

JKH Investor Presentation

Review of Q3 2022/23

Version 4.0

EBITDA: For the quarter ended 31 December

EBITDA (Rs. Million)	Q3 FY2023	Q3 FY2022	Variance	Variance %
Transportation*	1,499	1,396	103	7
Consumer Foods	402	1,004	(602)	(60)
Retail	2,320	2,275	45	2
Leisure	1,898	1,234	664	54
Property	(312)	707	(1,020)	(144)
Financial Services	2,855	2,111	744	35
Other, incl. IT and Plantation Services	1,746	803	943	117
Group EBITDA	10,408	9,530	878	9
Group EBITA excl. one-off deferred tax charge at SAGT	11,173	9,530	1,643	17

*Includes a one-off deferred tax charge at SAGT on account of the significant change in income tax rates, as the share of results of equity accounted investees are consolidated net of all related taxes. Excluding this, the Transportation Industry Group EBITDA is Rs.2.26 billion, which is an increase of 62 per cent against Q3 FY2022.

EBITDA: For the nine months ended 31 December

EBITDA* (Rs. Million)	YTD FY2023	YTD FY2022	Variance	Variance %
Transportation	9,085	3,620	5,465	151
Consumer Foods	2,645	1,922	722	38
Retail	6,603	5,166	1,437	28
Leisure	4,773	539	4,233	785
Property	(731)	2,511	(3,242)	(129)
Financial Services	4,836	3,862	974	25
Other, incl. IT and Plantation Services	5,826	3,079	2,747	89
Group EBITDA	33,036	20,700	12,336	60

**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, to demonstrate the underlying cash operational performance of businesses.*

Annual EBITDA of 2021/22 demonstrates significant growth potential

Recurring EBITDA (Rs. Million)	2021/22	2020/21	2019/20	2018/19*
Transportation	6,141	3,610	4,375	4,598
Consumer Foods	3,485	3,318	3,366	2,864
Retail	7,549	5,523	5,108	2,988
Leisure	3,785	(3,588)	2,306	5,431
Property	7,867	(17)	641	378
Financial Services	5,024	3,645	2,988	3,359
Other, incl. IT and Plantation Services	5,408	3,082	1,286	4,106
Group	39,259	15,572	20,069	23,724

**Adjusted for SLFRS 16 - Leases, for comparison purposes*

- With the exception of Property, which has benefited from the profit recognition at the “Cinnamon Life”, profits of all other businesses are at a sustainable level, notwithstanding the possibility of short-term impacts on account of the macroeconomic environment.

Quarterly EBITDA movement

EBITDA (Rs. Million)	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
Transportation	1,396	2,521	4,551	3,035	1,499
Consumer Foods	1,004	1,563	1,233	1,009	402
Retail	2,275	2,384	2,319	1,963	2,320
Leisure	1,234	3,247	1,869	1,005	1,898
Property (incl. Cinnamon Life)	707	5,356	(140)	(279)	(312)
Financial Services	2,111	1,161	877	1,104	2,855
Other, incl. IT and Plantation Services	803	2,329	2,623	1,457	1,746
Group	9,530	18,559	13,333	9,294	10,408
Cinnamon Life	(467)	(4,005)	48	266	244
Group excl. Cinnamon Life	9,063	14,554	13,381	9,560	10,652

PBT: For the quarter ended 31 December

(Rs. Million)	Finance Costs			PBT		
	Q3 FY2023	Q2 FY2023	Q3 FY2022	Q3 FY2023	Q2 FY2023	Q3 FY2022
Transportation	(197)	(229)	(44)	1,255	2,779	1,295
Consumer Foods	(324)	(210)	(56)	(194)	547	690
Retail	(1,225)	(1,137)	(470)	442	102	1,650
Leisure	(845)	(761)	(349)	(524)	(1,240)	(61)
Property	(40)	118	(31)	(77)	(365)	606
Financial Services	-	277	-	2,828	1,082	2,072
Other, incl. IT and Plantation Services	(2,671)	(1,878)	(778)	(816)	(341)	(10)
Group	(5,303)	(3,822)	(1,728)	2,914	2,564	6,241

Group PBT recorded a decline of 53 per cent due to:

- Q3 FY2022 included profit recognition from the residential apartment units and commercial office floors at “Cinnamon Life”.
- Q3 FY2023 includes a one-off deferred tax charge of Rs.764 million at SAGT on account of the significant change in income tax rates.
- Higher finance expenses due to the significant increase in interest rates on working capital facilities.
- Interest payment on the convertible debentures issued to HWIC in August 2022, which includes a notional non-cash interest charge of approximately Rs.700 million.

