

JKH Investor Presentation

Review of Q4 2022/23

Version 2

Recurring EBITDA: For the year ended 31 March

Recurring EBITDA* (Rs. Million)	2022/23	2021/22	Variance	Variance %
Transportation	11,963	6,141	5,822	95
Consumer Foods	3,184	3,485	(301)	(9)
Retail	8,779	7,549	1,230	16
Leisure	8,604	3,785	4,819	127
Property	(265)	7,867	(8,133)	(103)
Financial Services	6,451	5,024	1,428	28
Other, incl. IT and Plantation Services	7,024	5,408	1,616	30
Group EBITDA	45,740	39,259	6,481	17
Cinnamon Life	-	(6,304)		
Group EBITDA excluding Cinnamon Life	45,740	32,955	12,785	39

**Recurring EBITDA entails removal of one-off impairment charges in order to reflect the performance of the core operations of the businesses. Refer page 82 of the Annual Report 2022/23 for a detailed analysis on adjustments reflected in the recurring EBITDA calculation.*

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: For the quarter ended 31 March

Recurring EBITDA* (Rs. Million)	Q4 2022/23	Q4 2021/22	Variance	Variance %
Transportation	1,537	2,521	(984)	(39)
Consumer Foods	540	1,563	(1,023)	(65)
Retail	2,176	2,384	(207)	(9)
Leisure	3,831	3,246	586	18
Property	466	5,356	(4,891)	(91)
Financial Services	1,899	1,161	738	64
Other, incl. IT and Plantation Services	1,198	2,329	(1,131)	(49)
Group EBITDA	11,647	18,559	(6,912)	(37)
Cinnamon Life	-	(4,005)		
Group EBITDA excluding Cinnamon Life	11,647	14,554	(2,907)	(20)

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

Recurring EBITDA entails removal of one-off impairment charges in order to reflect the performance of the core operations of the businesses. Refer page 82 of the Annual Report 2022/23 for a detailed analysis on adjustments reflected in recurring EBITDA calculation.

Quarterly recurring EBITDA movement

Recurring EBITDA (Rs. Million)	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Transportation	2,521	4,551	3,035	2,840	1,537
Consumer Foods	1,563	1,233	1,009	402	540
Retail	2,384	2,319	1,963	2,320	2,176
Leisure	3,247	1,869	1,005	1,898	3,831
Property	5,356	(140)	(279)	(312)	466
Financial Services	1,161	877	1,104	2,571	1,899
Other, incl. IT and Plantation Services	2,329	2,623	1,457	1,746	1,198
Group	18,559	13,333	9,294	11,465	11,647
Cinnamon Life	(4,005)	48	266	244	(81)
Group excl. Cinnamon Life	14,554	13,381	9,560	11,709	11,566

Analysis of YoY PBT performance

(Rs.Million)	2022/23	2021/22
Reported PBT	22,589	27,324
Routine adjustments:		
- Net exchange (gains)/losses	(6,630)	(12,889)
- IP (gains)/losses	(353)	(203)
FY23 one-off adjustments:		
- One-off impacts from performance related initiatives	56	-
- Provision for impairment of WBTL's shares in SAF	422	-
- Deferred tax impact from a change in tax rates of associates	1,057	-
FY22 one-off adjustments:		
- SAGT goodwill + others	-	5,298
- Cinnamon Life – Office	-	4,902
Recurring PBT	17,141	24,432
Cinnamon Life	-	(6,304)
Recurring PBT excl. Cinnamon Life	17,141	18,128

Finance Costs: For the year ended 31 March

Finance Costs (Rs. Million)	2022/23	2021/22	Variance	Variance %
Transportation	719	168	551	328
Consumer Foods	958	180	778	432
Retail	4,097	1,872	2,225	119
Leisure	3,084	1,354	1,730	128
Property	122	139	(17)	(12)
Financial Services	0.012	323	(323)	(100)
Other, incl. IT and Plantation Services	8,822	2,997	5,825	194
Group	17,803	7,035	10,768	153

- Higher finance expenses due to the significant increase in interest rates and translation impact from foreign currency interest expense.
- Interest payment on the convertible debentures issued to HWIC in August 2022, includes a notional non-cash interest charge of approximately Rs.1.83 billion for 2022/23.

Analysis of finance costs

Finance Costs (Rs. Million)	Q4 2022/23	Q3 2022/23	Q4 2021/22
Transportation	178	197	56
Consumer Foods	332	324	46
Retail	1,082	1,225	497
Leisure	864	845	355
Property	25	40	84
Financial Services	0.004	-	323
Other, incl. IT and Plantation Services	2,954	2,671	805
Group	5,434	5,303	2,168

- 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.690 million for Q4 2022/23.

Recurring PBT: For the quarter ended 31 March

Recurring PBT (Rs. Million)	Q4 2022/23	Q4 2021/22	Variance	Variance %
Transportation	1,269	2,406	(1,138)	(47)
Consumer Foods	(81)	1,258	(1,340)	(106)
Retail	245	1,155	(910)	(79)
Leisure	1,469	1,859	(390)	(21)
Property	419	5,250	(4,832)	(92)
Financial Services	1,914	1,150	764	66
Other, incl. IT and Plantation Services	(1,819)	1,474	(3,293)	(223)
Group	3,415	14,553	(11,139)	(77)

- Q4 FY2022 included profit recognition of Rs.4.01billion from the residential apartment units and office floors at “Cinnamon Life”.
- Q4 2022/23 included a significant increase in finance costs of Rs.3.27 billion on account of high interest rates and the notional interest charge on the convertible debenture issues to HWIC Asia Fund in August 2022.

Key financial indicators

(Rs. Million)	2022/23	2021/22	2020/21
Total debt* excl. leases and incl. convertible debenture	229,749	234,701	147,197
Total debt excl. leases and convertible debenture	211,369		
Cash and cash equivalents	100,340	157,090	98,488
Net debt excl. leases and convertible debenture	111,029	77,611	48,709
Net debt excl. leases and convertible debenture/Equity (%)	30.8	23.5	20.0
Net debt excl. leases and convertible debenture/recurring EBITDA (times)	2.4	2.0	3.1
Recurring EBITDA	45,740	39,259	15,572

Group debt includes the convertible debentures issued in August 2022. The liability component amounting to Rs.18.38 billion is recognised under non-current financial liabilities. In the event the debenture is not converted during the conversion window, an obligation for Rs. 27.06 billion will materialise in August 2025.

