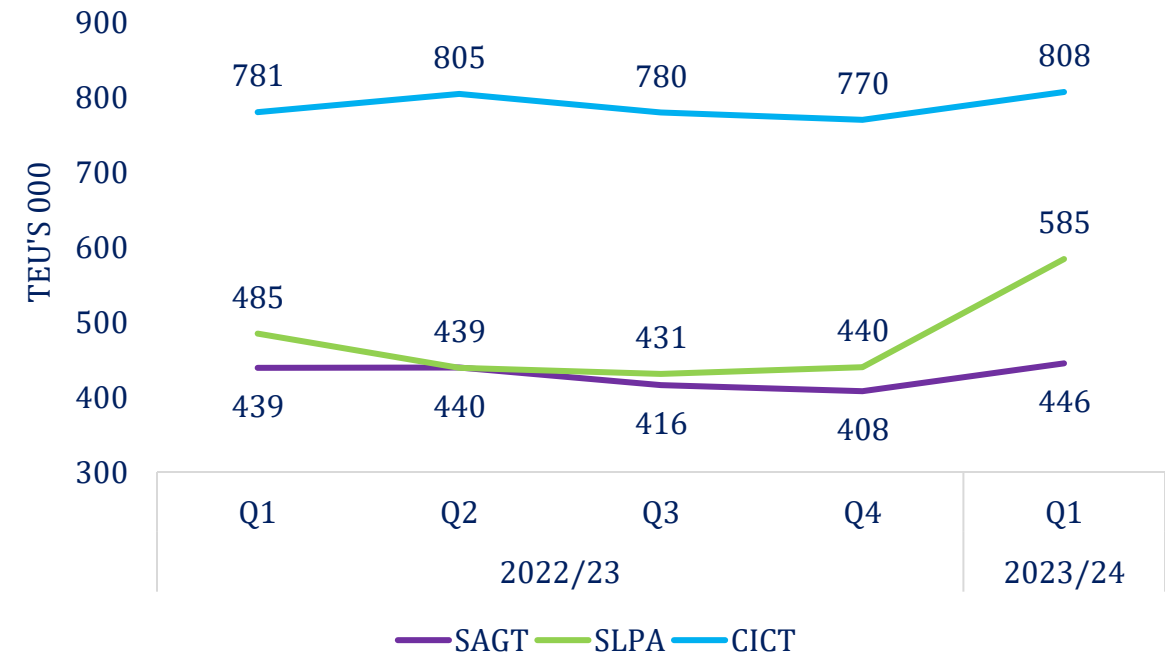
- The Group's carbon footprint per million rupees of revenue increased by 12% to 0.42 MT.
- The Group's water withdrawal per million rupees of revenue increased by 16% to 7.42 cubic meters.
- Initiatives under “ONE JKH”, the Diversity, Equity, and Inclusion (DE&I) brand of the John Keells Group, completed the following commitments under the “Together We Can+” programme, which aims to create inclusive workplaces for Persons with Disabilities (PWD) and LGBTIQ+ individuals:
 - conducting a PWD needs assessment,
 - creating and updating policies for PWD inclusivity,
 - improving accessibility in physical and digital spaces for customers and employees with disabilities.
- In furtherance with the Group's initiatives with the LGBTIQ+ community, the Group was a sponsor of Colombo PRIDE, for the second consecutive year in 2023.