Key financial indicators

(Rs. Million)	Q3 FY2023	Q2 FY2023	31 March 2022
Total debt excl. leases	260,006	258,077	234,701
Cash and cash equivalents	128,121	140,774	157,090
Net debt excl. leases	131,885	117,304	77,611
Net debt excl. leases/Equity (%)	34.4	30.6	23.5
Net debt/ recurring EBITDA (times)	-	-	2.0
EBITDA	10,408	9,294	39,259*

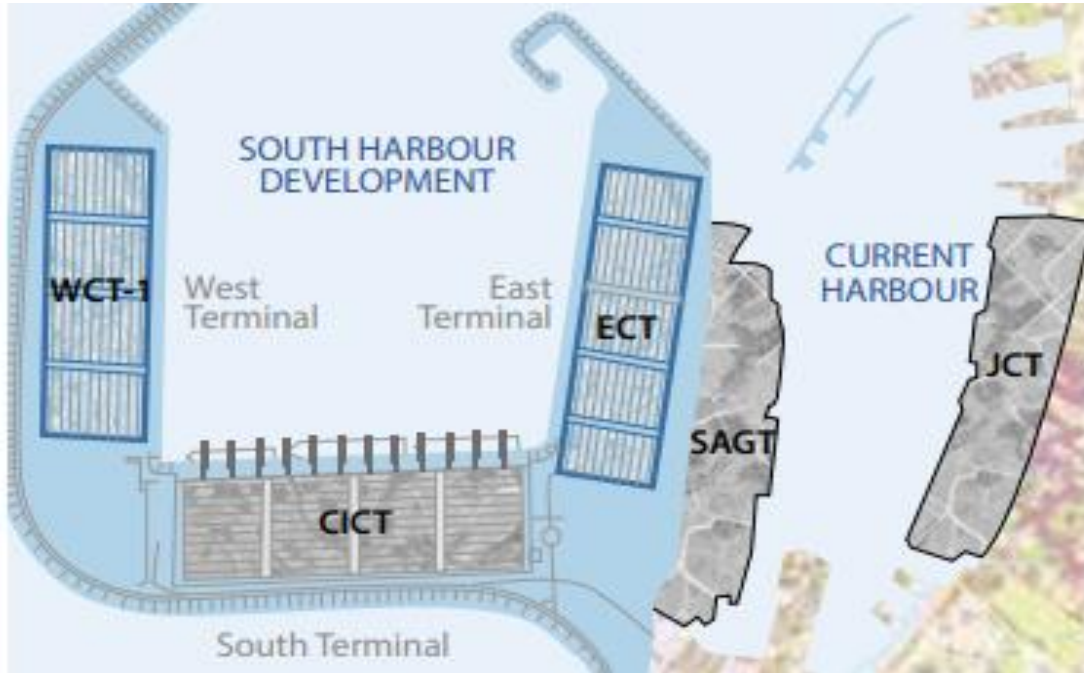
*Recurring EBITDA

Overview of ESG initiatives

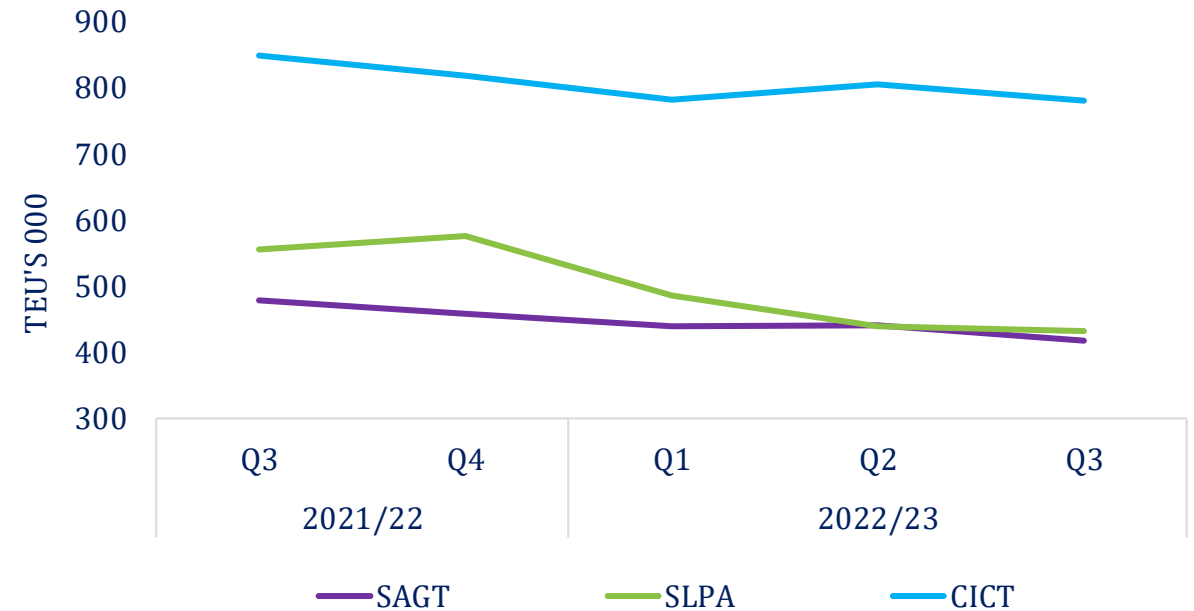
- The Group's carbon footprint per million rupees of revenue decreased by 25 per cent to 0.38 MT.
- The Group's water withdrawal per million rupees of revenue decreased by 17 per cent to 7.56 cubic meters.
- Initiatives under “ONE JKH”, the Diversity, Equity, and Inclusion (DE&I) brand of the John Keells Group, included a perception survey to better understand employee awareness and sentiment towards increasing career opportunities for persons with disabilities.
- Cognizant of the multiple economic hardships faced by the people of the country, and in recognition of the Group's role as a leading responsible corporate citizen, the Group continued its multi-pronged crisis response programme with a particular focus in the areas of food security, education and nutrition among vulnerable segments such as school children.

