

INVESTOR RELATIONS

Q3 of FY2021-22

28

Years in operation

7

International markets

A+

 (stable)

For 6 consecutive years by ICRA (A Moody's Company)

22%

Export revenue from international markets



Board Composition

No. 1

Global partner in 2021 in terms of revenue for Sherwin Williams' Industrial Coatings division

Independent Directors



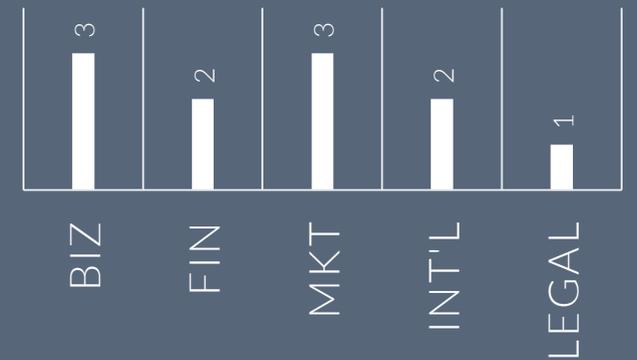
Non-Executive Directors



Executive Directors



 <p>Silver for WHITE by JAT at Dragons of Asia</p>	 <p>FITIS Digital Excellence Awards</p>	 <p>Extra Large Manufacturing Sector – CNCI</p>	 <p>Bronze Award for Annual Report by CA Sri Lanka</p>	 <p>Great Place to Work</p>
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Shareholding

As of 25th January 2022

TOP SHAREHOLDERS	SHARES
PRE-IPO SHAREHOLDERS	427,237,370
SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	11,032,733
SSBT-ARK GLOBAL EMERGING COMPANIES,LP	5,555,500
SEYLAN BANK PLC/JANASHAKTHI CAPITAL LIMITED	3,705,000
SEYLAN BANK PLC/W.D.N.H.PERERA	2,106,713
MR G.J. FERNANDO	1,815,181
SAMPATH BANK PLC/ DR.T.SENTHILVERL	1,611,299
MR. W.D.N.H. PERERA	1,422,561
MR. B.W. KUNDANMAL	1,386,600
HATTON NATIONAL BANK PLC/ARUMAPURAGE PETER LASANTH	1,328,396
BANK OF CEYLON A/C CEYBANK UNIT TRUST	1,000,000
COMMERCIAL BANK OF CEYLON PLC A/C NO. 03	1,000,000
RANFER TEAS PRIVATE LIMITED	1,000,000
MR. R.K. MODDER	960,000
AKBAR BROTHERS PVT LTD A/C NO 1	925,000
PEOPLE'S LEASING & FINANCE PLC/ C.D. KOHOMBANWICKRAM	767,553
MR. S.E. CAPTAIN	694,600
AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	680,000
SOUTH ASIAN INVESTMENT (PVT) LTD	656,121
MR. S.D.S. GUNASEKARA	621,523
SAMPATH BANK PLC/B.A.P.T. KUMARASIRI	551,000



427,437,370		
15,183,799	3%	Non-locked shares
367,416,073	72%	Founder's family
17,760,000	3%	Chairman's family and related parties
27,077,498	5%	Falcon Trading (Akbar Brothers Group)

Excluding the above, the top 20 shareholders own, 38,819,780 shares which is,



Out of the 8%, 31,014,309 (6%) are owned by investors entered at IPO

Shareholders entered at IPO

Investment Highlights

LKR 13.9 Bn

Market capitalization
(as of 25th January 2022)

LKR 0.52 per share

Dividend payout
(0.32 paid and 0.25 declared)

	FY22 Q3	FY22 Q1*	
EPS (TTM)	2.16	1.69	28%↑
NAVPS	14.28	10.58	35%↑

* Adjusted to shares currently in issue

WHITELIST Company as affirmed by
I Capital Partners Ltd.

