

15 August 2024

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

# INVESTOR PRESENTATION

Q1 of FY2024-25

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

No. 351

# Group Overview



## 31+ Years

Operational Experience



## 470+ Employees

Workforce



## 8 Countries

Global Operations

### Wood Coatings



Masters



# 57%

Overall Market Share

### Brilliant White Decorative Paints



# 10%

Market Share in Brilliant White

### Brushes



# 31%

Market Share in Brushes

# Delivering Growth

3% **↑** YoY (for Q1)

**Rs. 2,197 Mn**

Quarterly Revenue

37% **↑** YoY (for Q1)

**Rs. 140 Mn**

Profit Before Tax

77% **↑** YoY (for Q1)

**Rs. 124 Mn**

Profit After Tax

Outlook

**AA(Ika) Stable**

Fitch Ratings



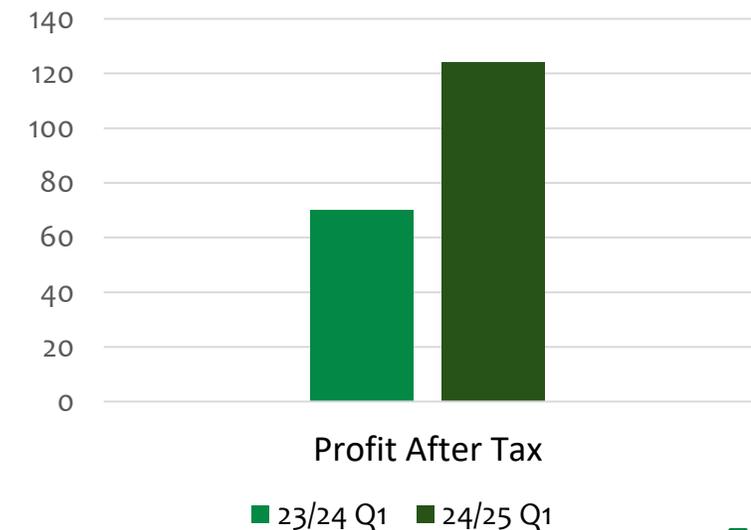
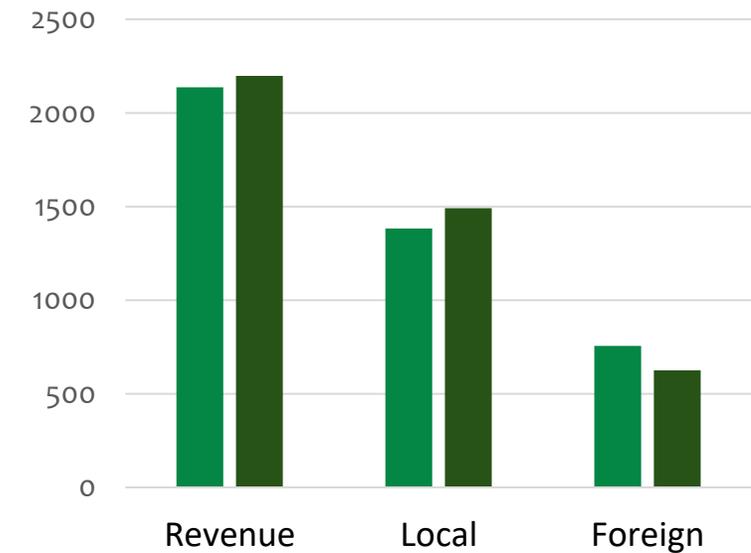
Ranked 21<sup>st</sup> among the top 50 most awarded companies as listed by LMD



Silver Award winner under the criteria “Sound Chemical Management” at the Green Industry Awards 2024