Transportation: Port of Colombo

Capacity Enhancements



Port of Colombo Volumes



*SLPA includes volumes of JCT and ECT terminals

WCT-1: construction progress



The groundwork on the West Container Terminal (WCT-1) at the Port of Colombo is progressing well with the dredging works being rapidly completed. The contract for the quay wall construction, a significant component of the overall construction works, was awarded in October 2022.

Overall timelines for the project remain as originally envisaged.



Transportation: Q3 2022/23

Port Business (South Asia Gateway Terminal)

Volumes (TEUs)	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
SAGT	478,386	456,926	439,310	439,605	416,381
Domestic: Transshipment volume mix	13:87	14:86	13:87	12:88	13:87

Bunkering Business (Lanka Marine Services)

LMS (%)	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
YoY volume growth	(6)	2	54	(2)	(8)

Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	1,499	1,396

- EBITDA was impacted as a result of a one-off deferred tax charge of Rs.764 million at SAGT, on account of the significant change in income tax rates.
- Excluding the deferred tax charge, Transportation recorded an EBITDA of Rs.2.26 billion, which is an increase of 62 per cent against Q3 FY2022.
- Profitability increased due to USD denominated revenue streams and resultant translation gains due to the depreciation of the Rupee as against the previous year.
- LMS recorded a reduction in profitability due to a sharp decline in oil prices in the month of December 2022, whilst volumes fell in line with the Sri Lankan bunkering market.

Consumer Foods: Q3 2022/23

Key performance indicators (%)	FY2022		FY2023		
	Q3	Q4	Q1	Q2	Q3
Volume growth:					
Frozen Confectionery	37	25	31	6	(19)
Beverages (CSD)	37	34	56	13	(19)
Convenience Foods	22	2	14	(11)	(33)
EBITDA (Rs. Million)	1,004	1,563	1,233	1,009	402
EBITDA margin	18	21	16	12	6
Revenue mix (CSD:FC)	41:59	44:56	39:61	38:62	38:62

Key performance indicators (%)	FY2018	FY2019	FY2020	FY2021	FY2022
Recurring EBITDA margin	20	18	20	20	17

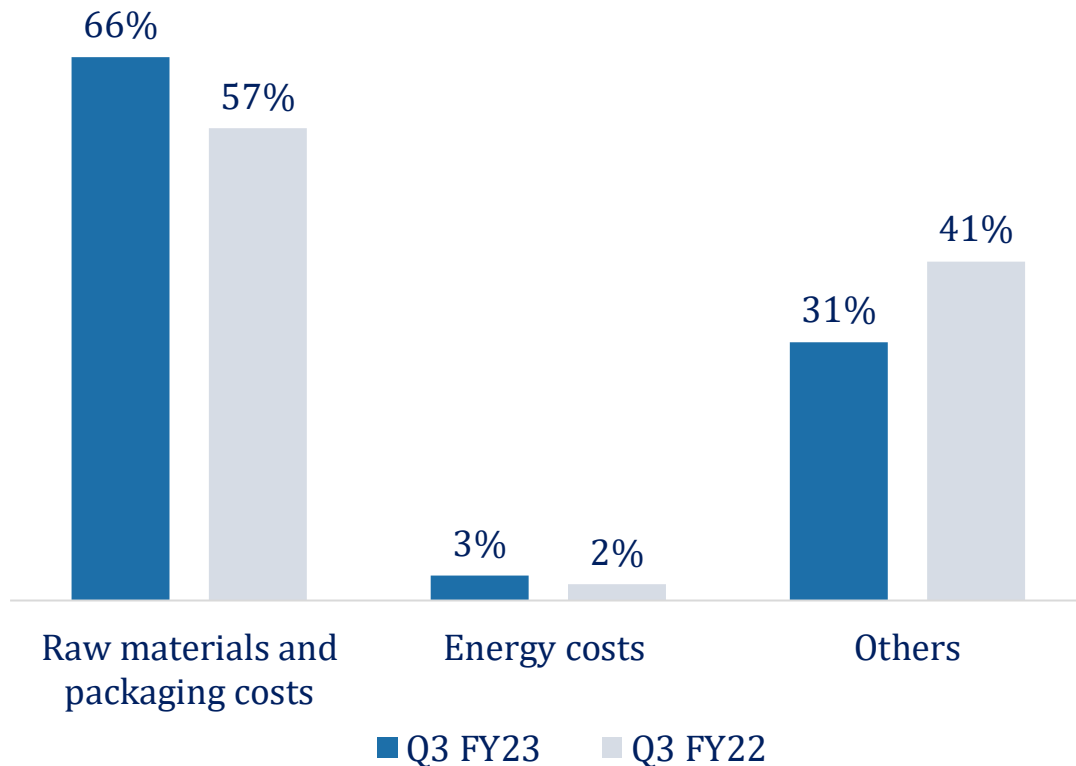
Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	402	1,004