Macro Economic Update

High impact Medium impact Low impact

Inflation

YoY CCPI Index movement (%)



Mitigation:

- Reduction of cost of products through the R&D center in the long run
- Continuous process excellence
- Backward vertical integration projects

GDP

GDP Growth %



Mitigation:

- Increasing market share through market penetration
- Venturing into overseas markets

Forex Reserves

Foreign Reserve Balance (USD Mn)



Mitigation:

- Revenue coming in foreign currency

LKR Depreciation

Exchange rate movement



Mitigation:

- Ability to pass on the price increases to the end consumer
- Natural hedge because of exports

Interest Rates

Monthly AWPLR %



Mitigation:

- Positive cashflow maintained for over 15 months



Strategic Drivers

Core Products

- **Sayerlack:** Achieved highest ever sale in Sri Lanka and Bangladesh markets, with 27% and 379% increase respectively for the 9 months compared to the same period in year prior
- **Brush segment:** witnessed a revenue increase of 57% for the 9 months
- **Projects:** Have a very strong project pipeline of over 1,000mn through luxury kitchen and wardrobe projects

New Products

- **WHITE by JAT:** Achieved 62% above the budget forecasted. Successfully launched the range of undercoats. Currently have 2000+ unique online customers with over 2500 online orders for the FY
- **JAT Care:** Introduced the sanitizers to modern trade
- **Masters 3-in-1 Ceiling Coat:** Launched, with a cost benefit strategy in order to secure the low-end wood coatings for ceiling market

Investments

- Groundbreaking of the R&D Center project took place on 19th January
- Manufacturing plant in Bangladesh is ahead of schedule to be commissioned by February with machinery being installed currently
- Embarking on proposed binder manufacturing plant and paint roller manufacturing plant as backward vertical integration projects

Process Excellence

- 26% reduction in cost per liter in manufacturing
- Further automation of the waterbase production line
- Continuous development, upgrading and integration of MIS
- Expansion of end user data collection through digital platforms for loyalty scheme and WHITE by JAT
- Highest ever production volume of 870,000L per month achieved in the manufacturing plant

9 months' Performance

5,432Mn

Revenue

72% ↑

717Mn

PAT

232% ↑

1,193Mn

Exports Revenue

371% ↑

30%

Gross Profit

2% ↓

	Q3 FY22	Q2 FY22		Q1 FY22	
	Rs.	Rs.	Q3 vs Q2 FY22	Rs.	Q3 vs Q1 FY22
Revenue	2,303	1,733	33%	1,396	65%
GP	677	532	27%	383	77%
EBIT	340	255	33%	187	82%
PAT	317	238	33%	162	96%

Net debt
position stands
at a positive

815Mn

Historical trend analysis shows and earnings share of **55%** for the 9 months period against a **60%** actual achievement reported out of the PAT target of 1.2 Bn

Financial Position

as at 31st December 2021

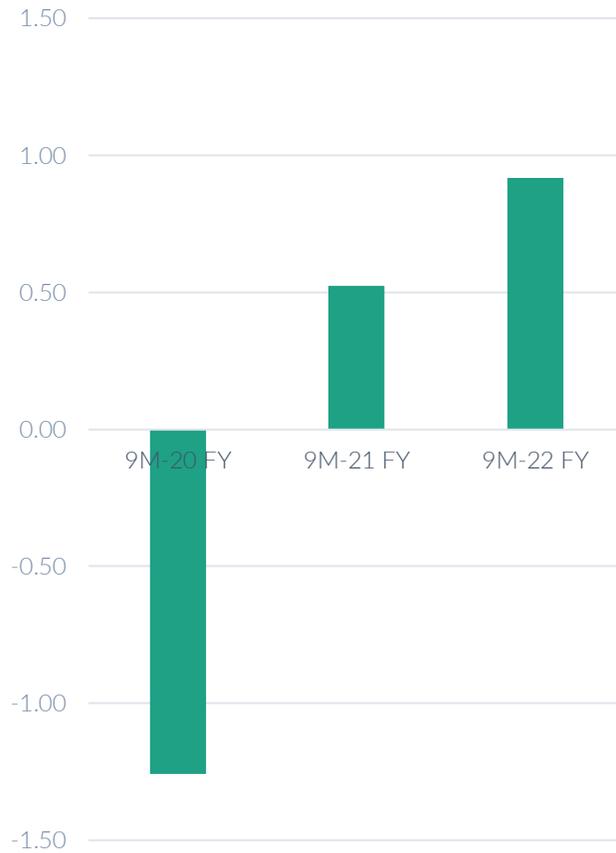
Non-current assets	1,900,511,827
Current assets	
• Inventories	2,327,407,673
• Cash and cash equivalents	1,319,732,317
• Other current assets	3,711,712,167
	9,259,363,984
Total equity	7,281,167,102
Non-current liabilities	92,178,270
Current liabilities	
• Interest bearing loans and borrowings	753,173,610
• Bank overdrafts	109,338,536
• Other current liabilities	1,023,506,466
	9,259,363,984