Overview of ESG initiatives for 2022/23

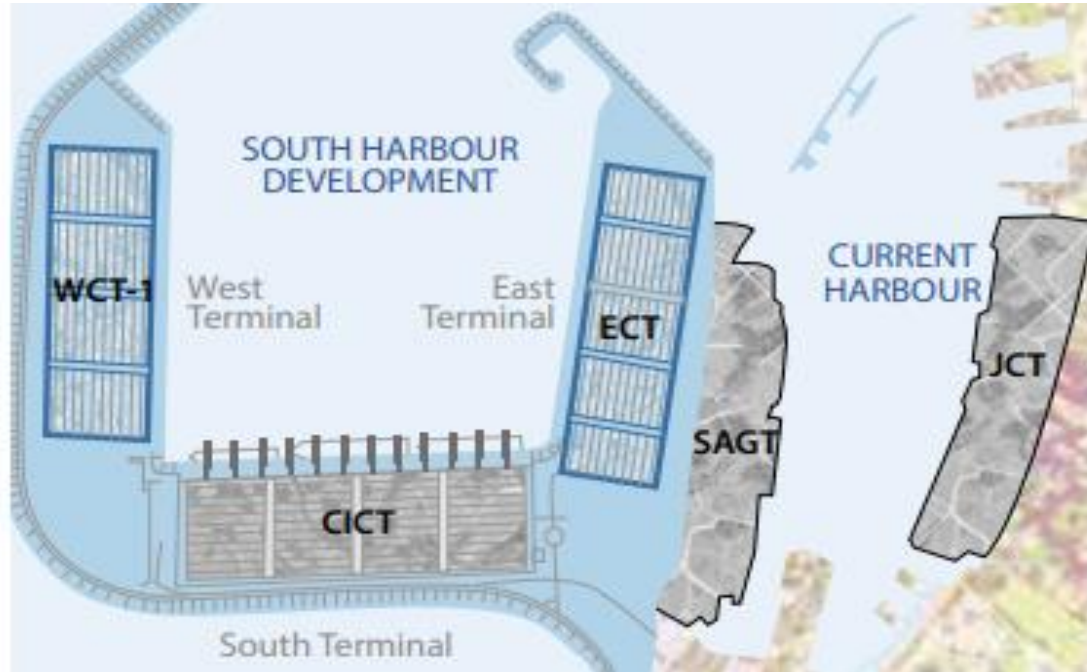
- The Group's carbon footprint per million rupees of revenue decreased by 29% to 0.38 MT.
- The Group's water withdrawal per million rupees of revenue decreased by 31% to 7.01 cubic meters.
- The Group embarked on re-formulating its ESG framework in collaboration with an international third-party consulting firm, setting revised Group-wide ESG ambitions and translating such ambitions to ESG related targets.
- JKH donated Rs.100 million to the "Suwa Seriya Foundation" for the operations of the "Suwa Seriya Ambulance Service" which provides free-of-charge lifesaving emergency medical assistance to the public across the country.

ONE JKH – Our Diversity, Equity, and Inclusion Initiative

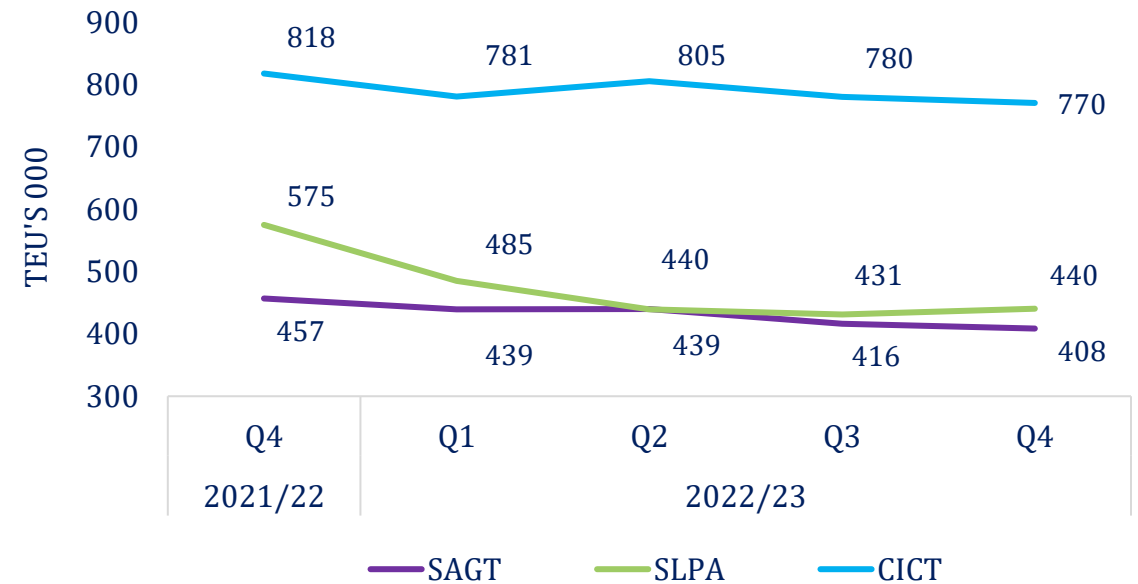
- Introduction of an equal 100 days of maternity and paternity days as parental leave at the birth or adoption of a child. The 5 days of paternity leave was enhanced to 100 days, ensuring equity, and recognising the importance of both parents' roles in early childcare.
- The Group has set a goal of increasing women participation in its employee cadre up to 40% by the end of 2025/26. In this regard, women participation as at the end of the year stood at 33% [2021/22: 33%].