Transportation: Port of Colombo

Capacity Enhancements

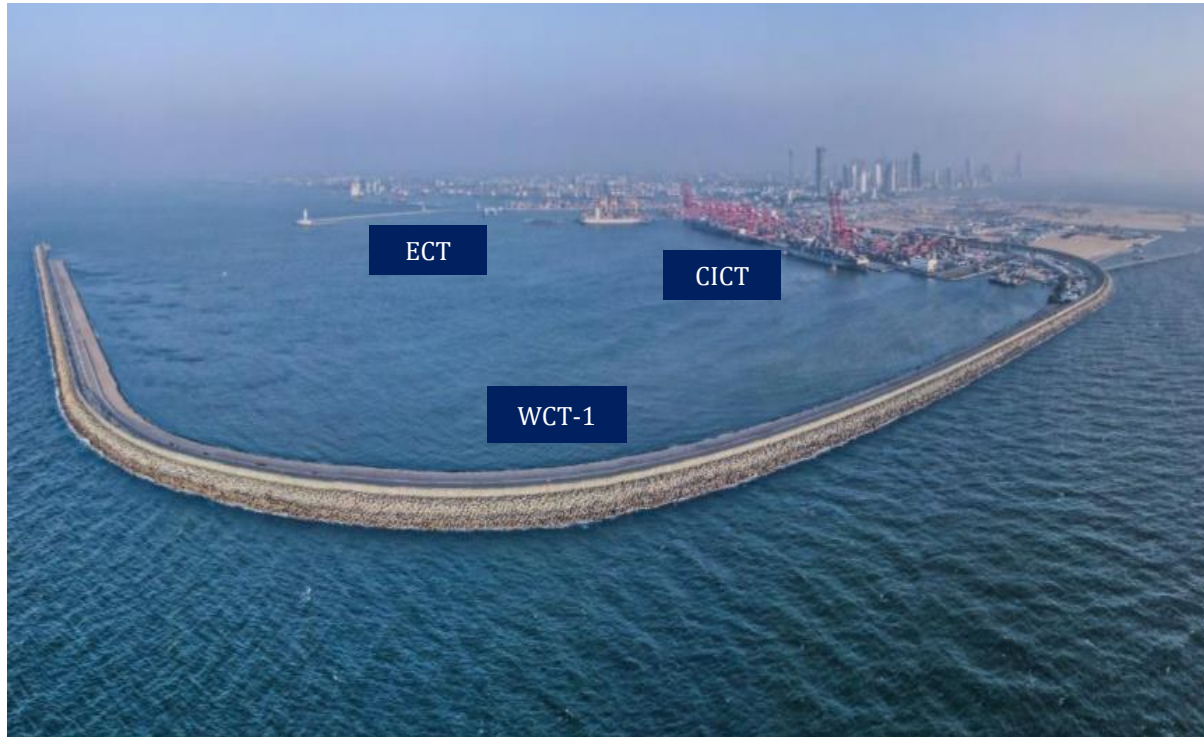


Port of Colombo Volumes

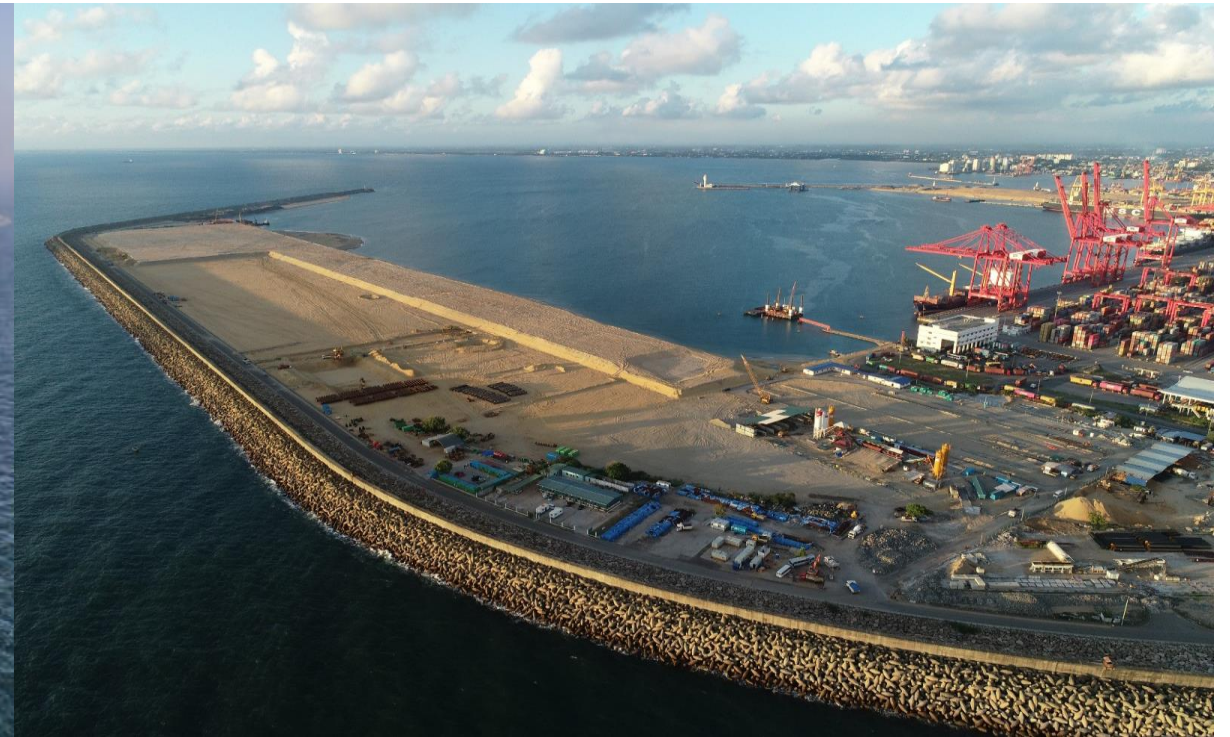


**SLPA includes volumes of JCT and ECT terminals*

WCT-1: Construction progress



November 2022



June 2023

The groundwork on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well with the entirety of the dredging works for both phases completed in May 2023. The construction of the quay wall has been awarded and preliminary work has commenced.

Phase 1 of the terminal is slated to be operational by Q3 2024/25. The remainder of the terminal is expected to be completed by Q3 2025/26.

WCT-1: Construction progress



Transportation: Q1 2023/24

Port Business (South Asia Gateway Terminal)

Volumes (TEUs)	2022/23				2023/24
	Q1	Q2	Q3	Q4	Q1
SAGT	439,310	439,605	416,381	408,261	445,515
Domestic: Transshipment volume mix	13:87	12:88	13:87	13:87	10:90

Bunkering Business (Lanka Marine Services)

LMS (%)	2022/23				2023/24
	Q1	Q2	Q3	Q4	Q1
YoY volume growth	54	(2)	(8)	(0)	(19)

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	2,419	4,551

- Given the dollar denominated revenue streams of the businesses, profitability was adversely impacted by the appreciation of the Sri Lankan Rupee (by ~15%).
- In Q1 of the previous year, LMS recorded a substantial increase in profitability driven by higher margins on account of the significant increase in global fuel oil prices, as well as higher volumes.
- Whilst SAGT recorded a marginal improvement in throughput, profitability was impacted by the volume mix. Ancillary revenues declined from the peak levels witnessed last year.

Consumer Foods: Q1 2023/24

Key performance indicators (%)	FY2023				FY2024
	Q1	Q2	Q3	Q4	Q1
Volume growth:					
Frozen Confectionery	31	6	(19)	(30)	(10)
Beverages (CSD)	56	13	(19)	(40)	(3)
Convenience Foods	14	(11)	(33)	(48)	(35)
EBITDA (Rs. Million)	1,233	1,009	402	651	720
EBITDA margin	16	12	6	8	9
Revenue mix (CSD:FC)	39:61	38:62	38:62	38:62	44:56

