

JAT HOLDINGS PLC

**JAT**<sup>®</sup>  
TRANSFORMING SPACES™

# INVESTOR PRESENTATION

1<sup>st</sup> HALF OF FY 2021/22

# JAT HOLDINGS PLC

**LKR 11.2 BN**  
MARKET CAPITALIZATION

**20%**

PUBLIC HOLDING

Founder and family	71%
Chairman and family	4%
Akbar Brothers Group	5%
Others	20%

**MOODY'S**



**A+ STABLE RATING**

For 6 consecutive years

## Governance

- 4 Independent Directors
- 3 Non-Executive and Non-Independent Directors
- 2 Executive Directors

- Audit Committee since 2015
- Remuneration Committee since 2015
- Related Party Committee since 2017
- Independent Chairman since 2015
- Functioned with 4 Independent Directors since 2017
- Published an Annual report since 2015

# 28 YEARS OF MAKING AN IMPACT

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Instrumental in making Sri Lanka the 2<sup>nd</sup> largest water-based wood coatings market in the world



Revolutionized the industrial wood coatings market in Bangladesh with the introduction of PU and UV coatings



Over 2,500 luxury bespoke kitchens installed and/or secured over the last 3 years



First to introduce DuPont filament for brushes and No. 1 in the segment after Harris brand acquisition

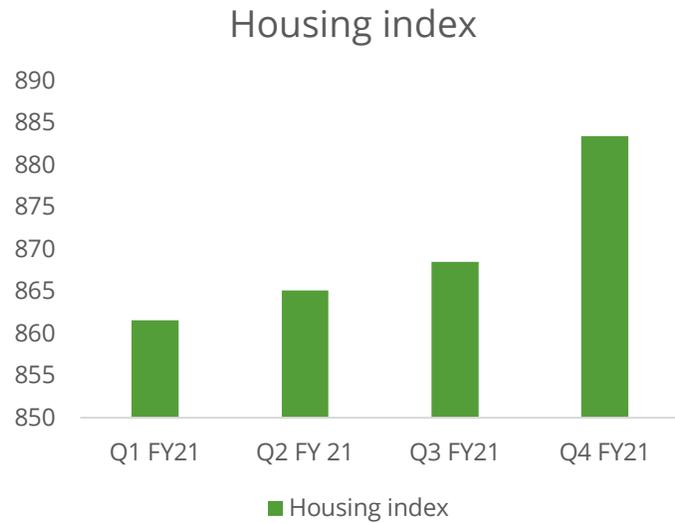
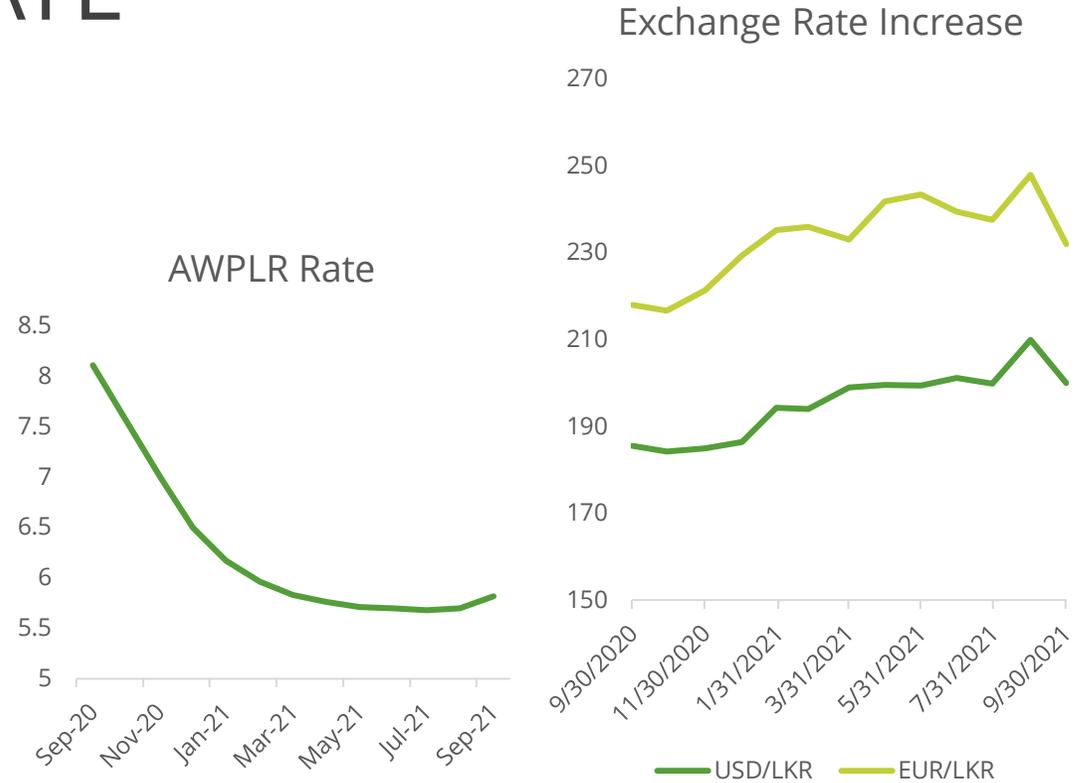


Highly awarded and accredited both locally and internationally



Have been a formidable force behind Sri Lanka sports including overseas team sponsorship of SL Cricket, sponsorship of SL Paralympic Team etc.