Adequate stocks for 5 months

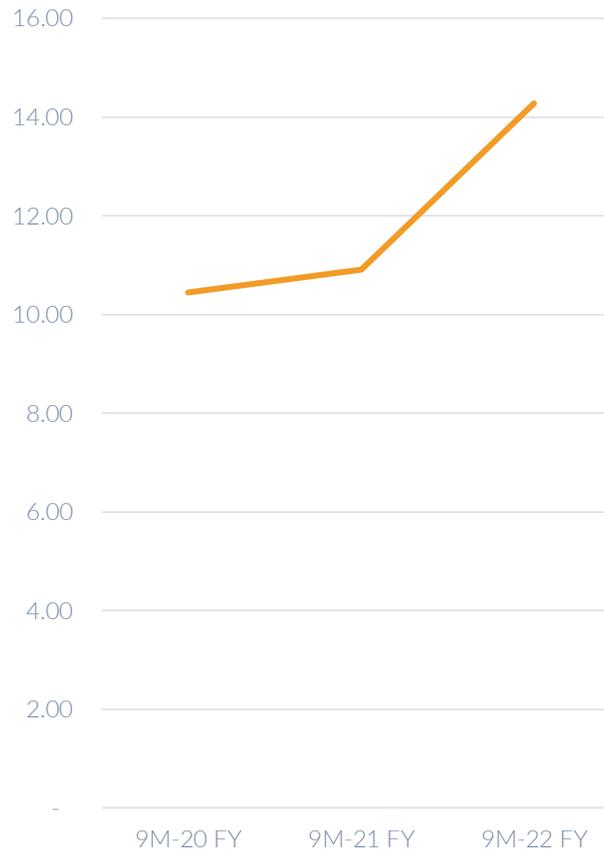
Strong net cash position

Investment Highlights

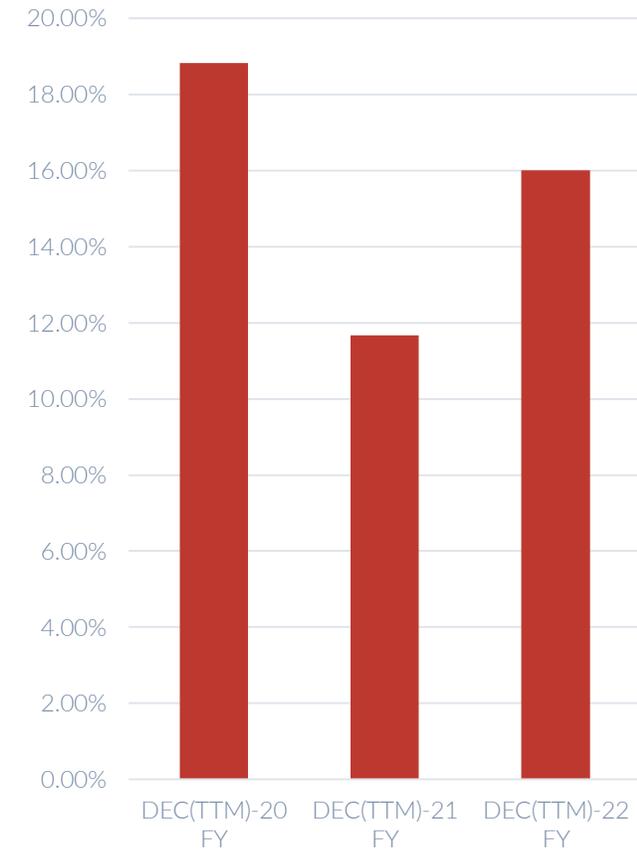