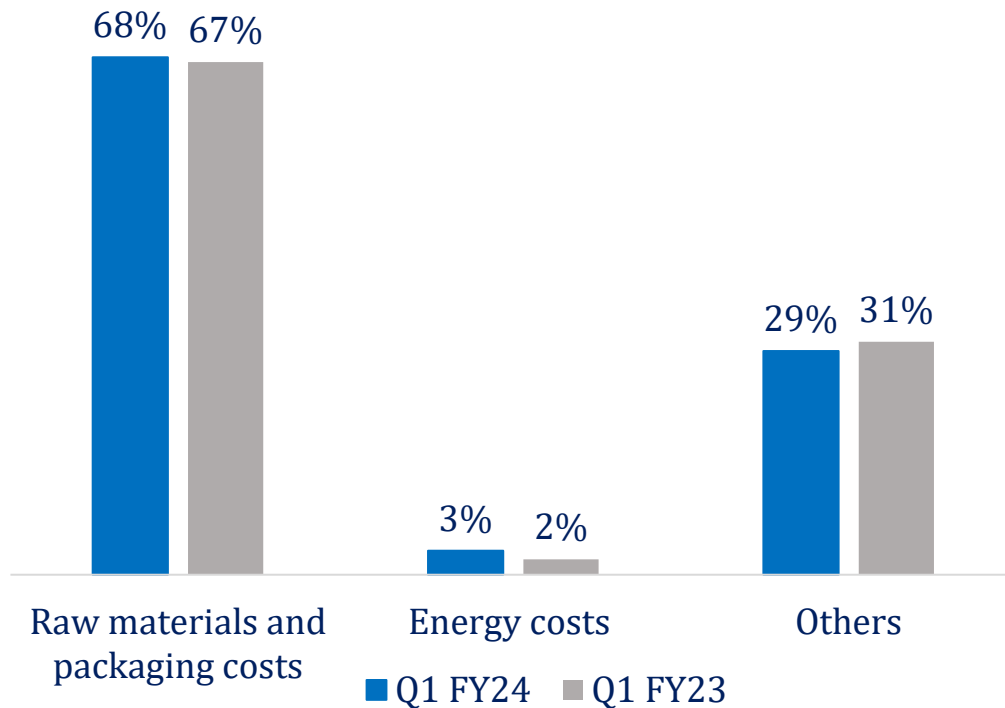
Key performance indicators (%)	FY2019	FY2020	FY2021	FY2022	FY2023
Recurring EBITDA margin	18	20	20	17	10

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	720	1,233
<ul style="list-style-type: none"> The Beverages business recorded a growth in EBITDA while the Frozen Confectionery (FC) and Convenience Foods businesses recorded a decline in EBITDA. The volume decline in the Beverages and FC businesses have shown encouraging recovery compared to the steep volume declines witnessed in the two previous quarters. Margins of the Beverages business recorded an improvement while the FC business had a lag effect in translating to improved margins. 		