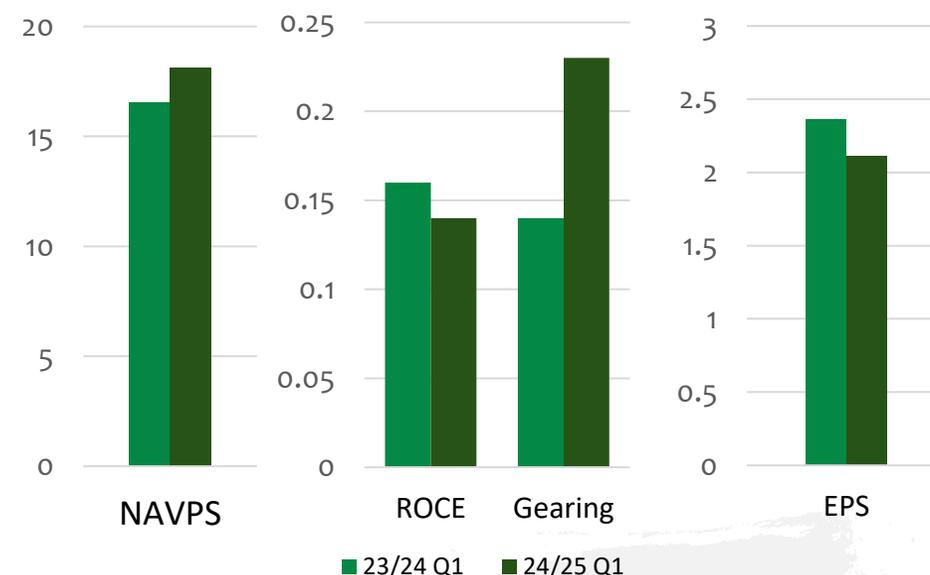
# Financial Indicators

(as at/of 30 <sup>th</sup> June 2024)	24/25 Q1	23/24 Q1
<b>Revenue</b>	<b>2,197</b>	<b>2,137</b>
Local Revenue	1,491	1,382
Foreign Operations	626	755
Cost of Sales	(1,540)	(1,514)
<b>Gross Profit</b>	<b>657</b>	<b>623</b>
<i>Gross Profit Margin</i>	<i>30%</i>	<i>29%</i>
Admin Expenses	(269)	(231)
Selling and Distribution	(245)	(203)
<b>Operating Profit</b>	<b>163</b>	<b>224</b>
<i>Operating Profit Margin</i>	<i>7%</i>	<i>11%</i>
<b>Profit Before Tax</b>	<b>140</b>	<b>103</b>
<b>Profit After Tax</b>	<b>124</b>	<b>70</b>
<i>Profit After Tax Margin</i>	<i>6%</i>	<i>3%</i>



# Stable Outlook

*as at 30th June 2024 (in millions)	24/25 Q1	23/24 Q1
<b>Total Assets</b>	<b>14,226</b>	<b>12,412</b>
Property Plant and Equipment	3,696	2,016
Cash and Short-Term Investments	1,202	807
Inventories	2,999	3,638
Trade and Other Receivables	3,363	3,200
<b>Total Liabilities and Equity</b>	<b>14,226</b>	<b>12,412</b>
<b>Total Equity</b>	<b>9,220</b>	<b>8,418</b>
<b>Total Liabilities</b>	<b>5,006</b>	<b>3,994</b>
Interest Bearing Loans and Borrowings (ST and LT)	2,706	1,305
Trade and Other Payables	2,012	2,312



## 18.09

NAVPS

## 2.11

EPS (TTM)

## 23%

Gearing

## 8.7x

PER

## 1.0x

PBV

# Strategic Drivers

## New Markets

- First wood coating shipment to Australia
- Opening of SEAFORM kitchen showroom in Australia
- Commenced blending operations in Kenya

## Core Products – Local Market

- 15% growth in Sayerlack
- 45% growth in Masters Brushes
- 85% growth in Harris Brushes
- 23% growth in Brush Master

## Completed Investments

- Alkyd plant in Bangladesh commenced operations
- Binder plant in Sri Lanka commenced operations

## Process Excellence

- Commenced integrating IFRS S1 and S2 standards for Enterprise Risk Mgt
- Green Seal Certification for WHITE by JAT and Masters
- IOT for optimization of energy consumption at factory premises