(Net Debt)/EBITDA



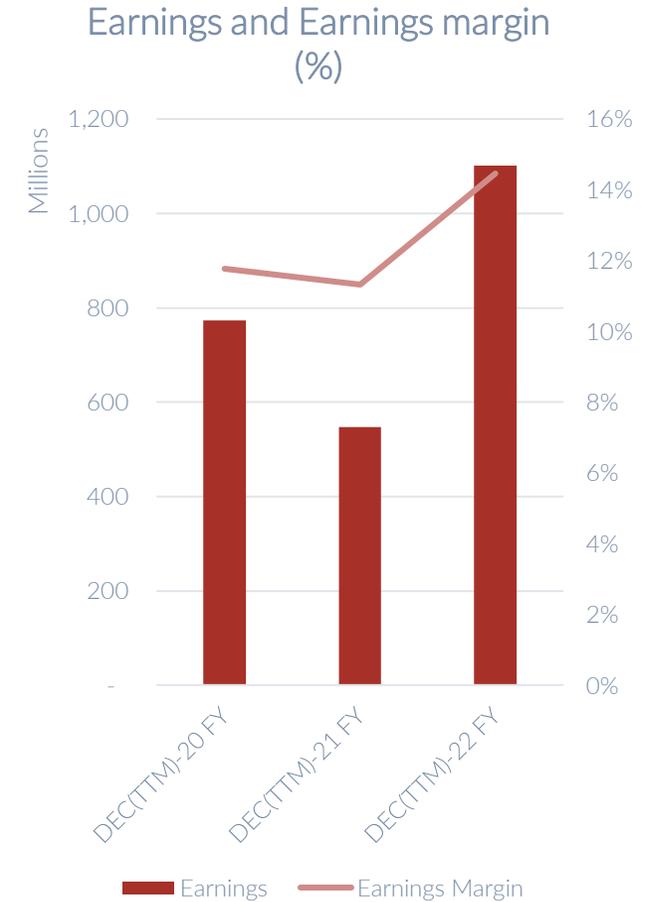
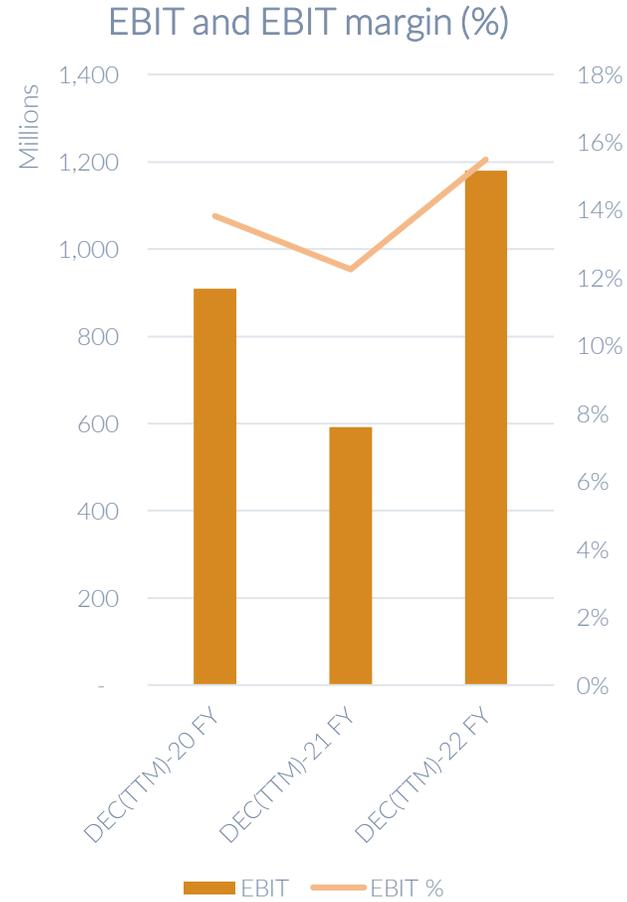
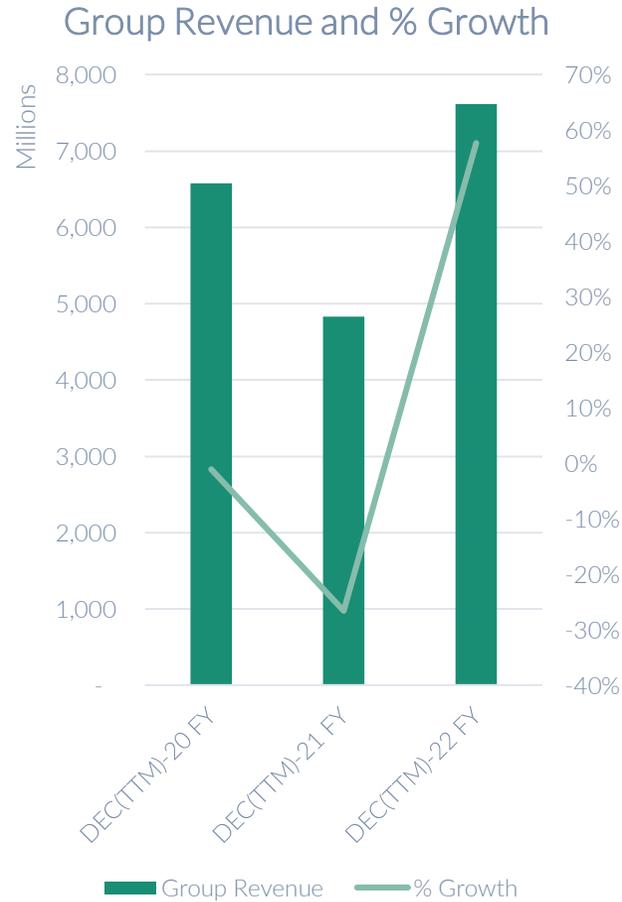
Net Assets Value per Share