Cost of sales analysis of the Beverages business

Cost of sales composition – Q1 FY2024 vs Q1 FY2023



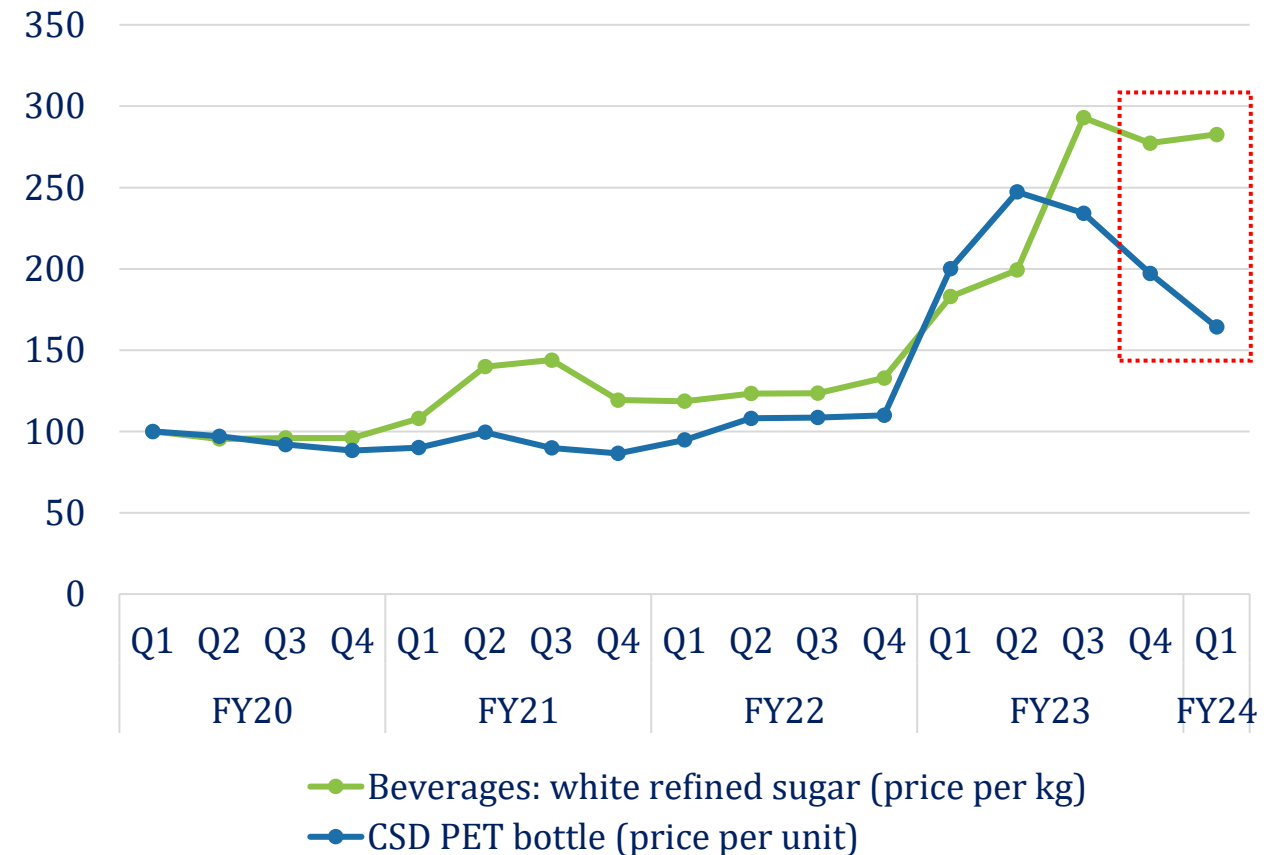
% of raw materials directly imported

Q1 FY2024: 33%

Q1 FY2023: 35%

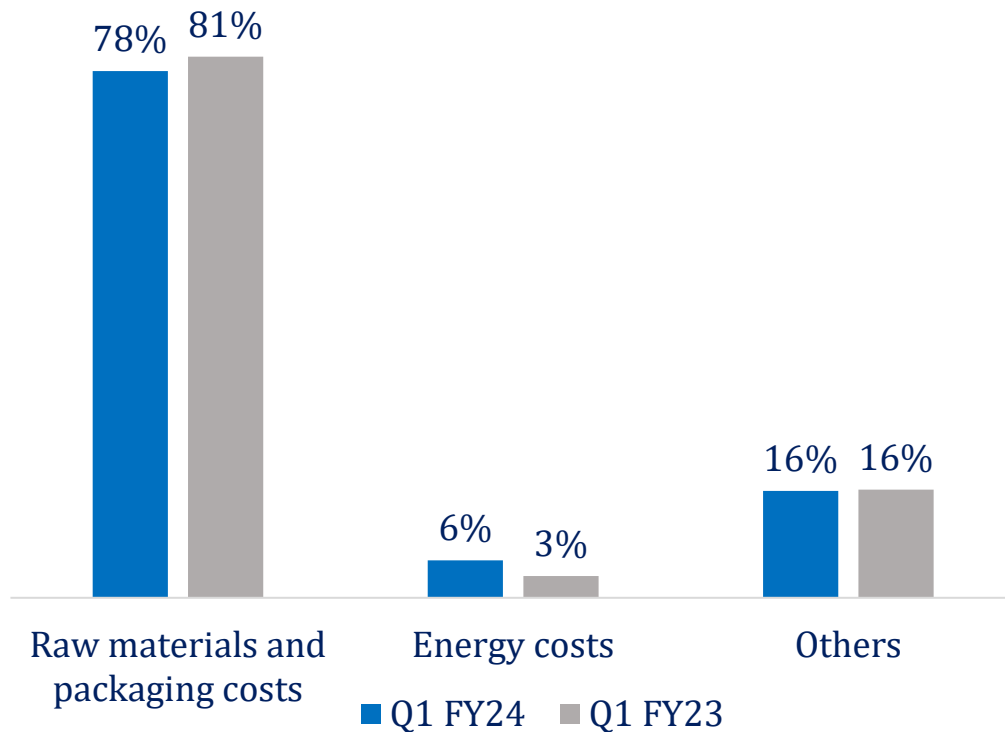
Indexed price of raw materials

Index: Q1 FY20 = 100



Cost of sales analysis of the Frozen Confectionery business

Cost of sales composition – Q1 FY2024 vs Q1 FY2023



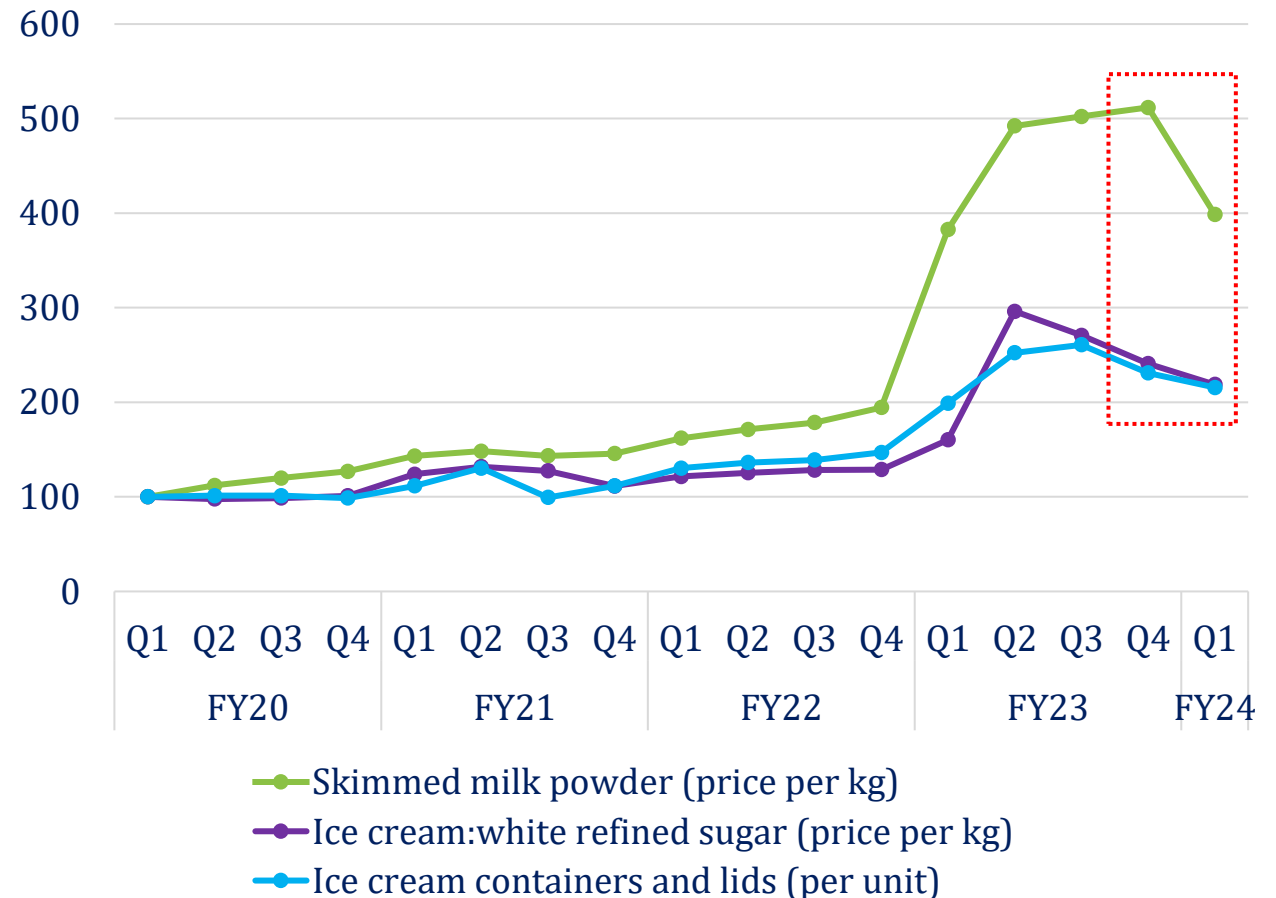
% of raw materials directly imported

Q1 FY2024: 38%

Q1 FY2023: 36%

Indexed price of raw materials

Index: Q1 FY20 = 100



Retail: Q1 2023/24

Supermarket business:

Key performance indicators (%)	2022/23				2023/24
	Q1	Q2	Q3	Q4	Q1
Same store sales growth	54.2	73.7	40.6	30.1	22.8
Same store footfall growth	52.2	76.9	11.1	0.1	14.8
Average basket value growth	1.4	(1.8)	26.5	30.0	7.0
EBITDA (Rs. Million)	1,861	1,671	1,987	1,986	1,740
EBITDA margin	7.6	6.9	7.7	7.9	6.3

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

The total outlet footprint as at 30 June 2023 remained at 131 outlets.

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	1,987	2,319