# Investments

## Alkyd Resin Plant in Bangladesh



## Acrylic Binder Plant in Sri Lanka

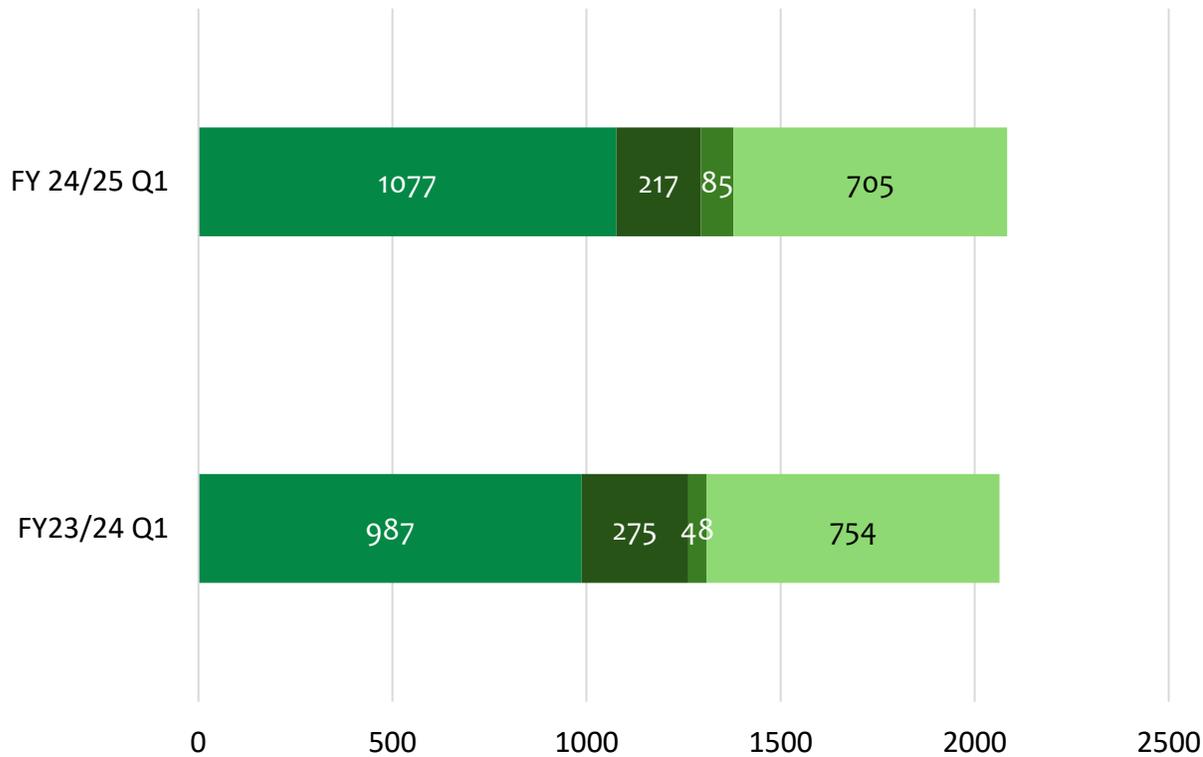


## Kitchen Showroom in Australia

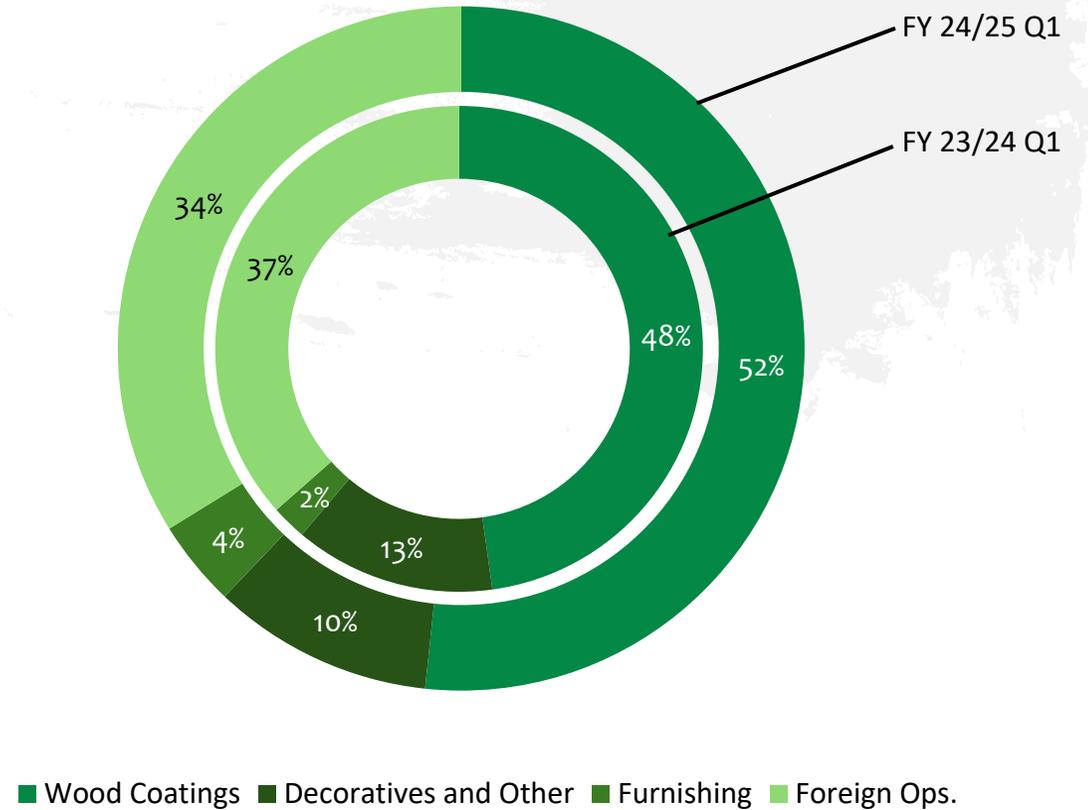


# Sector-wise Operations

Sector Wise Revenue Contribution



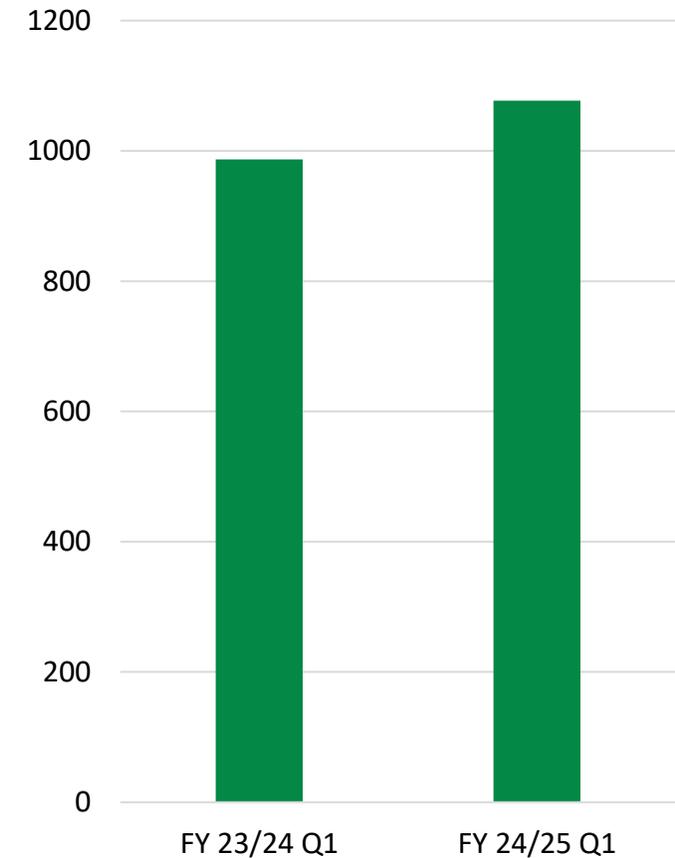
Sector Wise Revenue Contribution



# Sectoral Performance (Local)

## Wood Coating

- 57% increase in new customers for loyalty program
- 750+ painters trained across the country through 10+ training programs
- Commenced manufacturing of wood coating binder
- CATAS laboratory tested wood coating acrylic binder
- Highest ever sale recorded for Sayerlack and Masters range for Q1