Transportation: Port of Colombo

Capacity Enhancements

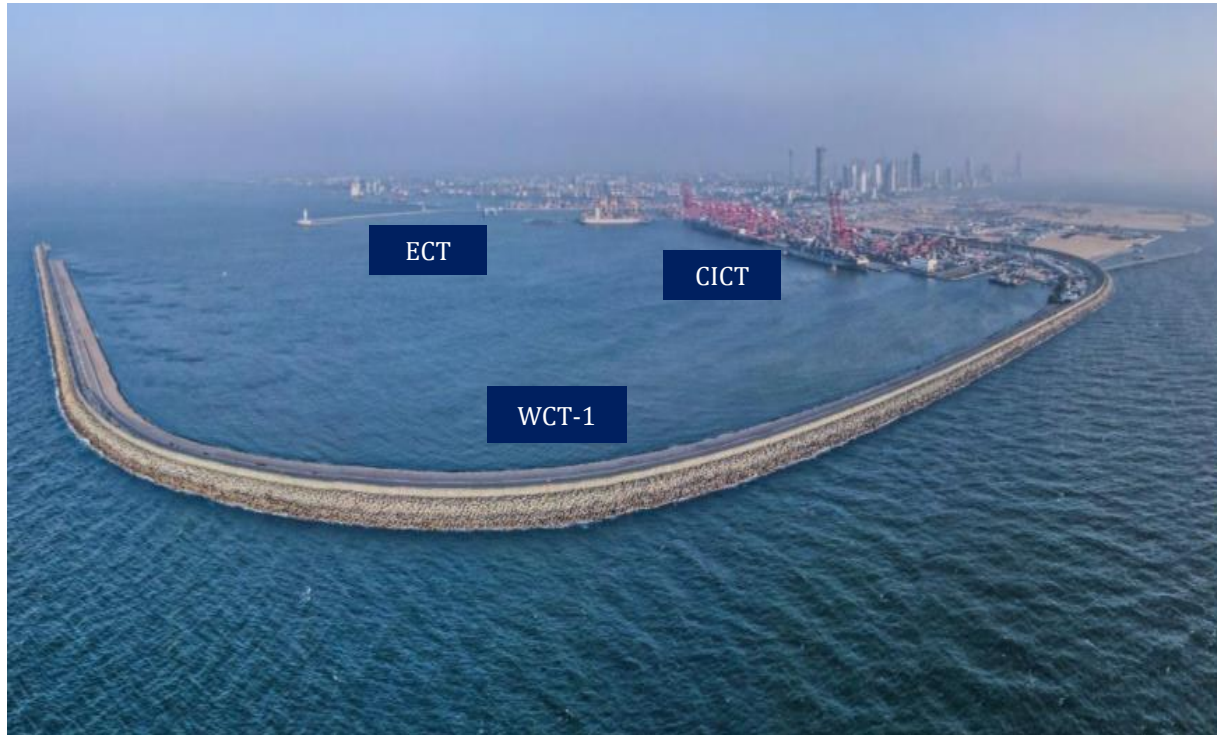


Port of Colombo Volumes



**SLPA includes volumes of JCT and ECT terminals*

WCT-1: Construction progress



November 2022



May 2023

The groundwork on the West Container Terminal (WCT-1) at the POC is progressing well with the entirety of the dredging works for both phases near complete as at May 2023. The contract for the quay wall construction, a significant component of the overall construction works, was awarded in October 2022.

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

Transportation: Q4 2022/23

Port Business (South Asia Gateway Terminal)

Volumes (TEUs)	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
SAGT	456,926	439,310	439,605	416,381	408,261
Domestic: Transshipment volume mix	14:86	13:87	12:88	13:87	13:87

Bunkering Business (Lanka Marine Services)

LMS (%)	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
YoY volume growth	2	54	(2)	(8)	(0)

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	1,537	2,521
<ul style="list-style-type: none"> The Transportation business recorded a decline in performance mainly on account of the Bunkering business which recorded a substantial profit in the previous year due to significantly higher base oil prices and margins, which have normalised in the current quarter. 		

Consumer Foods: Q4 2022/23

Key performance indicators (%)	FY2022	FY2023			
	Q4	Q1	Q2	Q3	Q4
Volume growth:					
Frozen Confectionery	25	31	6	(19)	(30)
Beverages (CSD)	34	56	13	(19)	(40)
Convenience Foods	2	14	(11)	(33)	(48)
Recurring EBITDA (Rs. Million)	1,563	1,233	1,009	402	540
Recurring EBITDA margin	21	16	12	6	7
Revenue mix (CSD:FC)	44:56	39:61	38:62	38:62	38:62

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	540	1,563

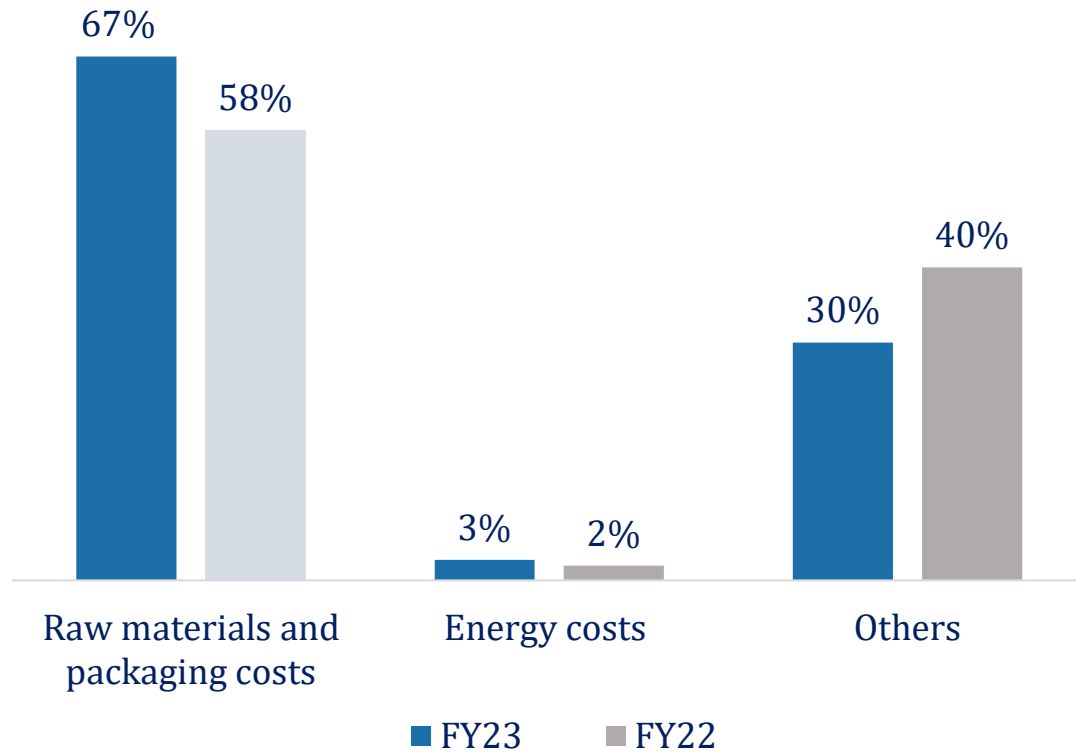
- The Consumer Foods industry group recorded a decline in profitability as volumes across the Beverages, Frozen Confectionery and Convenience Foods businesses reflected a reduction in consumer discretionary spend.
- Profitability was further impacted on account of the input cost increases.
- These impacts are now mitigated to an extent with businesses seeing a reversal in margin pressure.