- Volumes were affected on account of the price increases undertaken to mitigate margin pressure, together with declining consumer disposable incomes which dampened demand.
- Margin pressure is expected to ease from Q4 onwards due to declining global raw material prices and freight costs, the gradual easing of the country's foreign exchange liquidity position and improved raw material availability.

Cost of sales analysis of the Beverages business

Cost of sales composition - Q3 FY2023 vs Q3 FY2022



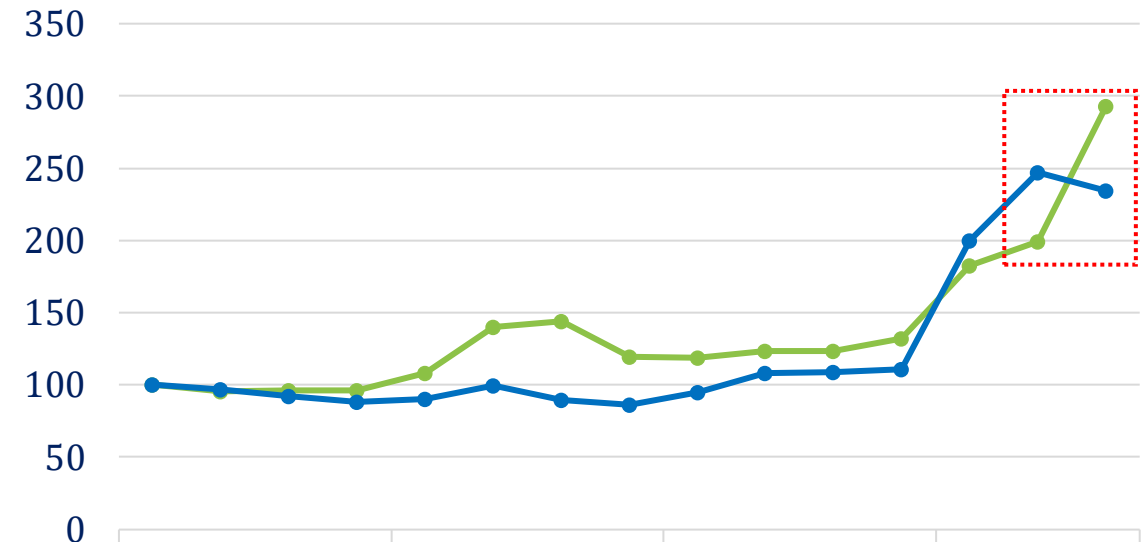
% of raw materials directly imported

Q3 FY2023: 38%

Q3 FY2022: 36%

Indexed price of raw materials

Index: Q1 FY20 = 100

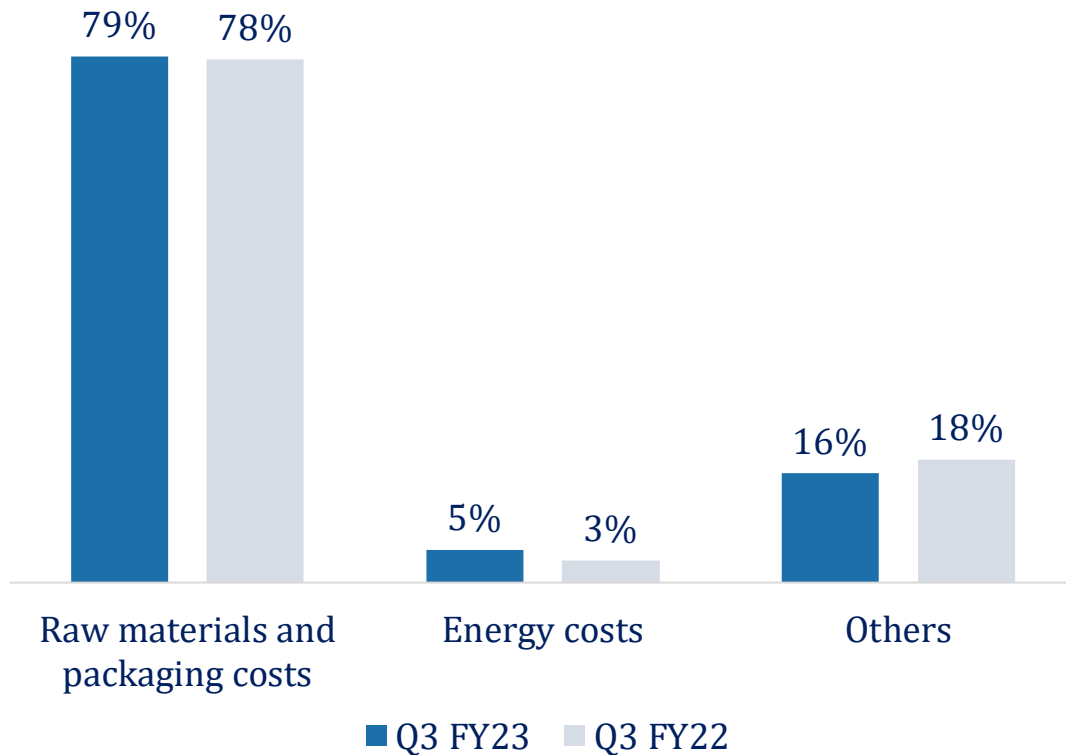


— Beverages: white refined sugar (price per kg)

— CSD PET bottle (price per unit)

Cost of sales analysis of the Frozen Confectionery business

Cost of sales composition – Q3 FY2023 vs Q3 FY2022

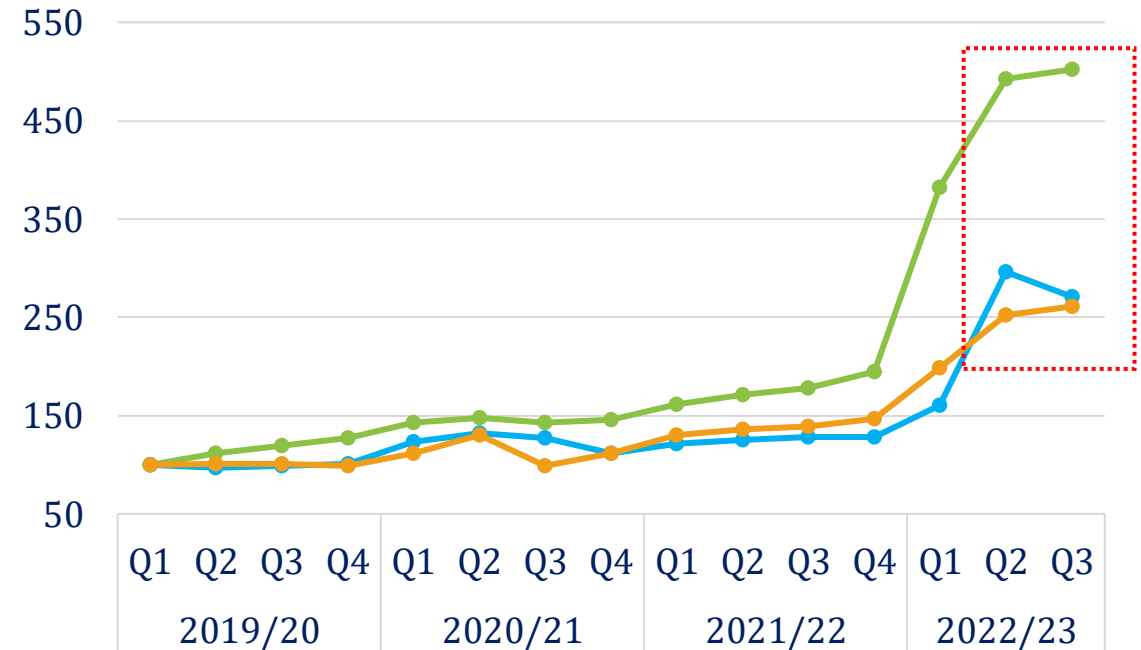


% of raw materials directly imported

Q3 FY2023: 29%
Q3 FY2022: 54%

Indexed price of raw materials

Index: Q1 FY20 = 100



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

Retail: Q3 2022/23

Supermarket business:

Key performance indicators (%)	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
Same store sales growth	9.5	18.9	54.2	73.7	40.6
Same store footfall growth	18.5	17.0	52.2	76.9	11.1
Average basket value growth	(7.6)	1.6	1.4	(1.8)	26.5
EBITDA (Rs. Million)	1,573	1,958	1,861	1,671	1,987
EBITDA margin	8.5	10.0	7.6	6.9	7.7

Given the change in the shopping patterns of customers where the frequency and purchase patterns have changed due to consolidation of baskets, the statistics on footfall and basket values are distorted.

Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	2,320	2,275

- The Supermarket business recorded an increase in same store sales driven by a combination of higher customer footfall and basket values due to high inflation.
- The continuing increase in footfall is positive as it demonstrates the potential for higher penetration of certain customer segments.
- The Office Automation business recorded a significant reduction in sales volume due to the continued import restrictions on non-essential items.