- The Supermarket business recorded a strong performance in revenue, although margins were under pressure given the significant cost escalations in operations compared to the previous year.
- The increase in revenue, as witnessed during the quarter, is expected to drive an improvement in EBITDA together with the benefits accruing from various productivity and cost efficiency initiatives and supplier negotiations.
- The Office Automation business witnessed an improvement in both mobile phone and office automation sales volumes.

Retail: Q1 2023/24: vs Q1 2022/23

Same Store
Sales
22.8%

Q1 2022/23:

- Inflationary pressures stemming from the domestic macroeconomic crisis.

Q1 2023/24:

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

Same Store
Footfall
14.8%

Q1 2022/23:

- Customer Count was maintained despite the fuel crisis.
- Continued demand towards Modern Trade in comparison to General Trade.

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.

ABV
7.0%

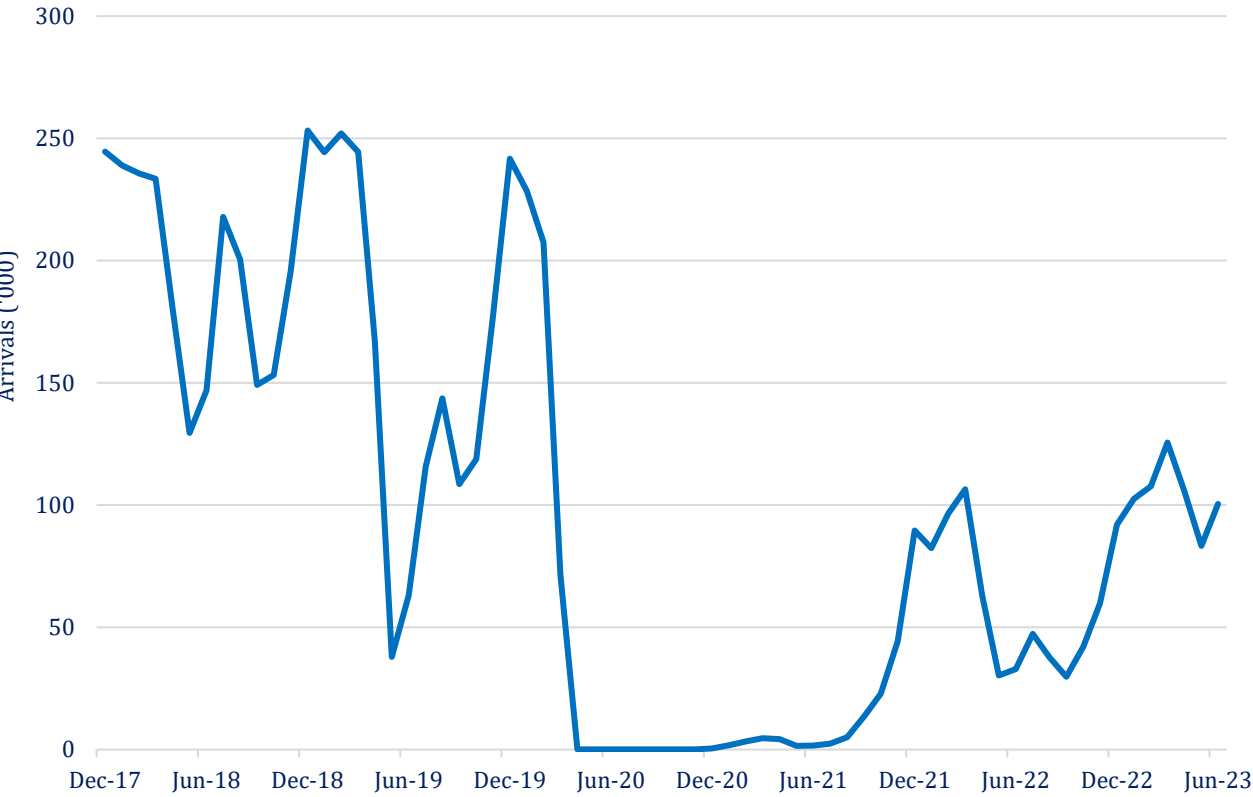
Q1 2022/23:

- June 2022 NCPI (YoY) – 58.9%.
- Weight of Purchase (WOP) dropped on account of reduced purchase of non-essential items.
- Retail Selling Price (RSP) increased due to inflation, which resulted in a higher basket value.