Consumer Foods: 2022/23

Key performance indicators (%)	FY2019	FY2020	FY2021	FY2022	FY2023
Volume growth:					
Frozen Confectionery	10	3	(1)	17	(7)
Beverages (CSD)	(25)	7	(14)	18	(7)
Convenience Foods	7	(0)	(6)	12	(22)
Recurring EBITDA margin	18	20	20	17	10

Cost of sales analysis of the Beverages business

Cost of sales composition – FY2023 vs FY2022



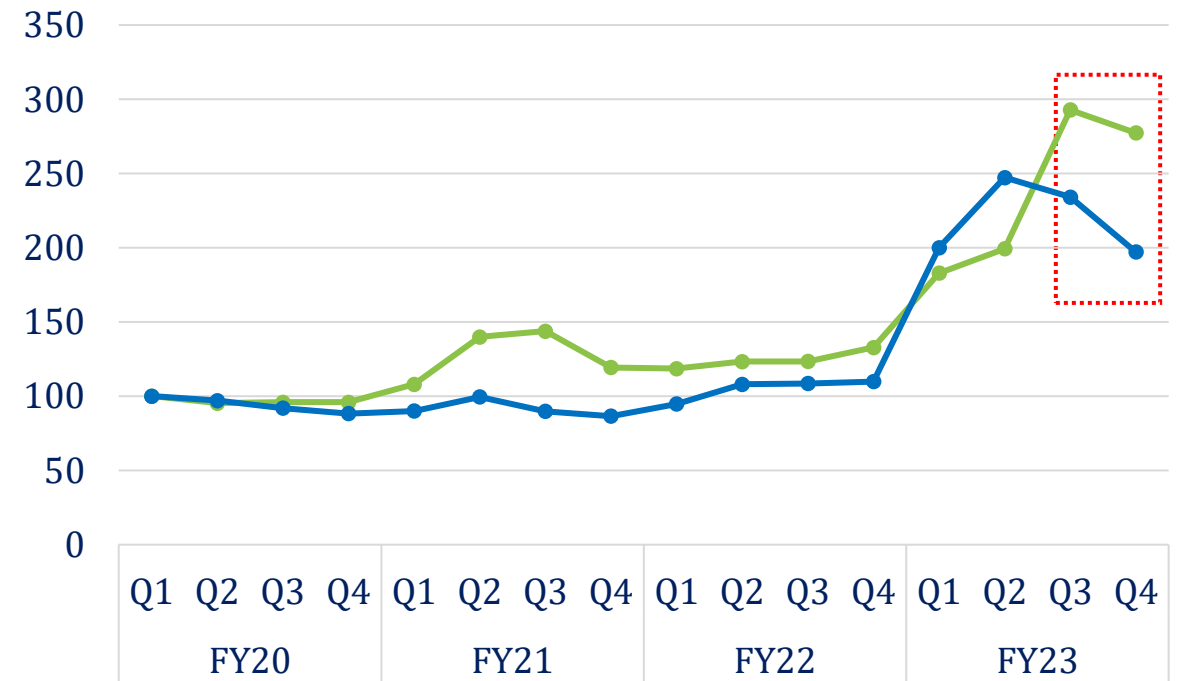
% of raw materials directly imported

FY2023: 37%

FY2022: 39%

Indexed price of raw materials

Index: Q1 FY20 = 100

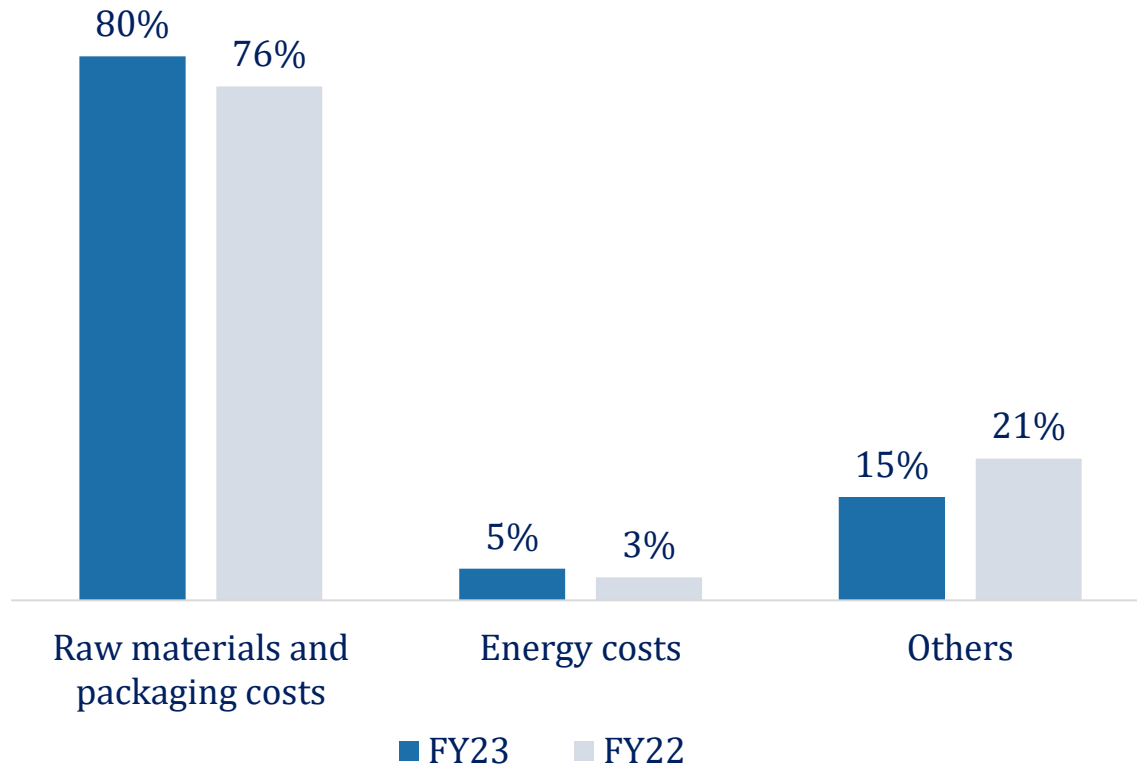


— Beverages: white refined sugar (price per kg)