ROCE



3 Year Summary

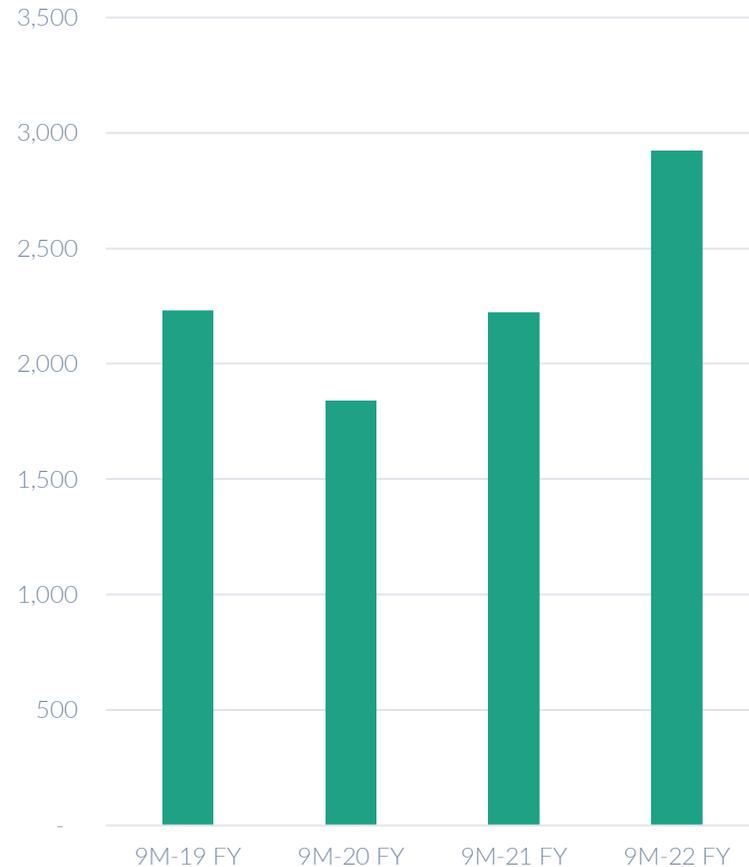


Operational Summary



Sectoral Performance

Wood Coatings



01

31% growth was achieved from the 9 months period of FY21

02

20% increase in the Loyalty Base within 9 months' period

03

Successfully launched Masters 3-in-1 Ceiling Coat

04

Operated with no inventory shortages

05

Cost per liter improvement through lean management in production

06

JAT "Pinthaaroo-Shilpee Abhiman" with NAITA to support wood craftsmanship

07

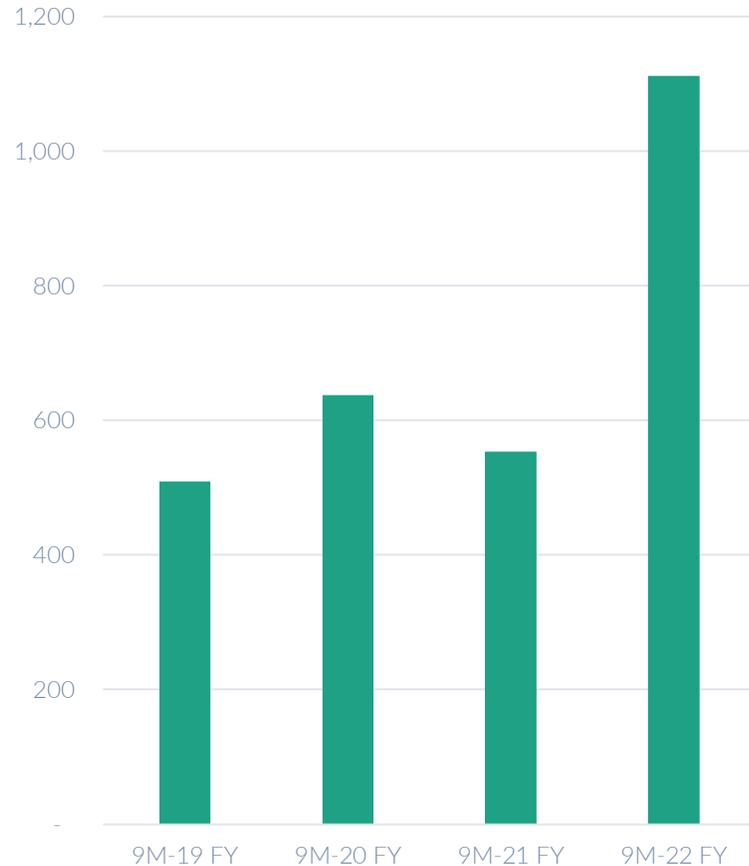
Launched a UV coatings drive for the first time in Sri Lanka

08

Development of proposed low-cost wood coating product to capture the NC sealer market in the furniture zones in Moratuwa