# MACRO ECONOMIC UPDATE





**3,129 Mn**  
Revenue



**400 Mn**  
PAT



**162**  
Inventory holding days  
2H budgeted

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## FINANCIAL HIGHLIGHTS



**14%**  
Debt : Equity



**13.97**  
NAVPS



**15.09%**  
ROCE  
TTM Sep 21



**14.33%**  
ROE  
TTM Sep 21

# QUARTER-ON- QUARTER SUMMARY

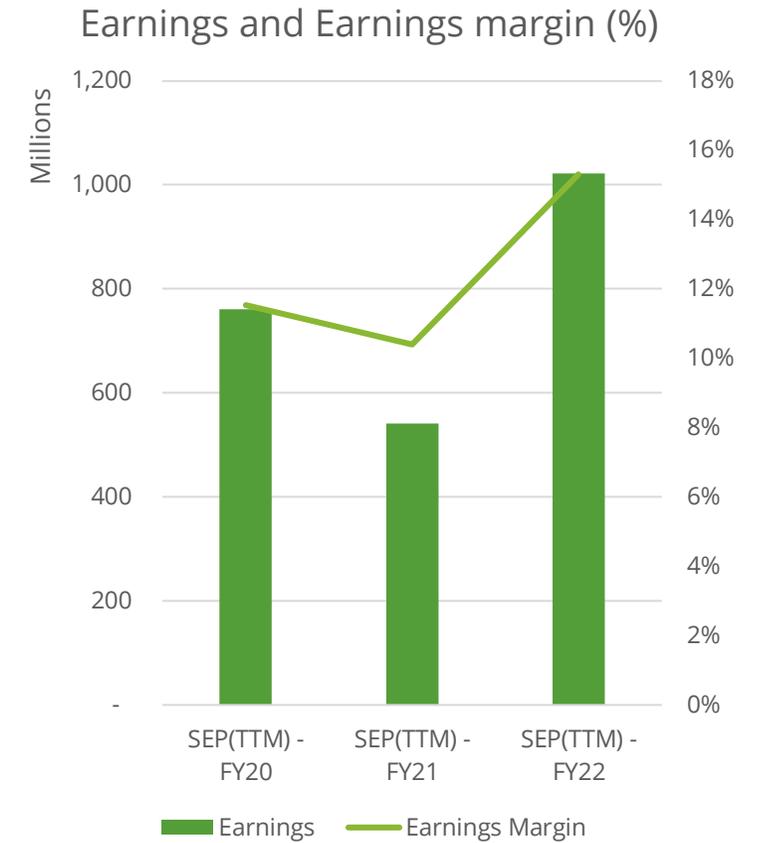
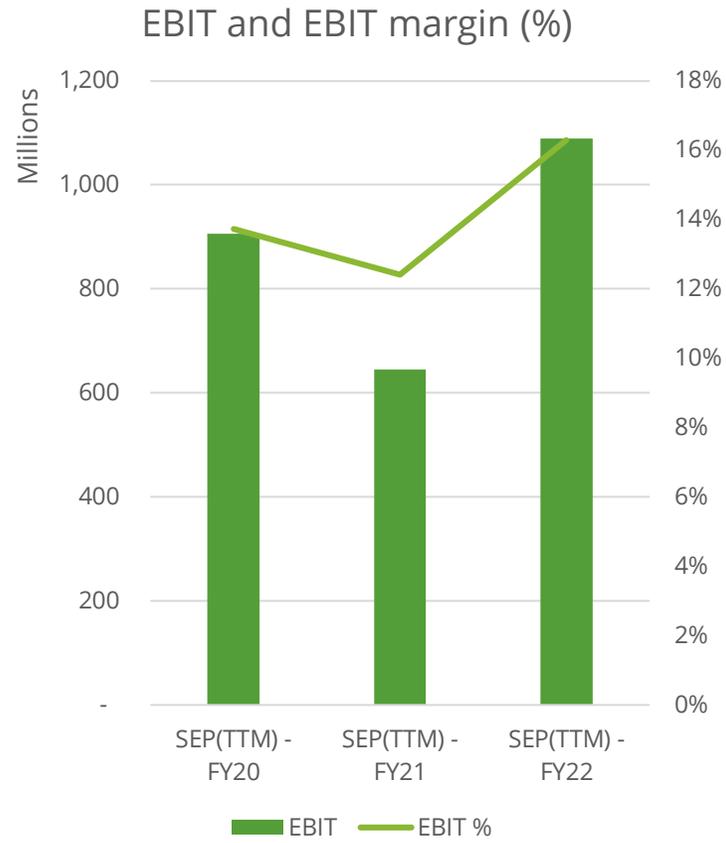
	Q2 FY22	Q1 FY22	%
<b>Revenue</b>	1,733	1,396	24%
<b>EBIT</b>	255	187	37%
<b>PAT</b>	238	162	47%



Historical trend analysis for the last 4 years (excluding FY21) shows an earnings share of approx. 27% generated in the 1H of a financial year where against FY22 actual reported a 33%