— CSD PET bottle (price per unit)

Cost of sales analysis of the Frozen Confectionery business

Cost of sales composition – FY2023 vs FY2022



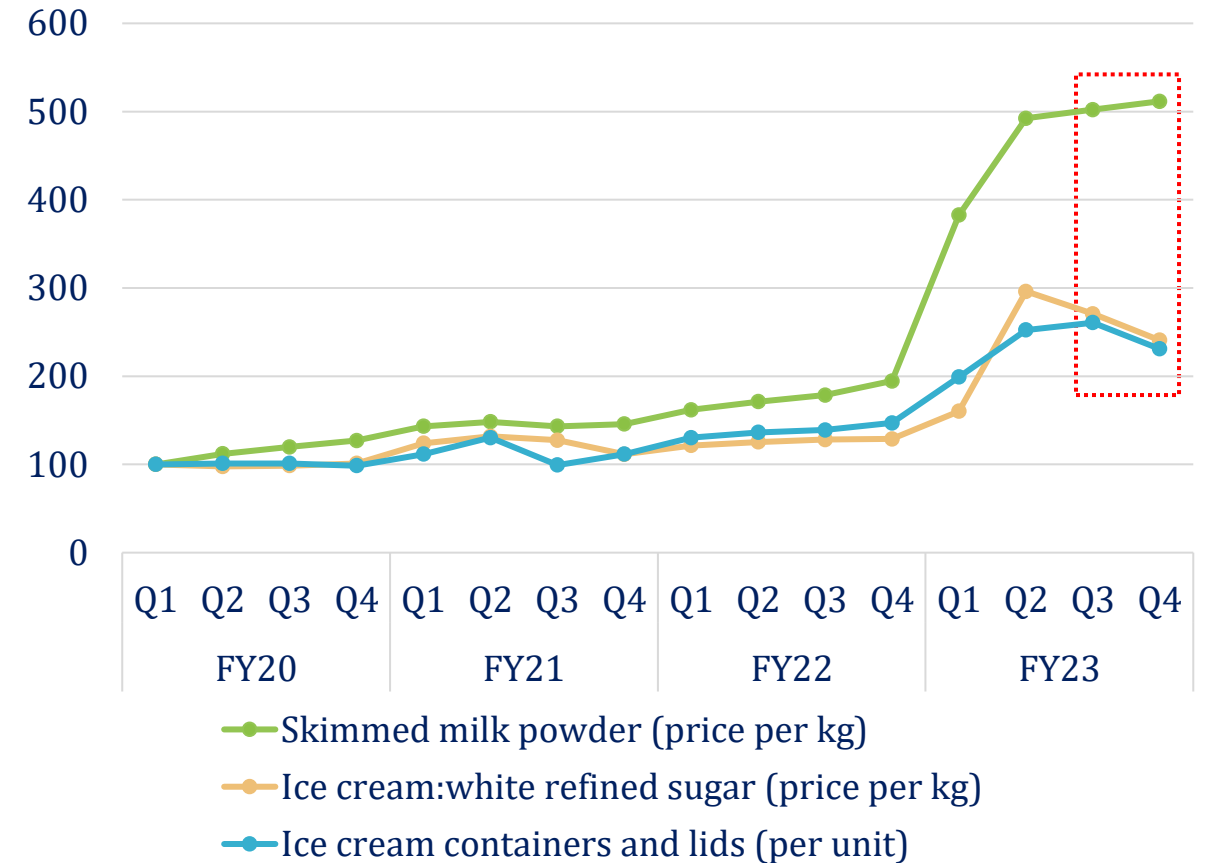
% of raw materials directly imported

FY2023: 33%

FY2022: 46%

Indexed price of raw materials

Index: Q1 FY20 = 100



Retail: Q4 2022/23

Supermarket business:

Key performance indicators (%)	FY2022	2022/23			
	Q4	Q1	Q2	Q3	Q4
Same store sales growth	18.9	54.2	73.7	40.6	30.1
Same store footfall growth	17.0	52.2	76.9	11.1	0.1
Average basket value growth	1.6	1.4	(1.8)	26.5	30.0
Recurring EBITDA (Rs. Million)	1,958	1,861	1,671	1,987	1,946
Recurring EBITDA margin	10.0	7.6	6.9	7.7	7.7

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

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	2,176	2,384

- The Supermarket business recorded a marginal growth in profitability driven by a growth in same store sales. Profitability was offset to a large extent due to cost escalations compared to Q3 FY23, including the imposition of the social security contribution levy and electricity tariff increases, amongst others.
- The Retail industry group recorded a decline in profitability due to the Office Automation business.

Retail: 2022/23

Supermarket business:

Profitability margin (%)	FY2019	FY2020	FY2021	FY2022	FY2023
Same store sales growth	2.3	4.0	(8.6)	12.9	47.6
Same store footfall growth	4.5	1.8	(31.5)	4.5	28.3
Average basket value growth	(2.0)	2.2	33.4	8.0	15.1
Recurring EBITDA (Rs.Milllion)	2,367	4,267	4,144	5,204	7,464
Recurring EBITDA margin	5.2	8.0	7.6	7.8	7.5

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

Retail: Q4 2022/23 vs Q4 2021/22

Same Store
Sales
30.1%

Q4 2021/22:

- Higher same store sales growth on the back of the easing of pandemic-related restrictions resulting in the improvement of consumer sentiment and 'pent up' demand.

Q4 2022/23:

- Despite inflation moderating, prices remained relatively higher compared to Q4 2021/22, which aided a growth in same store sales.