Retail: Q3 2022/23 vs Q3 2021/22

Same Store
Sales
40.6%

Q3 FY22:

- No pandemic related disruptions during the quarter.
- Increase in revenue on account of seasonal sales in December.

Q3 FY23:

- Increase in revenue on account of seasonal sales in December.
- High inflation coupled with indirect taxes, caused an increase in prices of items.

Same Store
Footfall
11.1%

Q3 FY22:

- Post-lockdown, customer footfall increased with the resumption with business activity.

Q3 FY23:

- Customer Count increased driven by seasonal sales along with improved availability of items at Outlets.
- Continued demand towards Modern Trade in comparison to General Trade.
- Continued on-boarding of customers into Nexus loyalty programme.

ABV
26.5%

Q3 FY22:

- December 2021 NCPI (YoY) – 14.0%.

Q3 FY23:

- December 2022 NCPI (YoY) – 59.2%.
- Although inflation eased QoQ, the imposition of taxes, resulted in an increase in the Retail Selling Price.
- The drop in Weight of Purchase was offset by an increase in Customer Count, which resulted in a double-digit growth of the ABV.

Arrivals to Sri Lanka showed a recovery trend prior to April 2022



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	
Apr	166,975	-	4,168	62,980	
May	37,802	-	1,497	30,207	
Jun	63,072	-	1,614	32,856	
Jul	115,701	-	2,429	47,293	
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	210,184

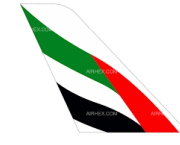
Air connectivity to Sri Lanka; recovery to pre-pandemic frequencies



Sri Lankan Airlines
Frequency per week:
2019: 192
2023: 208



Air India
Frequency per week:
2019: 14
2023: 10



Emirates
Frequency per week:
2019: 28
2023: 27



Air Asia
Frequency per week:
2019: 7
2023: 7



China Eastern
Frequency per week:
2019: 4
2023: 4



Singapore Airlines
Frequency per week:
2019: 14
2023: 4



Etihad
Frequency per week:
2019: 14
2023: 6



Gulf Air
Frequency per week:
2019: 7
2023: 14



IndiGo
Frequency per week:
2019: 7
2023: 14



Malaysian Airlines
Frequency per week:
2019: 7
2023: 5



Oman Air
Frequency per week:
2019: 14
2023: 7



Qatar Airways
Frequency per week:
2019: 35
2023: 23



Fits Air (Sri Lanka)
Frequency per week:
2019: N/A
2023: 4



Air France
Frequency per week:
2019: N/A
2023: 3



Edelweiss Air
Frequency per week:
2019: N/A
2023: 1

*The Airlines listed above are only the direct flights to Sri Lanka and does not include code-share flights
Source: compiled based on internal aviation database, and figures maybe subject to change*

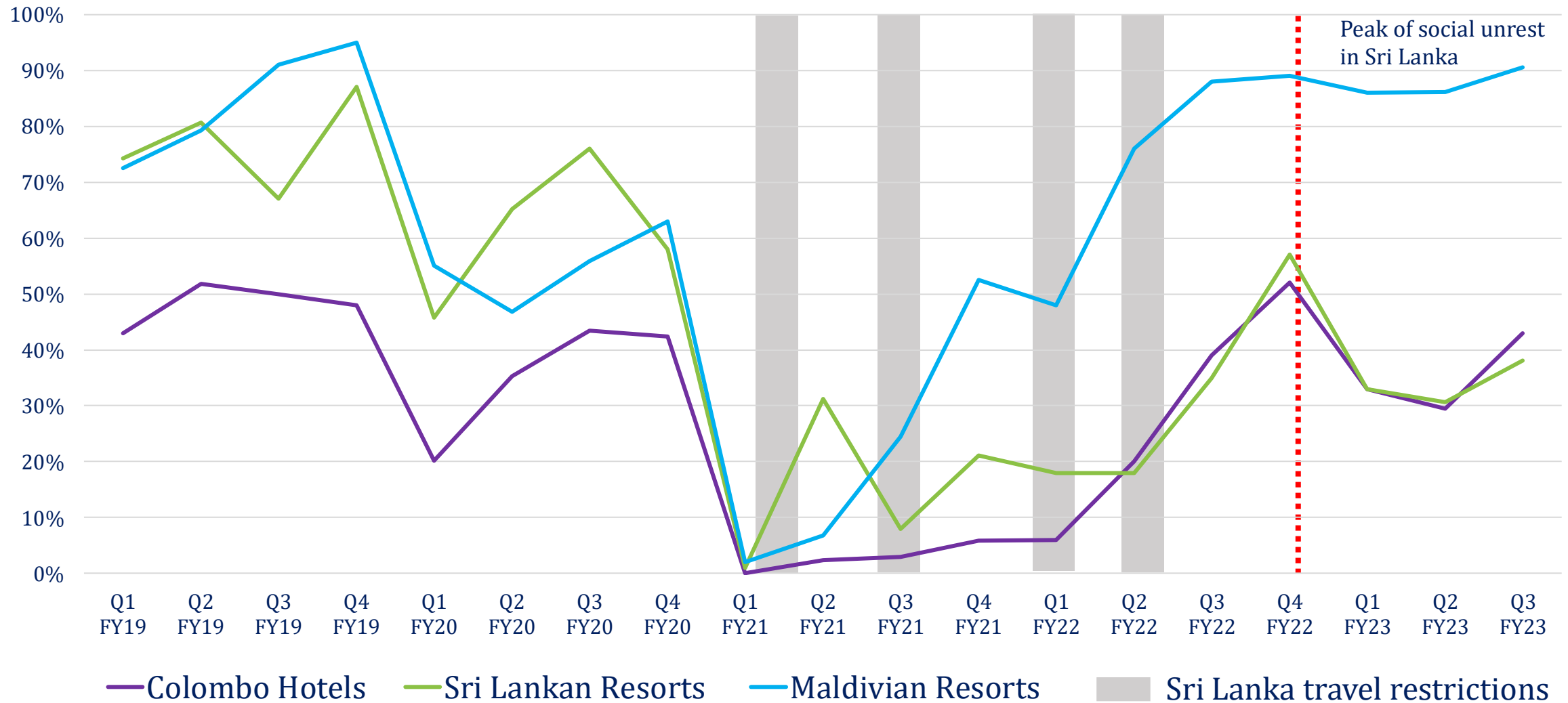
Maldivian arrivals: strong recovery trend post-pandemic