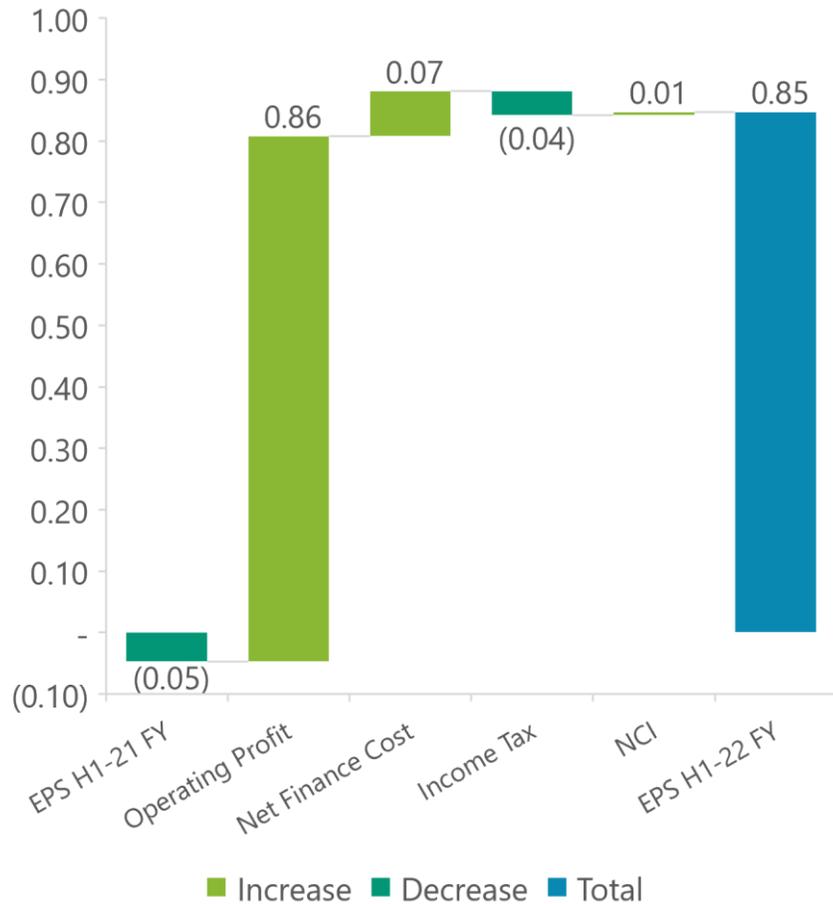
# GROUP PERFORMANCE

## 3 year summary

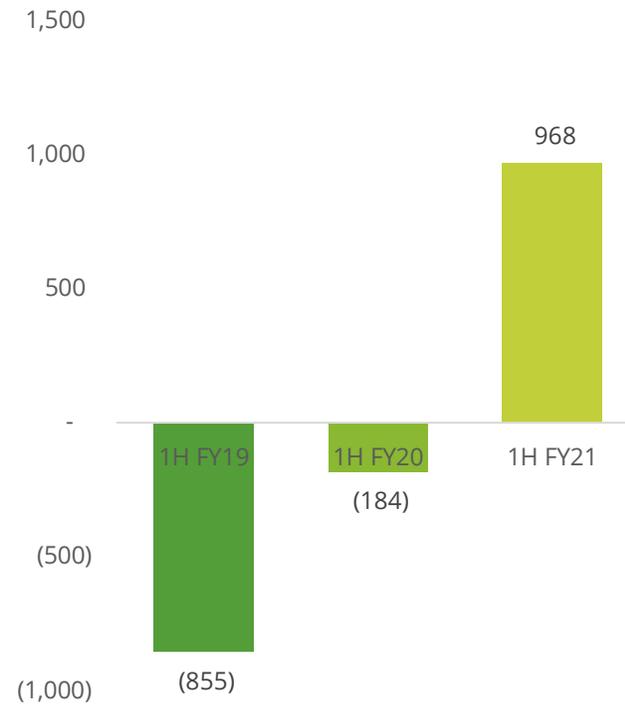


# INVESTMENT HIGHLIGHTS

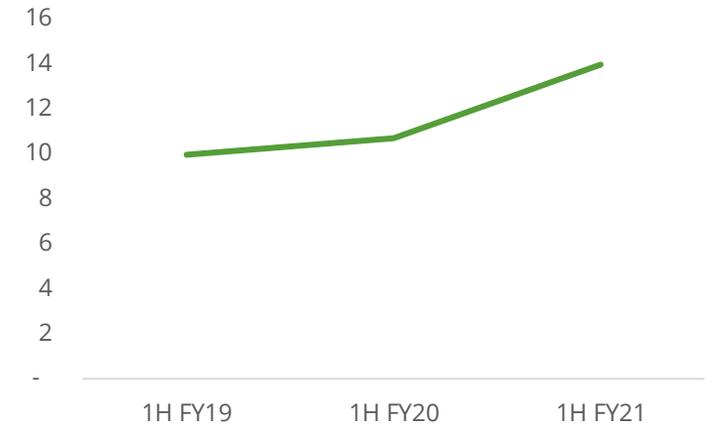
EPS Walk – Continuing Operation



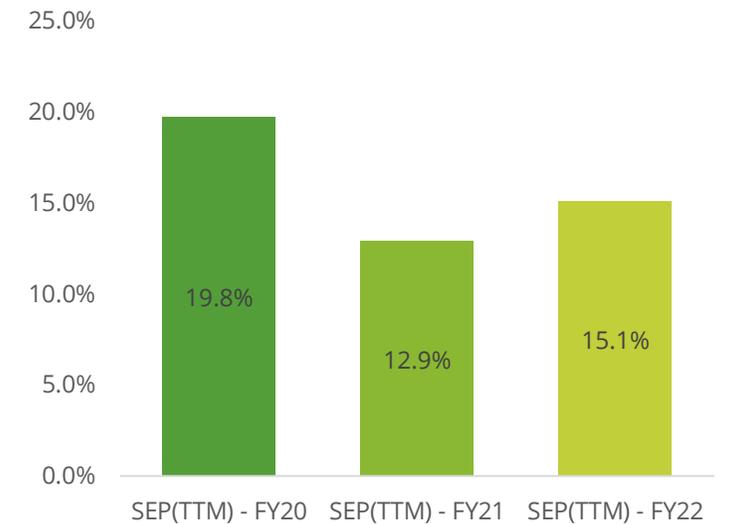
Net Debt



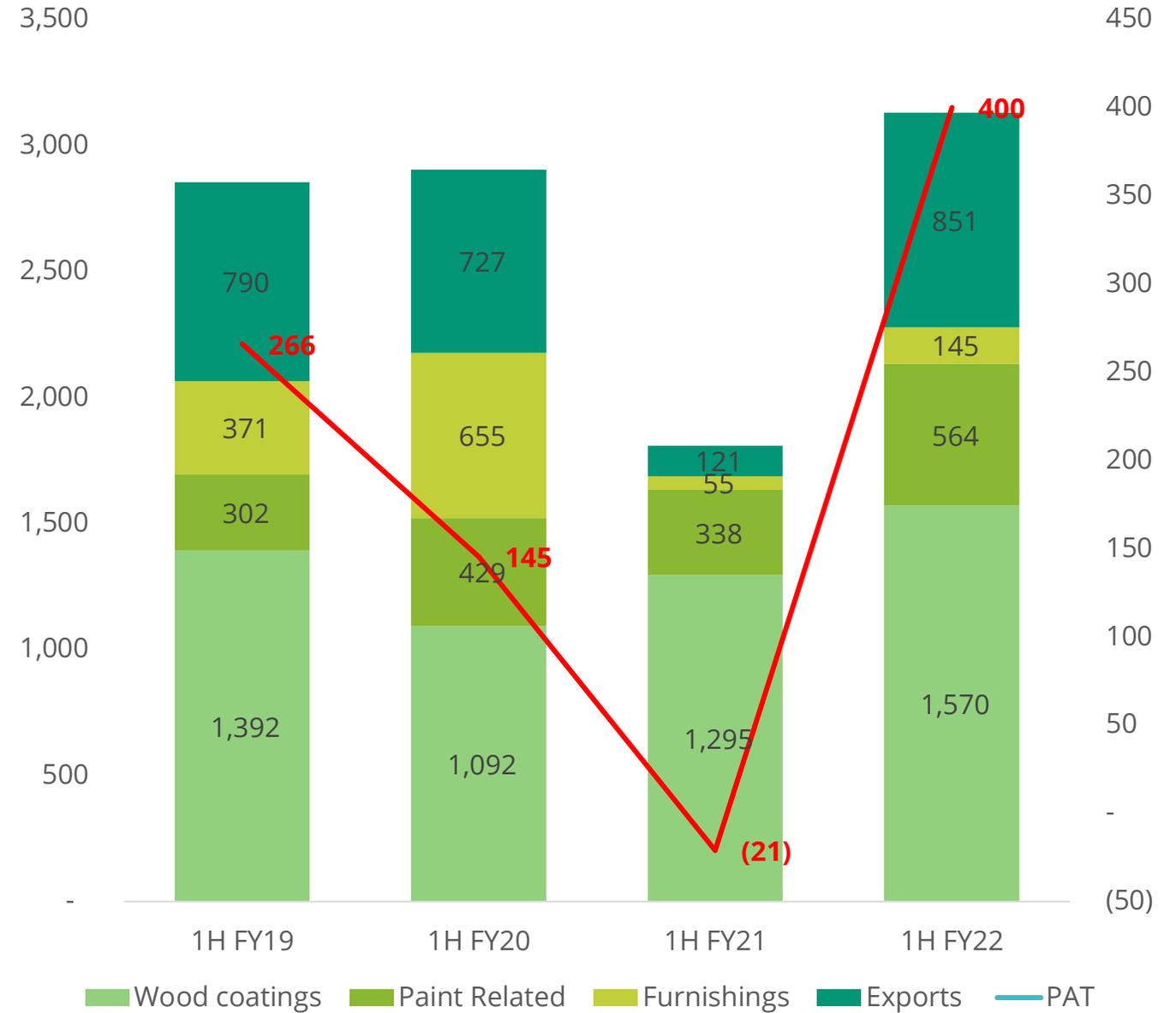
Net Assets Value per Share



ROCE



# OPERATIONAL SUMMARY



# STATUS AGAINST THE BACKDROP OF COVID-19

## Wood coatings

- Supply chain disruptions along with foreign exchange outward remittance restrictions to suppliers were overcome by the strength of the principals and the Company
- Overall market has increased as well as the wood coating market share of the company
- Price increase due to the Rupee depreciation was passed on to the end consumer
- No import restrictions applicable for this sector
- Overall year to year growth in this sector

## Paint related

- Due to the lockdowns, WHITE by JAT online platform had increased sales
- Steep rise in prices of raw material for both decoratives and brushes resulted in drop in GP
- Import restrictions applicable for rollers where special approval was obtained to import and supply to the market
- Overall decorative coating market share has increased through market penetration
- Sanitizer range was extended to the modern trade
- Overall year to year growth in this sector