Same Store
Footfall
0.1%

Q4 2021/22:

- With the resumption in business activity, customer footfall increased.

Q4 2022/23:

- Given that the footfall in Q4 2021/22 had already reverted to pre-pandemic levels and was in line with normalised operations, footfall recorded a marginal growth.

ABV
30.0%

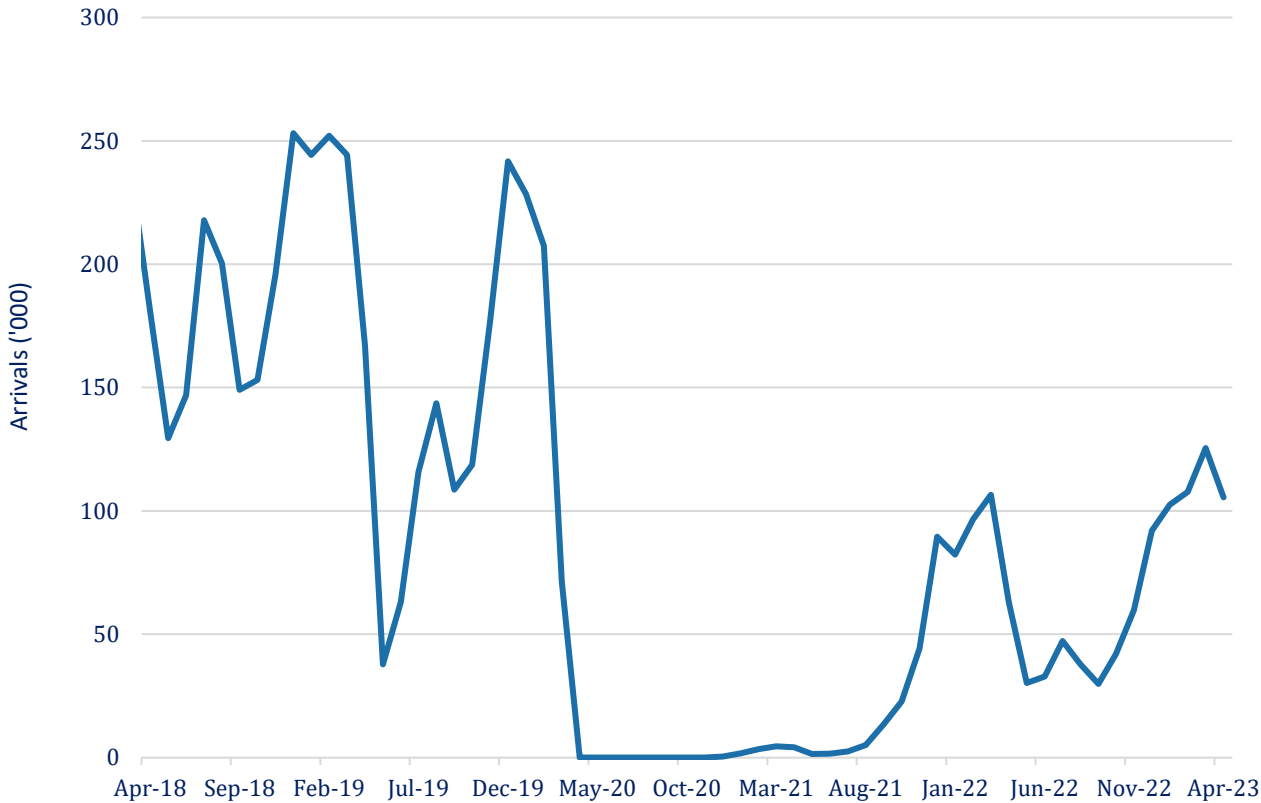
Q4 2021/22:

- March 2022 NCPI (YoY) – 21.5%.

Q4 2022/23:

- March 2023 NCPI (YoY) – 49.2%.
- Although inflation eased QoQ, the taxes imposed on items, resulted in an increase in the RSP.
- The drop in the WOP on account of reduced purchase of non-essential items was more than offset by the significant increases in the RSP.

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	125,495
Apr	166,975	-	4,168	62,980	105,498
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	441,177

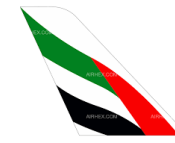
Air connectivity to Sri Lanka: recovery to pre-pandemic frequencies