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	
Apr	163,114	13	91,200	145,279	
May	103,022	41	64,613	125,522	
Jun	113,475	1	56,166	110,889	
Jul	132,144	1,752	101,818	133,561	
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	350,413

JKH Group: Leisure occupancies



Leisure: Q3 2022/23

Key indicators	2021/22		2022/23		
	Q3	Q4	Q1	Q2	Q3
Colombo Hotels					
Occupancy (%)	39	52	33	29	43
ARR (USD)	71	77	68	62	65
EBITDA Margin (%)	11	23	0	(4)	12
Sri Lankan Resorts					
Occupancy (%)	35	57	33	31	38
ARR (USD)	82	93	66	57	63
EBITDA Margin (%)	(16)	45	(16)	(25)	(11)
Maldivian Resorts					
Occupancy (%)	88	89	86	86	91
ARR (USD)	344	423	333	316	372
EBITDA Margin (%)	37	49	32	26	31

Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	1,898	1,234

- The Maldivian Resorts segment continued its strong performance with occupancies averaging over 90 per cent.
- Colombo Hotels recorded a strong performance in its restaurant and banqueting operations.
- Occupancies of Colombo Hotels improved on the back of a gradual recovery in business travel.
- Sri Lankan Resorts margins continued to be under pressure given the rising input and utility costs and the limited revenue from foreign arrivals.

Property: Q3 2022/23

Cumulative sales update as at 31 December 2022:

	Number of units sold	Number of remaining units
Cinnamon Life Integrated Resort:		
The Residence at Cinnamon Life	151	80
The Suites at Cinnamon Life	115	81
Total	266	161
Tri-Zen	654	237

Update to “Cinnamon Life” completion timelines and cost:

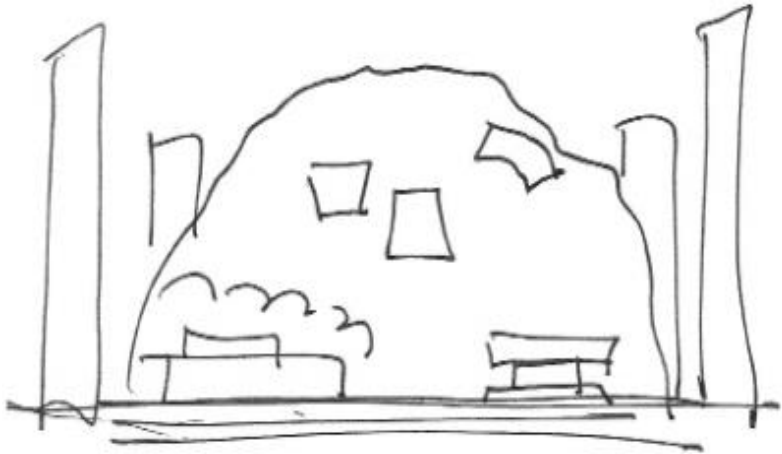
- Taking into consideration the re-sequencing of the overall finishing works of the project along with finalising the gaming arrangements and designs, “Cinnamon Life” will be operational in Q1 2024/25. The hotel and gaming space openings are now aligned to ensure the impact of the integrated offering is optimised to its fullest extent.
- Along with the extension in completion timelines and the increases in the prices for the cost of finishing, fitouts, interior decor and equipment, the project construction cost which was projected to be approximately USD 900 million is now estimated to be ~10 per cent higher.
- The Group is currently engaged in discussions to secure the necessary international gaming expertise to operate at “Cinnamon Life”. Based on preliminary discussions, it is estimated that the overall fitout of the gaming space will take a period of approximately 12 months once the design aspects are finalised.

Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	(312)	707

- Q3 FY22 includes revenue and profit recognition from the handover of the residential apartment units at “Cinnamon Life”.
- The recognition of revenue of all units sold to date at “Cinnamon Life” was completed by 31 March 2022.
- “Tri-Zen” is expected to have its next tranche of revenue recognition in Q4 2022/23.

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”

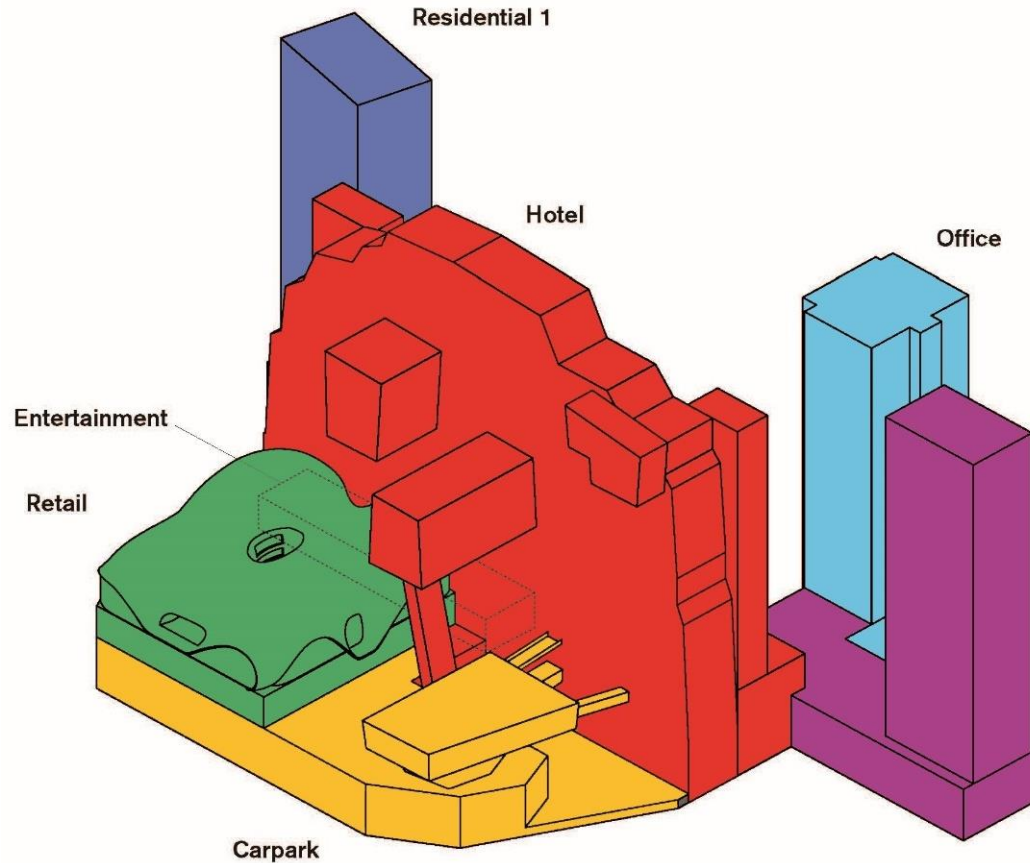


Actual construction of “Cinnamon Life” as of January 2023

Cinnamon Life Integrated Resort



Cinnamon Life Integrated Resort



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

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

Green: 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

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

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

Light Blue: 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.

Financial Services: Q3 2022/23

Union Assurance PLC:

Key performance indicators (%)	Q3 FY2022 (Oct-Dec 2021)	Q4 FY2022 (Jan-Mar 2022)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)
GWP growth	17	17	13	3	3
Net profit (Rs. Million)	1,370	217	262	297	1,970
Net profit growth	215	(7)	55	5	44

Nations Trust Bank PLC:

Key performance indicators (%)	Q3 FY2022 (Oct-Dec 2021)	Q4 FY2022 (Jan-Mar 2022)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)
Net profit growth	80	(13)	(26)	52	16
Loan growth	18	12	12	7	(3)
Net Interest Margin	3.9	4.8	6.1	8.1	7.0
Stage 3 Loan Ratio	5.8	5.3	8.0	7.5	7.5

Q3 Earnings Update:

(Rs. mn)	Q3 2022/23	Q3 2021/22
EBITDA	1,746	803

- In addition to recording a higher surplus in Q3 FY2023, UA recorded an increase in gross written premiums and interest income driven by high interest rates.
- Despite the impairment charges on the Sri Lankan Government securities denominated in foreign currency, as witnessed across the banking industry, NTB recorded an increase in profitability driven by an increase in net interest margins and cost saving strategies. The total exposure of the investments in this segment is low at approximately 3 per cent of total assets of NTB.

THANK YOU

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