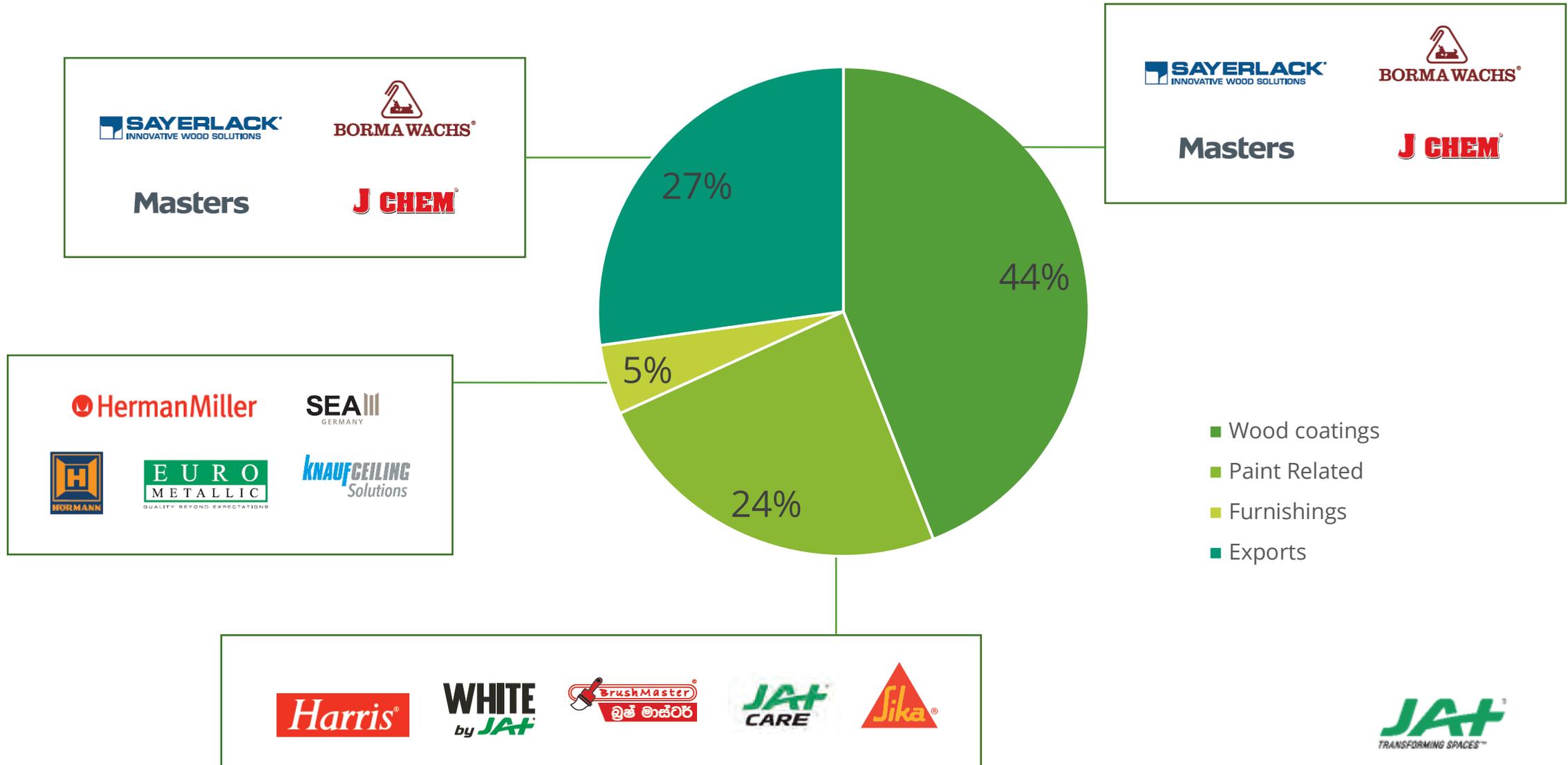
## Furnishing

- COVID-19 infections and shutdown of sites affected progress of billable work in the sector
- Import restrictions were imposed for non-BOI retail kitchens which the company obtained special approval to import
- Many new projects secured during the period along with strong and potential pipeline
- Operation in furnishing showroom in One Galle Face was affected due to malls not being operational
- Overall year to year growth in this sector

## Exports

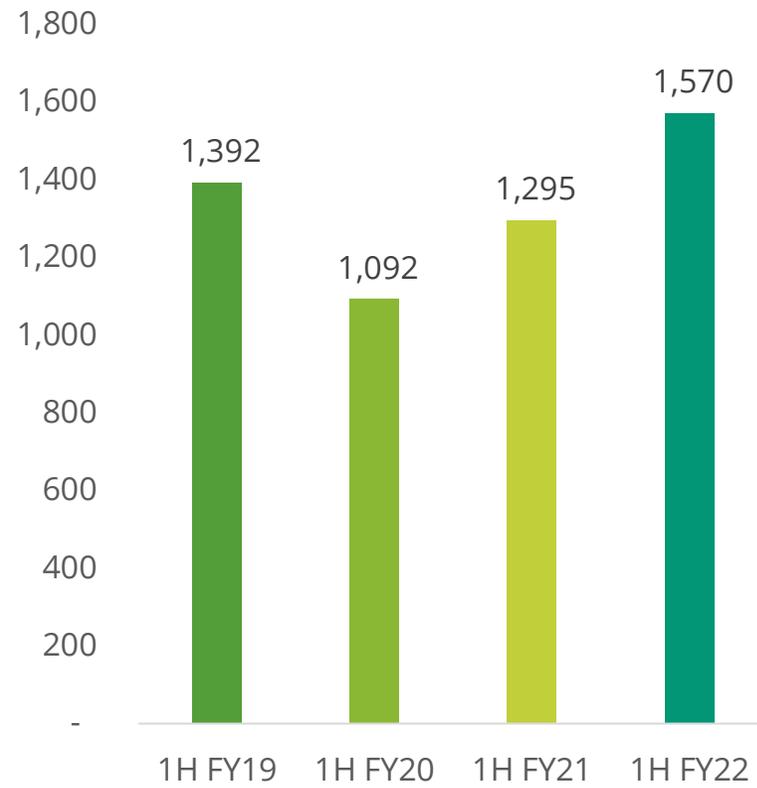
- Strong year on year growth in Bangladesh despite 2 months of lockdown
- Maldives and African markets' growth were stalled due to travel restrictions which have now been eased off
- Continuous industrial orders received from OEM in India