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



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



Emirates
Frequency per week:
2019: 28
2023: 21



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



China Eastern
Frequency per week:
2019: 4
2023: 6



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



Etihad
Frequency per week:
2019: 14
2023: 35



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



IndiGo
Frequency per week:
2019: 7
2023: 21



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



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



Qatar Airways
Frequency per week:
2019: 35
2023: 16

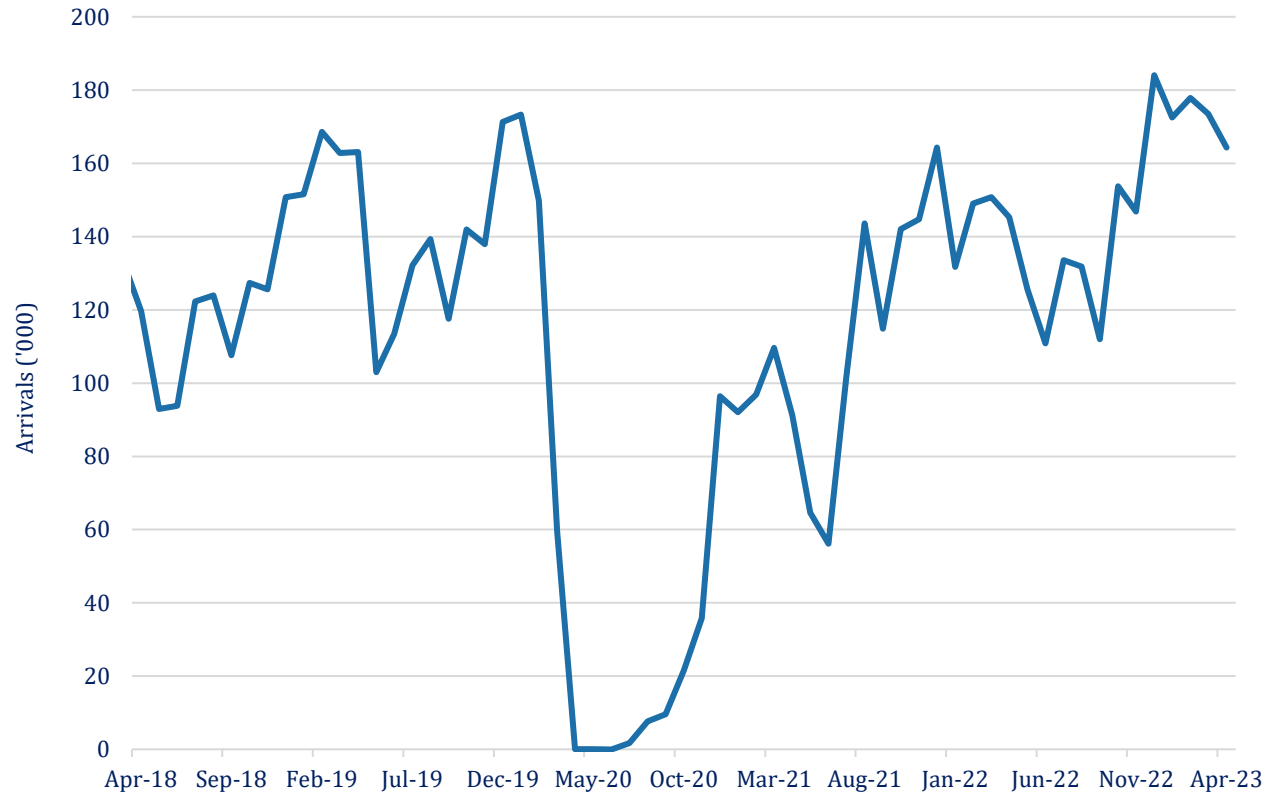


Fits Air (Sri Lanka)
Frequency per week:
2019: N/A
2023: 7



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

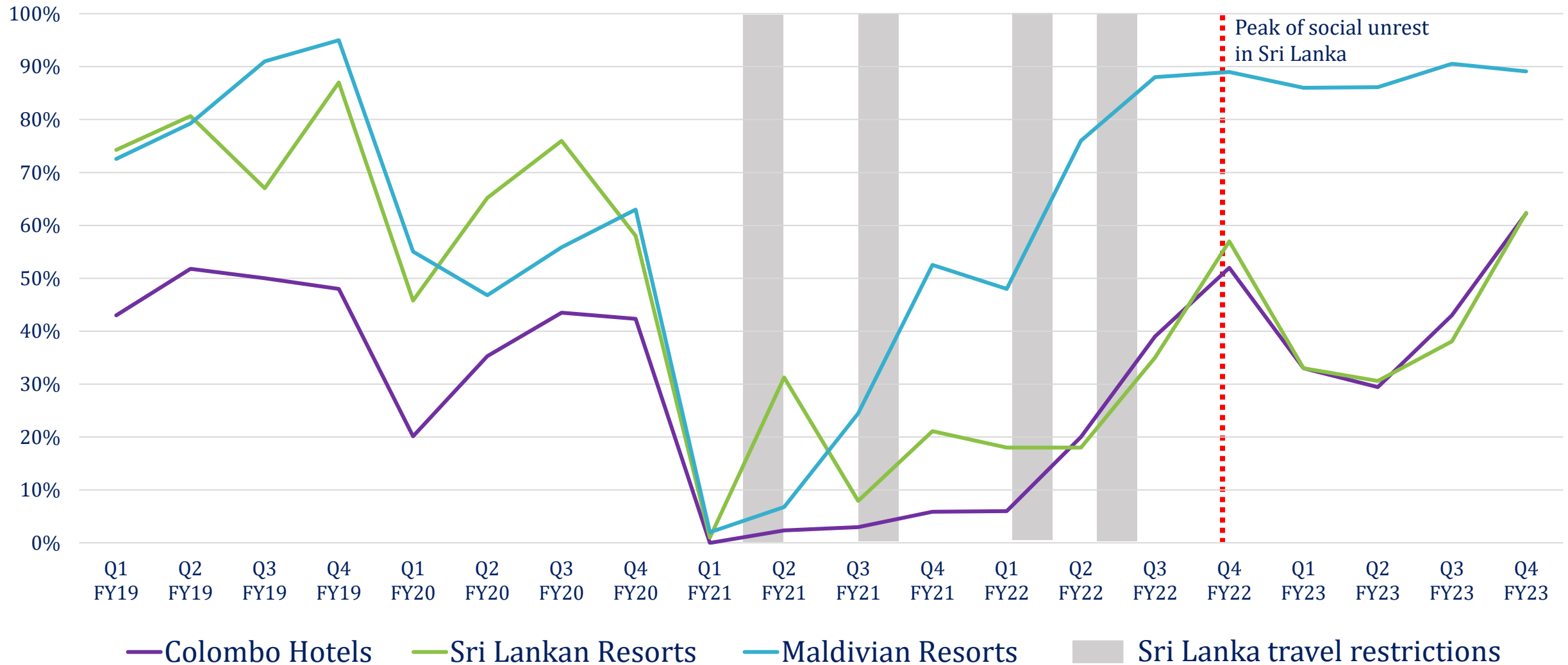
Maldivian arrivals: strong recovery trend post-pandemic



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	173,514
Apr	163,114	13	91,200	145,279	164,357
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	688,285

JKH Group: Leisure occupancies



Leisure: Q4 2022/23

Key indicators	2021/22	2022/23			
	Q4	Q1	Q2	Q3	Q4
Colombo Hotels*					
Occupancy (%)	52	33	29	43	62
ARR (USD)	77	68	62	65	63
EBITDA Margin (%)	23	0	(4)	12	14
Sri Lankan Resorts					
Occupancy (%)	57	33	31	38	62
ARR (USD)	93	66	57	63	71
EBITDA Margin (%)	45	(16)	(25)	(11)	33
Maldivian Resorts					
Occupancy (%)	89	86	86	91	89
ARR (USD)	423	333	316	372	416
EBITDA Margin (%)	49	32	26	31	40

*Occupancies and ARR's exclude "Cinnamon Red Colombo" and "Cinnamon Life Colombo".