Sectoral Performance

Decoratives



01

101% growth was achieved from the 9 months period of FY21

02

WHITE by JAT achieved 62% over the budgeted revenue

03

Obtained a market share of over 10% within the first 12 months of launching WHITE by JAT

04

Undercoats by WHITE by JAT delivered to your doorstep for the first time in Sri Lanka

05

Cost per liter improvement through lean management in production

06

Recognized at Asian level and locally for our digital strategy for WHITE by JAT

07

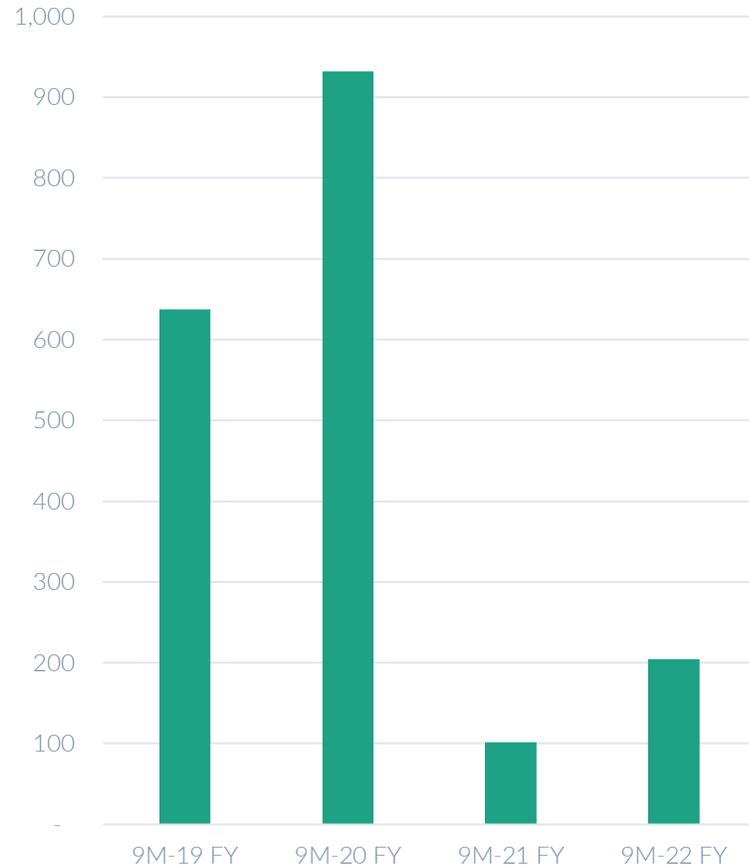
Brush markets increased by 57% and is now the market leader in brushes