# SECTOR WISE REVENUE



# SECTOR PERFORMANCE

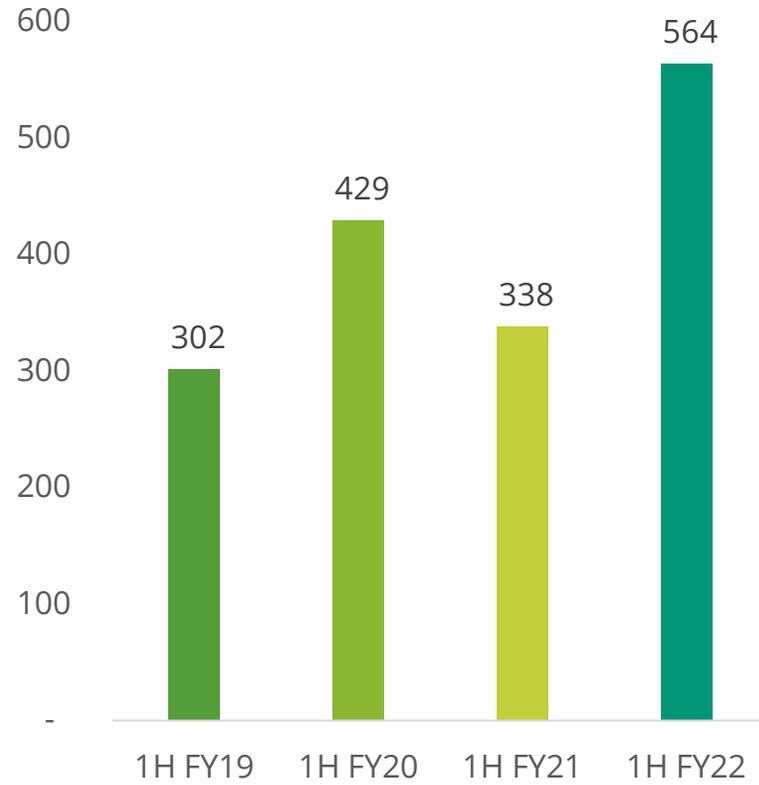
## Wood coatings



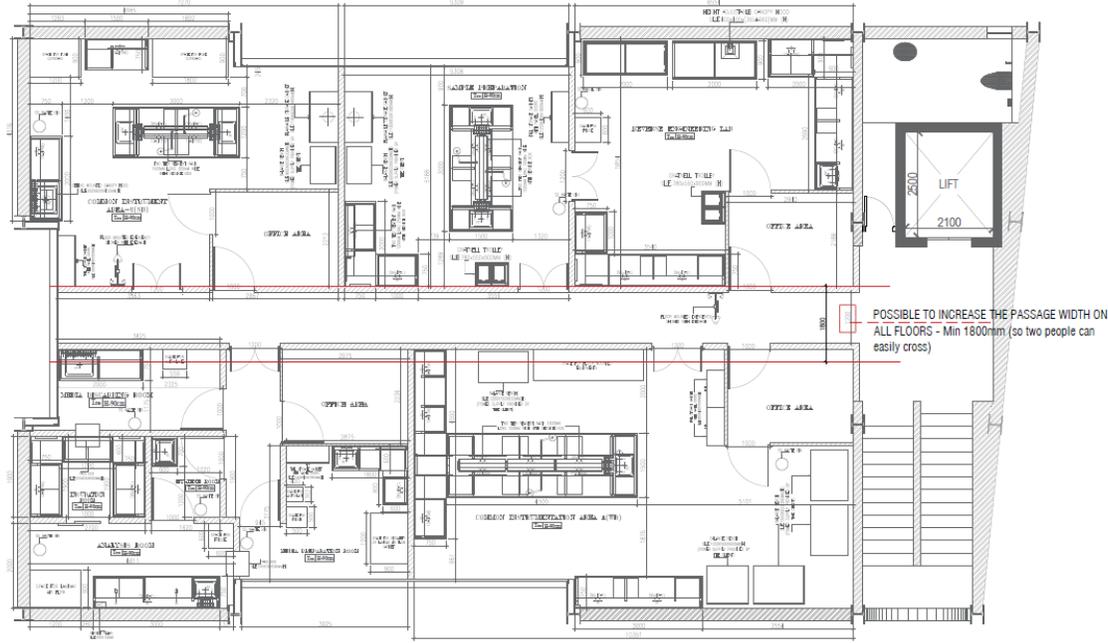
- A double-digit growth was achieved from 1H FY21 which is of 18.1%
- Increase in loyalty base is 18.5%
- 1% GP increase in comparison to the previous period
- Launched Masters 3-in-1 Ceiling Coat which was developed inhouse by the R&D division, with a cost benefit strategy in order to secure the low-end wood coatings for ceiling market
- Cost per liter improvement through lean management in production
- Invested in adequate stocks for the next 5 months
- Have made presentations and technical demonstrations to industrial customers to introduce UV based wood coatings for the first time in SL

# SECTOR PERFORMANCE

## Paint related



- Achieved a growth of 62.0% from 1H FY21
- Achievement of budgeted sales figures for WHITE by JAT
- 2000+ unique online customers were captured through and 2400+ orders
- Launch of new undercoats sold online under WHITE by JAT range
- Feasibility is being carried out on backward vertical strategic initiatives to produce the main raw materials for this sector and reduce the dependency further on imports
- Working with Harris principal 'Orkla House Care' to develop a synthetic filament with the same properties to replace hog hair
- Introduced the JAT Care sanitizer range for modern trade
- Cost per liter improvement through lean management in production