# Sectoral Performance (Local)

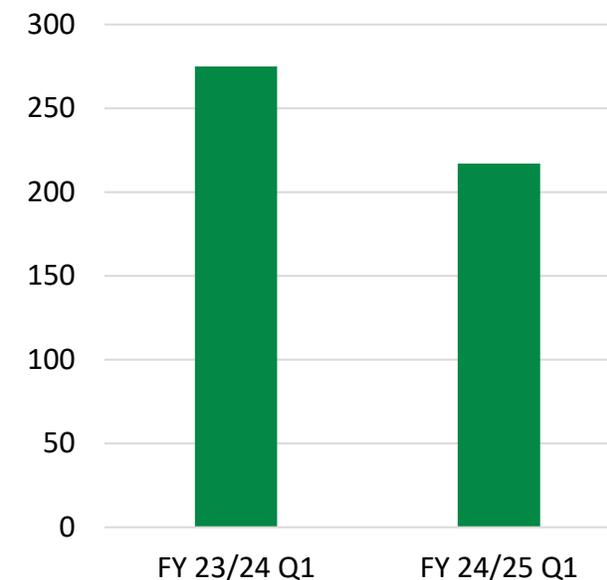
## Emulsion

- Overall contraction in emulsion market resulted in a sales drop of 54%
- Paint tinting capabilities using Corob Machines
- Manufacturing of acrylic binders used for the emulsion range

## Brushes

- Market leader in brushes for the third consecutive year
- International Painter Training Program was conducted in collaboration with Harris UK
- Introduced Harris Ultimate range which contributed 22% of the sales of Harris range
- Started manufacturing rollers in-house

## Decoratives and Other

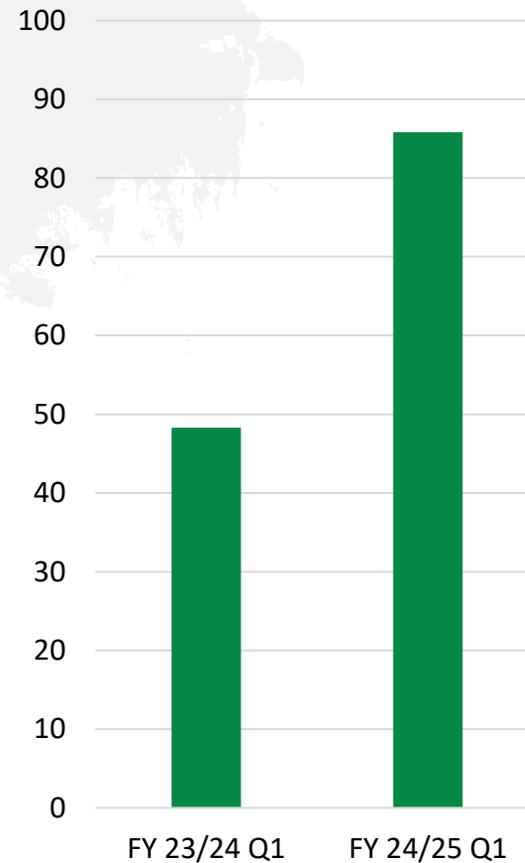


Harris training programme

# Sectoral Performance

## Furnishing (Local)

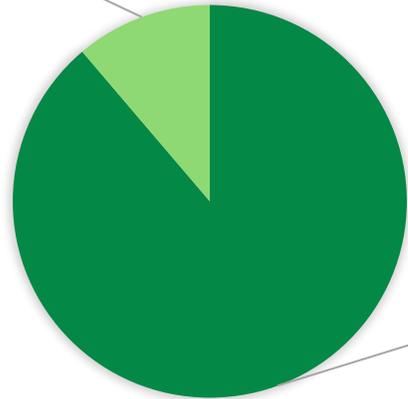
- 78% growth compared to Q1 of FY23/24
- Lifting of import restrictions have positively impacted on the growth of the furnishing sector
- Newly launched Oppein brand has contributed to the sales growth
- New showroom to be opened in Q2 at Duplication Road
- 635mn worth projects are confirmed and ongoing