08

Brushes were also launched in the modern trade

Sectoral Performance

Furnishing



01

101% growth was achieved from the 9 months period of FY21

02

Confirmed projects yet to be recognized in the P/L, stands at 1,363 Mn

03

Several offers submitted for landmark mega projects

04

Received CIDA accreditation of SP1 status for ceiling finishes and furniture which is the highest for this trade

05

Revenue from JAT furnishing showrooms grew by 209%

06

Highest ever retail sales for both SEA kitchens and HM chairs

07

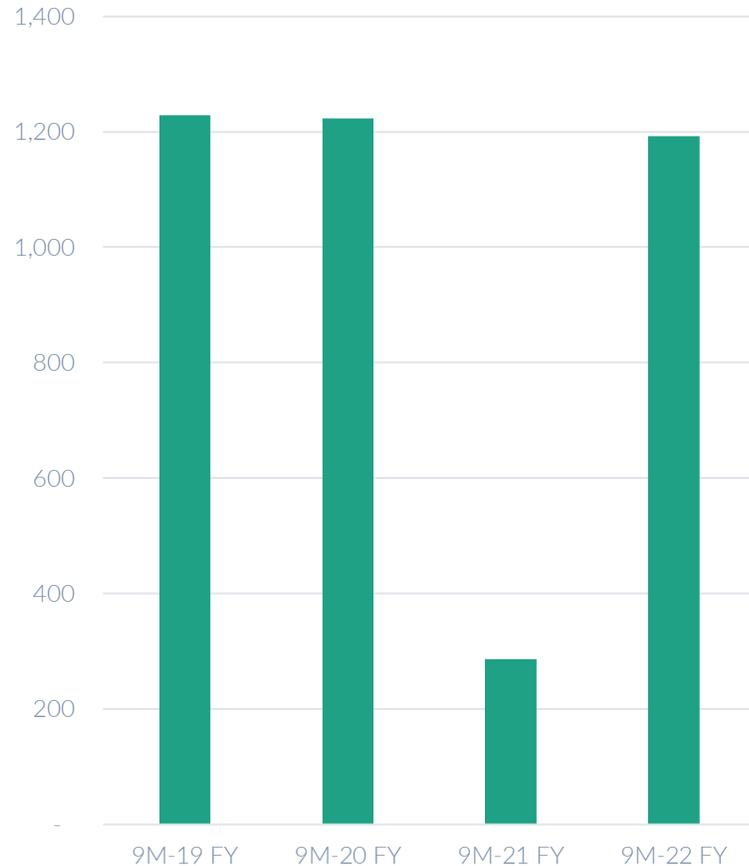
Overcame several challenges in project implementation including project shutdowns due to COVID, import restrictions etc.

08

Steps taken to increase skilled worker base for all trades

Sectoral Performance

Exports



01

317% growth was achieved from the 9 months period of FY21

02

Bangladesh operations witnessed a 379% increase in revenue

03

Increased from 9% to 22% of total revenue

04

Reinforced overseas team headed by Director – International Business with the addition of several technical specialists for each market

05

Sherwin Williams granted rights for JAT for two of the biggest wood coatings markets additionally in Africa – Egypt and South Africa (previously directly under SW)

06

Preliminary discussions have begun for SW to exclusively produce Sayerlack for JAT in India at their own manufacturing facility

07

Maldives market is beginning to open post-COVID

08

R&D commenced development of a range of new products to penetrate overseas markets including Maldives, Bangladesh and Africa

Outlook for Q4

Overall	Historically Q4 has averaged 45% of the annual PAT and 33% of revenue due to seasonal demand		
Sri Lankan Market	Adequate inventory has been secured for the next 5 months to cater to this demand	Strong push to capture further market share locally in wood coating, decorative and brush segments	Price increase enforced in the month of January to maintain GP%
Furnishing Sector	Look at possibilities of optimum billing in projects		
Exports Sector	Commissioning of the manufacturing facility for wood coatings in Bangladesh	Aggressively appoint sub distributors in the African Region	
Backward Integration	Securing location and commencement of the binder plant for the manufacture of resins (main raw material) for WHITE by JAT	Commencement of roller manufacturing facility	

2023 Objectives

Commence R&D center which would contribute the following,

- Overall GP improvement of approx. 2% in local and foreign paint markets
- Product development to penetrate the retail wood coatings market in Bangladesh through cost leadership
- Tailor made wood coating products to suit the African, Indian and Maldives markets
- New product development in waterproofing, heat reflective and other performance coatings etc.