# UPDATE ON Enhancement of existing R&D facilities

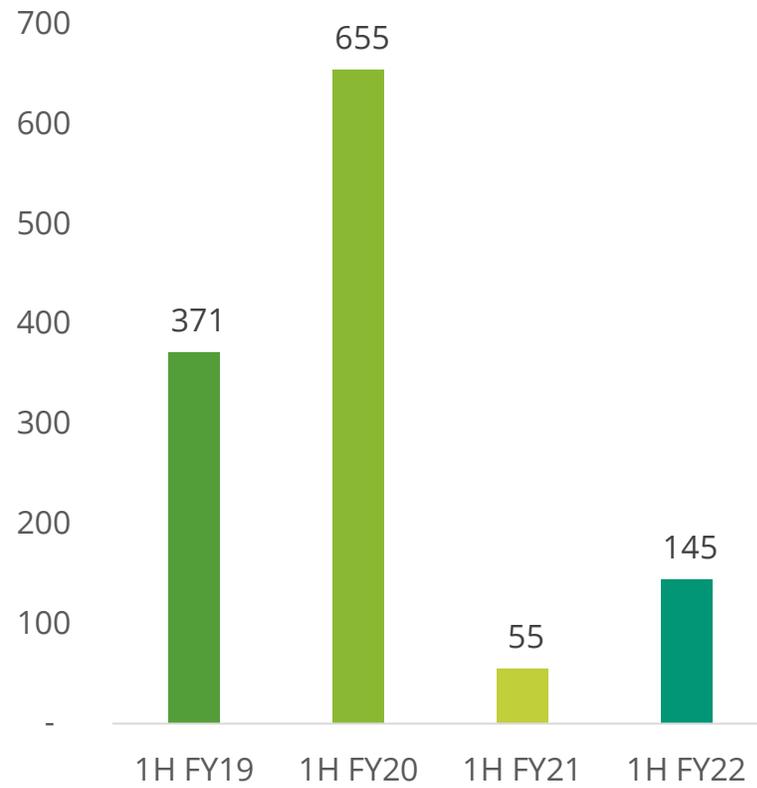
- Design has been finalized and the land for the project has been secured
- Structural, architectural, MEP and specialized laboratory design finalized
- Specialty equipment ordering is in process
- Recruitment process of foreign experts to the team of scientists is in progress

On track to commence operations by 1Q FY23



# SECTOR PERFORMANCE

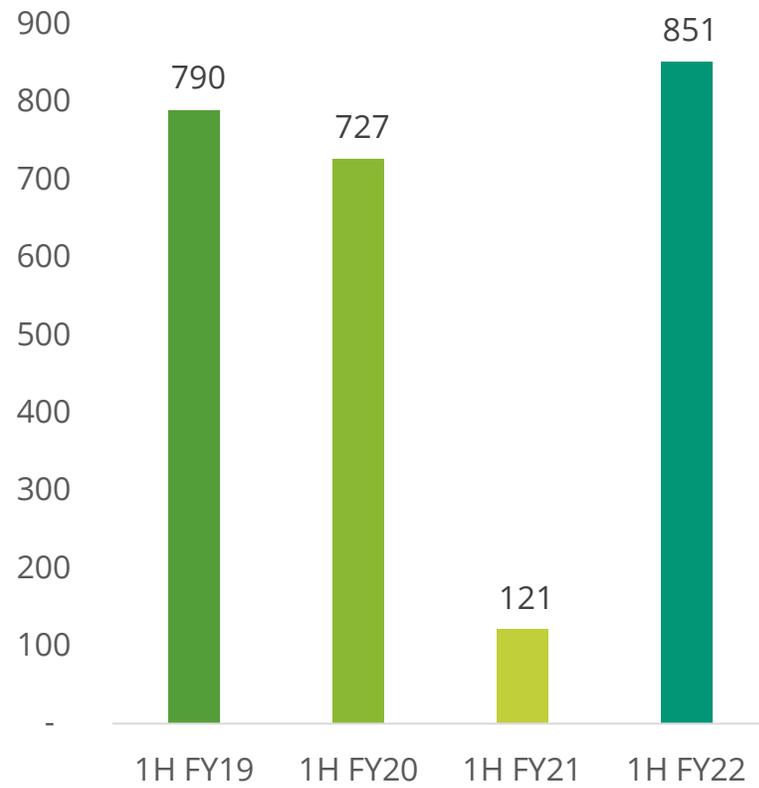
## Furnishings



- Achieved a triple digit growth from 1H FY21 of 163.6%
- Confirmed projects yet to be recognized in the P/L, stands at a strong 1,551mn
- Recent projects acquired;
  - Ceilings for World Bank
  - Wardrobes for Prime Grand
  - Fire doors for Vallibel Finance and Ekroma Fortune
- Revenue from JAT furnishing showrooms grew by 121% largely due to increased demand for Herman Miller chairs in line with the working from home concept getting popular
- Have a very strong project pipeline of over 3,000mn ranging from strategic projects for which quotations have been submitted
- Received CIDA accreditation of SP1 status for ceiling finishes and furniture which is the highest for this trade

# SECTOR PERFORMANCE

## Exports



- 851mn against 121mn export revenue for 1H with a significant growth in Bangladesh due to COVID-19 impact in the previous period
- Incorporated Asia Coatings (Pvt) Ltd which would be the manufacturing arm of Bangladesh operation
- Secured land and building and commenced setting up the infrastructure along with importing of machinery
- Commencement of manufacturing was brought forward to FY22Q4 instead of FY23Q1 as planned
- Recruited a Director – International Business Development from Harris UK who has extensive experience in African region
- With the travel restrictions being lifted, sales in Africa and Maldives poised for growth