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	3,831	3,246

- The Leisure industry group recorded a strong recovery, driven by the Maldivian Resorts segment.
- The Sri Lankan Leisure businesses recorded a recovery supported by a return to normalcy on the back of continued political and social stability.

Leisure: 2022/23

Sector	2021/22		2022/23	
	Occupancy (%)	ARR (USD)	Occupancy (%)	ARR (USD)
Colombo Hotels*	29	70	42	64
Sri Lankan Resorts	32	78	41	65
Maldivian Resorts	75	333	88	360

**Excludes "Cinnamon Red Colombo" and "Cinnamon Life Colombo".*

Cinnamon Life



Initial sketch by Sri Lankan-British Architect,
Cecil Balmond



The 3D rendering of “Cinnamon Life”



“Cinnamon Life” under construction

Cinnamon Life



Rendering of “Cinnamon Life”

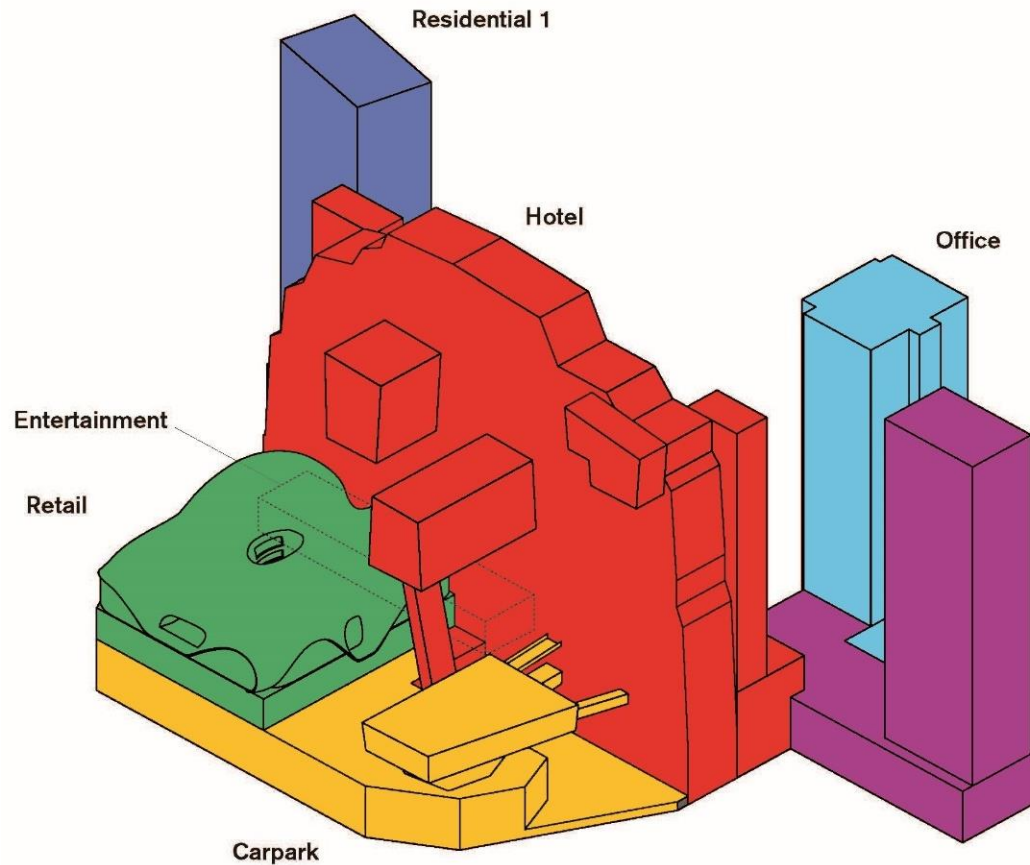
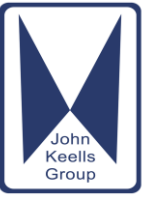


Actual construction of “Cinnamon Life” as of January 2023

Cinnamon Life



Cinnamon Life



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

800 guest room hotel, including conferencing, banqueting, 6 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 4 wellness and fitness related spaces

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

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: Q4 2022/23

Cumulative sales update as at 31 March 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	655	236

TRI-ZEN:

- In discussion with the Contractor at “TRI-ZEN” construction costs were revisited given the escalation in costs.
- As the impact is allocated to the profit recognition on the project, there was an adjustment in the current year to reflect the cost impact on the sales already recognised in the previous financial years, which affected the current year profitability somewhat materially.
- Since this adjustment has been fully absorbed in the current financial year, going forward, the revenue recognition of “TRI-ZEN” will result in positive profit recognition over the ensuing quarters up to and including project completion.

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	466	5,356

- Q4 FY22 includes a substantial EBITDA recognition amounting to ~Rs.4.01 billion from the handover of the residential apartment units and commercial floors at “Cinnamon Life”, compared to the absence of the corresponding recognition in 4Q FY23.
- The recognition of revenue of all units sold to date at “Cinnamon Life” was completed by 31 March 2022.

Financial Services: Q4 2022/23

Union Assurance PLC:

Key performance indicators (%)	Q4 FY2022 (Jan-Mar 2022)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)	Q4 FY2023 (Jan-Mar 2023)
GWP growth	17	13	3	3	5
Net profit (Rs. Million)	217	262	297	1,970	445
Net profit growth	(7)	55	5	44	105

Nations Trust Bank PLC:

Key performance indicators (%)	Q4 FY2022 (Jan-Mar 2022)	Q1 FY2023 (Apr-Jun 2022)	Q2 FY2023 (Jul-Sep 2022)	Q3 FY2023 (Oct-Dec 2022)	Q4 FY2023 (Jan-Mar 2023)
Net profit growth	(13)	(26)	52	16	79
Loan growth	12	12	7	(3)	(11)
Net interest margin	4.8	6.1	8.1	7.0	8.0
Stage 3 loan ratio (net)	2.0	3.2	2.5	2.6	3.4

Q4 Earnings Update:

(Rs. mn)	Q4 2022/23	Q4 2021/22
Recurring EBITDA	1,899	1,161

- The profitability of Union Assurance PLC was driven by the life insurance surplus which recorded an increase against the corresponding period of the previous year and a growth in gross written premiums and net interest income.
- The profitability of Nations Trust Bank PLC was driven by growth in net interest margins.

THANK YOU

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