Q1 2023/24:

- June 2023 NCPI (YoY) – 10.8%.
- Despite a tapering down of inflation QoQ, 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.

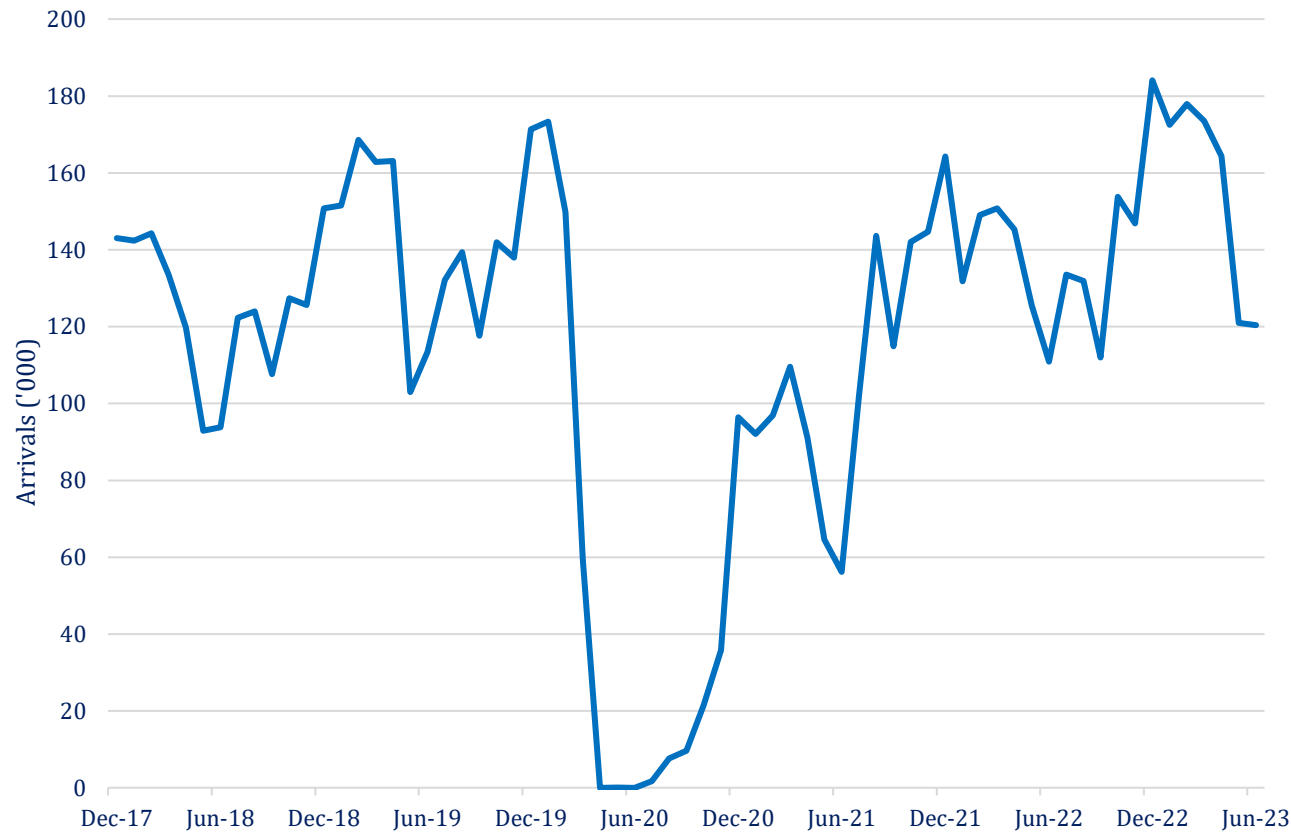
Tourist arrivals to Sri Lanka: recovery trend post-pandemic



Source: Sri Lanka Tourism Development Authority

Sri Lanka - Monthly Tourist Arrivals					
Month	2019	2020	2021	2022	2023
Jan	244,239	228,434	1,682	82,327	102,545
Feb	252,033	207,507	3,366	96,507	107,639
Mar	244,328	71,370	4,581	106,500	125,495
Apr	166,975	-	4,168	62,980	105,498
May	37,802	-	1,497	30,207	83,309
Jun	63,072	-	1,614	32,856	100,388
Jul	115,701	-	2,429	47,293	143,039
Aug	143,587	-	5,040	37,760	
Sep	108,575	-	13,547	29,802	
Oct	118,743	-	22,771	42,026	
Nov	176,984	-	44,294	59,759	
Dec	241,663	393	89,506	91,961	
Total	1,913,702	507,704	194,495	719,978	767,913