Newly opened Oppein showroom

# Global Operations

Other  
11%



Bangladesh  
89%

7% ↓ YoY

**Rs. 705 Mn**

**Total Foreign Revenue**

32% of Total Revenue

Bangladesh Revenue dropped by 9% due to conversion

**Rs. 626 Mn**

**Revenue from Bangladesh**

24/25 Q1	23/24 Q1
BDT 246.08 Mn	BDT 246.48 Mn

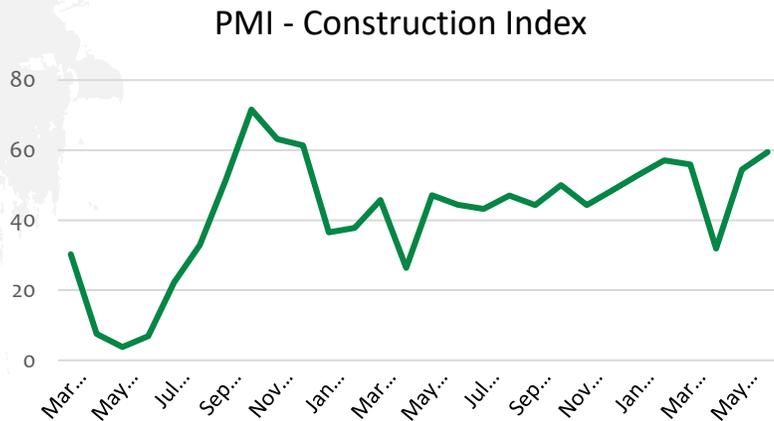
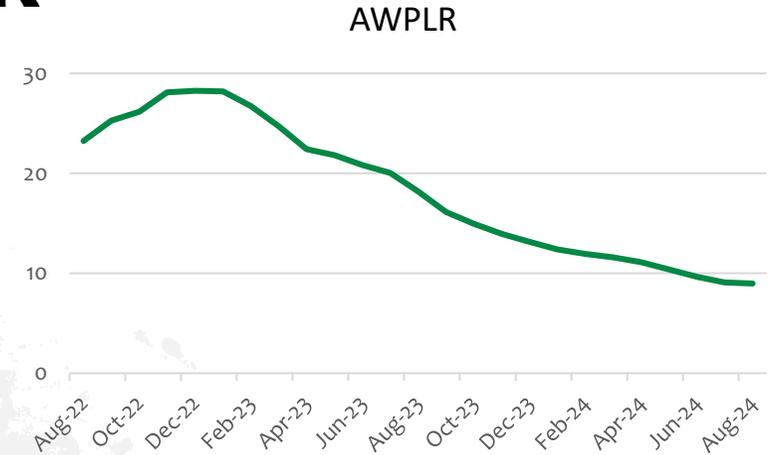
- Bangladesh operations witnessed a GP margin increase of 3.6% due to the backward vertical integration through the alkyd resin manufacturing plant
- Developed different ranges of products in top coats, base coats, stains and hardeners to suit different segments of the market
  - Development of a new economy-grade polyurethane (PU) range has been completed along with a new alkyd resin
- Increased our industrial customer base by 8% during the quarter
- A new 10,000 sqft warehouse has been constructed, eliminating the need for rented warehouse services



# Future Outlook

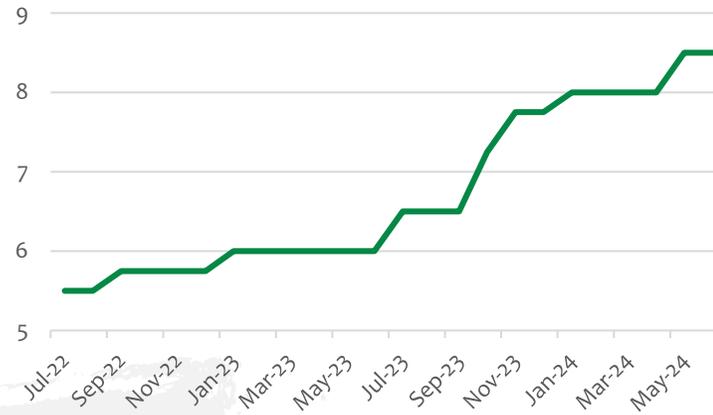
# Sri Lankan Economy and Outlook

- Positive outlook post election due to political stability, which will increase the construction activities
- Opportunities through the acrylic binder plant
  - Excess production of acrylic binders can be sold in SL and/or exported since JAT's plant is the only European quality wood coating binder manufacturing plant in South Asia
  - Positive impact to GP margins due to the elimination of CESS of 25% when manufacturing of binders against importing
  - Eliminate imported binder manufacturers' margin of 35%
  - Manufacturing (against importing) of acrylic binder will reduce the production cost per liter by 43%
- Impending introduction of 2 new product ranges in the emulsion category will contribute to the topline
- Cost reduction of the emulsion range through the manufacturing of binders and this benefit will be passed on to the consumers
- Consolidate on market leadership and increase the market share in wood coatings and brush range
- Furnishing project sales to ride on the confirmed pipeline and new projects