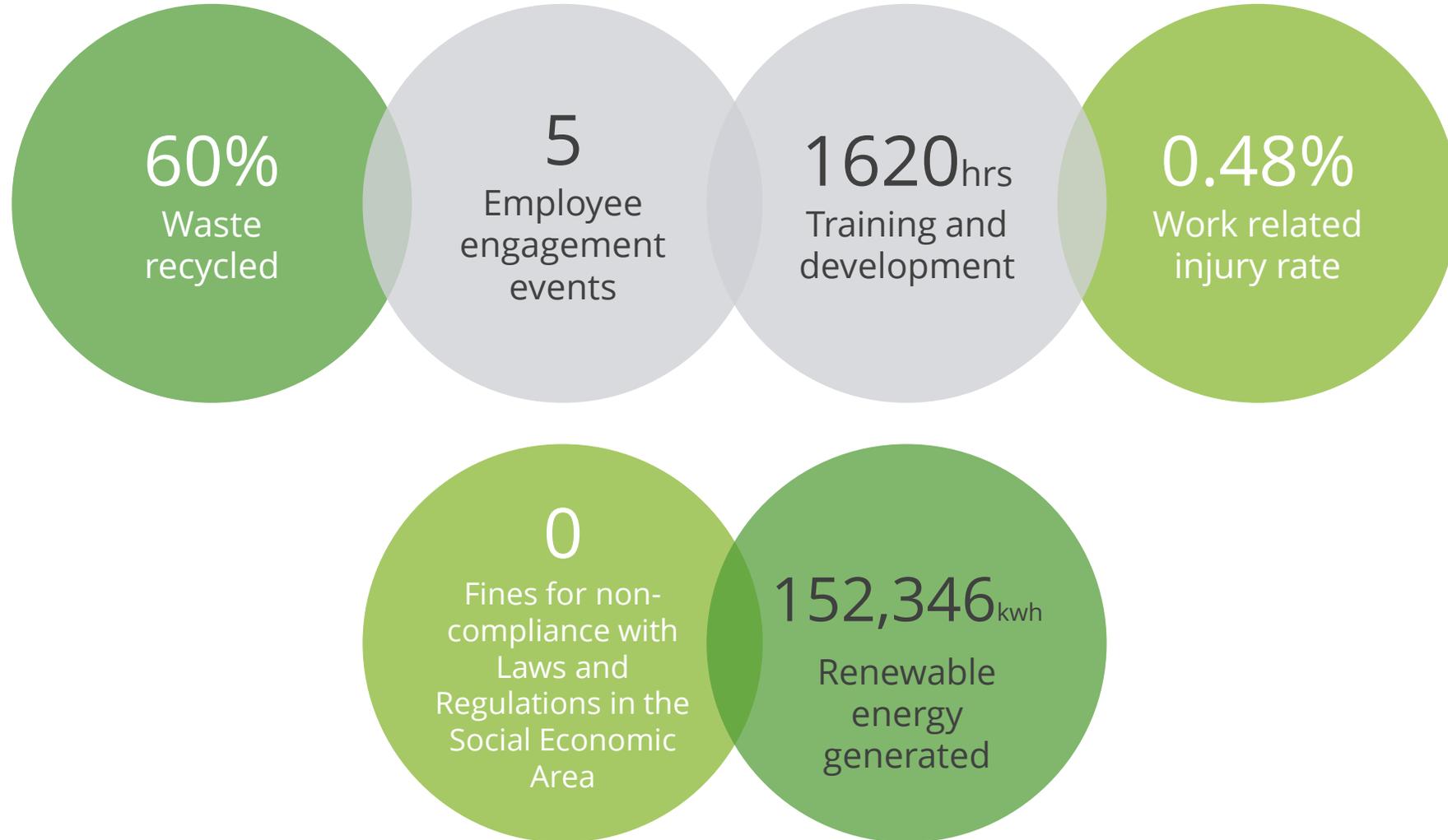
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# STRATEGIC PRIOROTIES IN 2H

- Both topline and bottomline of the company are heavily skewed towards the second half of the year at 63% of the full year's figures ensure readiness to cater to this seasonal demand with the possibility of increased sales over the budgeted forecast
- Ensure adequacy of stock for the next 6 months by increasing inventory coverage, thereby eliminating risk of shortage of raw materials etc.
- Expand digital footprint of WHITE by JAT
- Focus on R&D project and Bangladesh manufacturing plant progress to ensure timely completion
- Use present economic situation to increase market share of paint related products
- Capacity building in factory to cater to increased demand for wood coatings and paint related products in the local market
- Convert more projects in the pipeline including mega projects for ceilings and kitchens
- Take advantage of low gearing and commence backward vertical integration projects related to the core business
- Set a strong foundation to expand in Africa and the Maldives with the easing of travel restrictions
- Accelerate innovation across the core business
- Ensure the safety of our staff members while playing our role to uplift the community to rise up post-pandemic
- Setting a foundation to capture the retail market in Bangladesh in terms of wood coatings while consolidating the market leadership in the industrial market
- Ensure success of new products launched to the market and continue to innovate coatings for both local and overseas markets

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# SUSTAINABILITY PERFORMANCE



# ENGAGING WITH COMMUNITY

## Shuttle Programme

Held as an ongoing program, JAT Shuttle aims to empower aspiring university students through career development and guidance, nurturing the skills required to emerge as future corporate leaders in Sri Lanka.

Within the period, JAT conducted 4 sessions at Sabaragamuwa University, Rajarata University, Wayamba University and University of Sri Jayewardenepura.



## Project “Athwela”

JAT partnered with Presidential Secretariat Office to contribute towards conserving cultural heritage of Sri Lanka through infrastructure development of religious locations such as Pepiliyana Sunethra Devi Purana Rajamaha Viharaya, Jayabodhi Chithya Ukwatta, Avisawella etc.



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