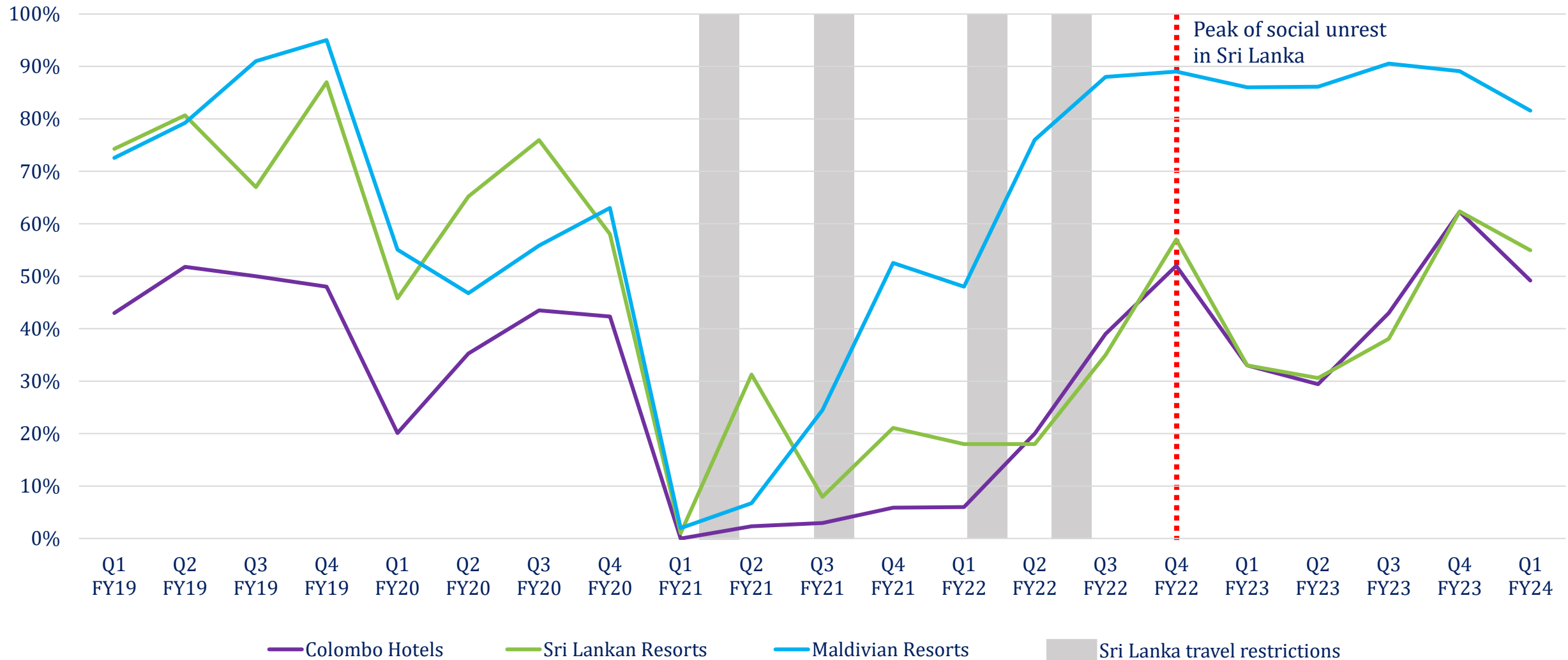
Tourist arrivals to the Maldives: recovery trend post-pandemic



Source: Ministry of Tourism Maldives

The Maldives - Monthly Tourist Arrivals					
Month	2019	2020	2021	2022	2023
Jan	151,552	173,347	92,103	131,764	172,499
Feb	168,583	149,785	96,882	149,008	177,914
Mar	162,843	59,630	109,585	150,739	173,514
Apr	163,114	13	91,200	145,279	164,357
May	103,022	41	64,613	125,522	120,959
Jun	113,475	1	56,166	110,889	120,363
Jul	132,144	1,752	101,818	133,561	145,629
Aug	139,338	7,636	143,599	131,862	
Sep	117,619	9,605	114,896	111,986	
Oct	141,928	21,515	142,066	153,737	
Nov	137,921	35,757	144,725	146,886	
Dec	171,292	96,412	164,284	184,051	
Total	1,702,887	555,494	1,321,937	1,675,303	1,075,235

JKH Group: Leisure occupancies



Leisure: Q1 2023/24

Key indicators	2022/23				2023/24
	Q1	Q2	Q3	Q4	Q1
Colombo Hotels*					
Occupancy (%)	33	29	43	62	49
ARR (USD)	68	62	65	63	70
EBITDA Margin (%)	0	(4)	12	14	(3)
Sri Lankan Resorts					
Occupancy (%)	33	31	38	62	55
ARR (USD)	66	57	63	71	59
EBITDA Margin (%)	(16)	(25)	(11)	33	(18)
Maldivian Resorts					
Occupancy (%)	86	86	91	89	82
ARR (USD)	333	316	372	416	336
EBITDA Margin (%)	32	26	31	40	23

*Occupancies and ARR's exclude "Cinnamon Red Colombo". EBITDA margins exclude "Cinnamon Life Colombo", as it is a project under construction.

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	284	1,869

- Occupancies of the Sri Lankan Leisure businesses recorded an improvement in comparison to the previous year on the back of a gradual recovery in tourist arrivals.
- The profitability was adversely impacted by the Rupee appreciation and higher costs, particularly in the Maldivian Resorts segment and the Destination Management sector.
- EBITDA of Q1 2023/24 includes marketing and promotional expenses and staff salaries incurred in preparation for the launch of "Cinnamon Life".

Cinnamon Life Integrated Resort



Initial sketch by Sri Lankan-British Architect,
Cecil Balmond



The 3D rendering of “Cinnamon Life”



“Cinnamon Life” under construction

Cinnamon Life Integrated Resort



Rendering of “Cinnamon Life”



Actual construction progress of “Cinnamon Life”