Reap the benefits of manufacturing in Bangladesh,

- Increase in GP of 5% in Bangladesh for wood coatings
- Manufacturing for the wood coating retail market thus increasing market share exponentially in Bangladesh

Exports sector:

- Setting up SEA kitchens operations in Australia with the opening of first showroom in Perth
- Expanding our presence in a minimum of 5 more countries in Africa
- Increase of overall foreign revenue to 30-35% of total revenue

Decorative sector:

- Capture over 16% market share in the brilliant white market
- Commencement of binder plant and increase in GP of WHITE by JAT as a result

Furnishing sector:

- Aggressive revenue recognition of project pipeline

Value creation:

- Taking advantage of net debt position and aggressively pursue investments/ acquisitions targeting backward and forward vertical integration as well as horizontal integration
- Introduction of new and improved products and reap the benefit of products launched in financial year 2022 in the paint and brush segment
- Continuous process improvement through value engineering, automation etc. to bring production and operational cost down

Mid term objectives:

- Listing of Bangladesh subsidiary in Dhaka stock exchange
- Setting up manufacturing plant in Africa for wood coatings
- Toll manufacturing for The Sherwin Williams Company in overseas markets

Sustainability update

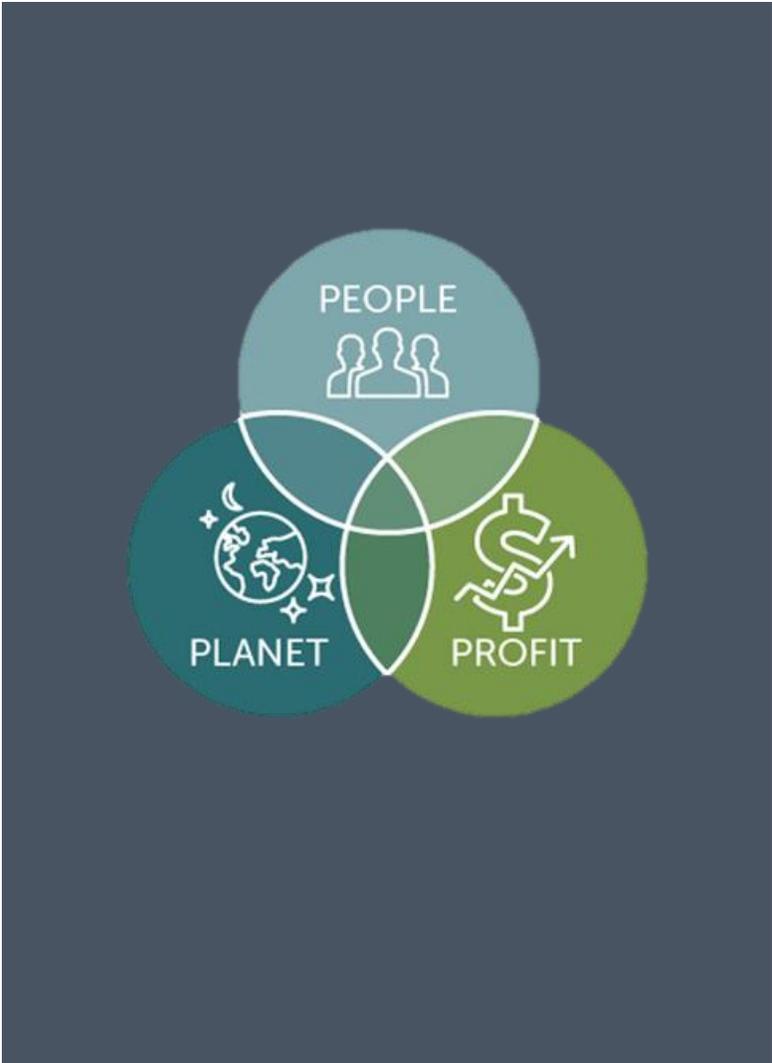
40%
Increase in waste recycling



2,644 hrs
Of training and development



12%
Increase in water consumption



0.9%
Total work-related injury rate

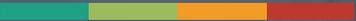


207,118 kwh
Renewable energy generated



8
Employee engagement events
conducted

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