Cinnamon Life Integrated Resort

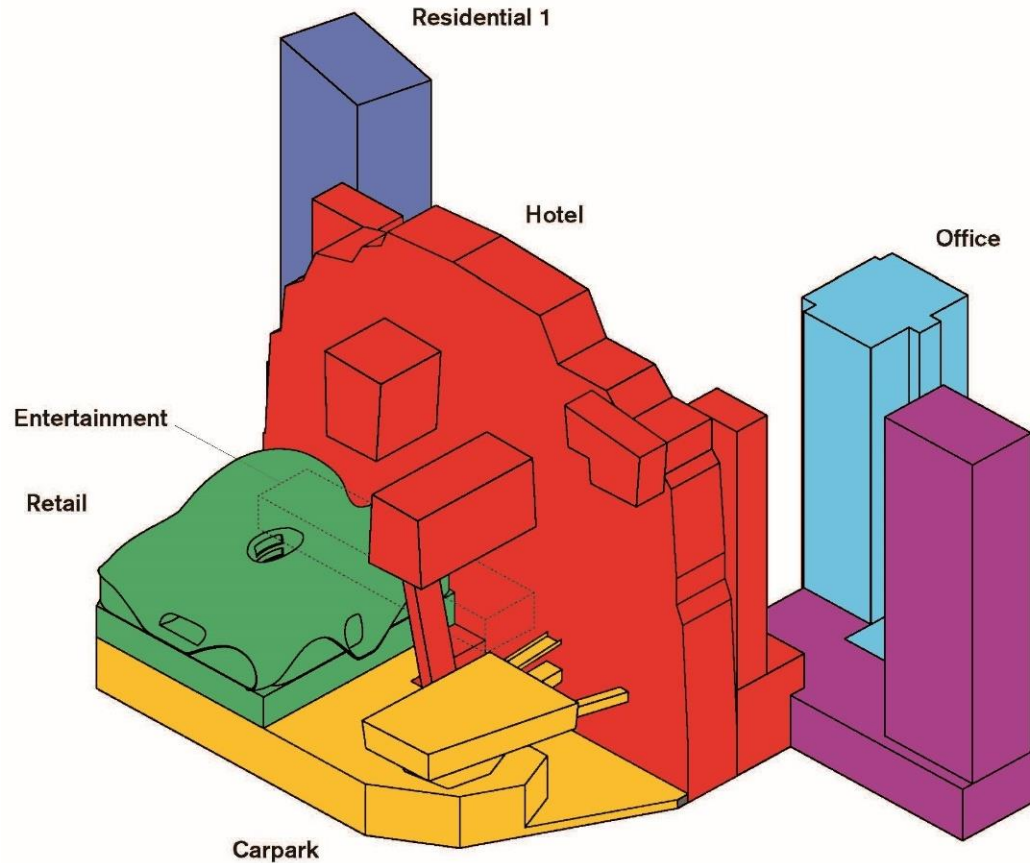


Cinnamon Life – Gaming

The discussions with leading international gaming operators are progressing well, where the commercial structures and arrangements are being negotiated, with a final agreement expected shortly.


A substantial amount of work has been carried out, including detailed site visits, evaluation of the business case and operating model, fit-out requirements, designs and timelines.

Cinnamon Life Integrated Resort



 Conferencing capacity (~5,000 pax) in five venues and car park facility (2,330 slots)

 800 guest room hotel, including conferencing, banqueting, 7 speciality restaurants (~1,300 pax) and entertainment facilities

 The hotel and conferencing space collectively entails:

- 3 ballrooms, 7 meeting rooms, an exhibition hall and a conference hall
- 6 restaurants, 5 bars, 2 lounges and 3 pool bars and lounges
- 4 pools and wellness and fitness related spaces

Rentable mall ~149,000 Sq. Ft (Gross – ~345,000 Sq. Ft) and entertainment space of ~160,000 Sq. Ft

Residential 2

 First residential development of approximately – 358,000 Sq.ft. (231 units)

 Second residential development of approximately – 255,000 Sq.ft. (196 units)

 A standalone office development ~254,000 Sq.ft. of rentable area (24 floors)

Growth potential - MICE market

- The number of outbound MICE travelers from India and China was at 2 million and 5 million (pre-pandemic).
- Colombo is well poised to take advantage of the growing outbound MICE travel from India.
 - The ARR and Conference Package Rate is lower in Colombo than India.
 - Travel time from India to Colombo is the lowest compared to regional competitors.
 - Budget carriers to reduce cost of air travel.
- India also has a booming outbound destination wedding market.
 - Thailand attracts ~300 Indian destination wedding each year.

Property: Q1 2023/24

Cumulative sales update as at 30 June 2023:

	Number of units sold	Number of remaining units
Cinnamon Life:		
The Residence at Cinnamon Life	151	80
The Suites at Cinnamon Life	115	81
Total	266	161
TRI-ZEN	657	234

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	187	(140)
<ul style="list-style-type: none"> EBITDA includes profit recognition from “TRI-ZEN” and rental income from ten floors of “The Offices at Cinnamon Life”. 		

Financial Services: Q1 2023/24

Union Assurance PLC:

Key performance indicators (%)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)	Q4 FY2023 (Jan-Mar 2023)	Q1 FY2024 (Apr-Jun 2023)
GWP growth	13	3	3	5	21
Net profit (Rs. Million)	262	297	1,970	445	469
Net profit growth	55	5	44	105	79

Nations Trust Bank PLC:

Key performance indicators (%)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)	Q4 FY2023 (Jan-Mar 2023)	Q1 FY2024 (Apr-Jun 2023)
Net profit growth	(26)	52	16	79	208
Loan growth	12	7	(3)	(11)	(14)
Net Interest Margin	6.1	8.1	7.0	8.0	7.6
Stage 3 loan ratio (net)	3.2	2.5	2.6	3.4	3.4

Q1 Earnings Update:

(Rs. mn)	Q1 2023/24	Q1 2022/23
EBITDA	1,693	877
<ul style="list-style-type: none"> Union Assurance PLC recorded a double-digit growth in gross written premiums, driven by renewal premiums. Nations Trust Bank PLC recorded a strong growth in profitability, driven by an increase in net interest margins through proactive asset liability management. Profitability at NTB also benefited from the absence of impairment charges on Sri Lankan Government foreign securities given the higher provisioning adopted by the Bank. 		

THANK YOU

This document was produced by John Keells Holdings PLC for information purposes only. The information contained in this document are a review of the financial information pertaining to Q1 2023/24 and does not constitute an issue prospectus or a financial analysis. This Investor Presentation should be read in conjunction with the JKH Annual Report 2022/23 and the Annual Investor Presentation 2022/23 to obtain a more comprehensive understanding of the drivers and strategies of our businesses.

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