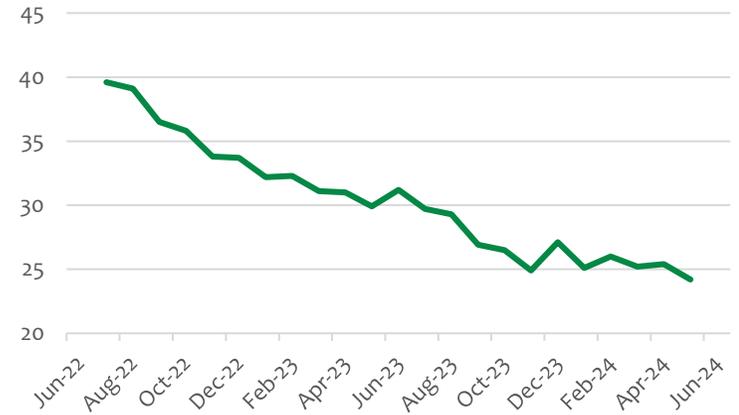


# Bangladesh Economy

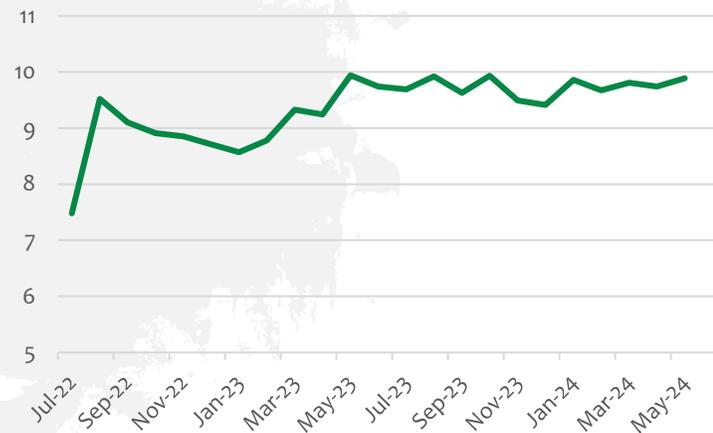
Interest Rate



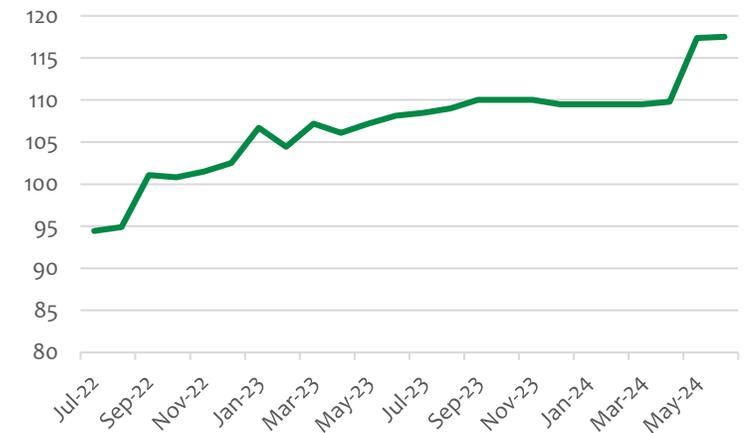
Foreign Reserves



Inflation



Exchange Rate



# Bangladesh Outlook

- Political and economic instability, along with declining foreign reserves and FDIs, are likely to lead to import restrictions and a dollar shortage
  - ACL being a manufacturer of wood coating products and key raw materials like Alkyd Resin in Bangladesh will give JAT a significant advantage over competitors who rely on imports
  - Operating in the domestic market will minimize the impact of exchange rate fluctuations due to the depreciation of BDT since it would be passed to the domestic customer
  - ACL will be able to capture the market share lost from import oriented competitors
- Bangladesh's declining disposable income – a low-cost wood coating product range will enable JAT to compete with low-cost brands
- Increased levels of securities for borrowings – with all expansions in Bangladesh completed, the need for borrowing will be minimal
- Having a state-of-the-art R&D facility in Sri Lanka enables JAT to produce value for money solutions to the Bangladesh market depending on the situation
- JAT's main competitors operate only in the Bangladesh market therefore will not be able to leverage from the positives of any other foreign markets
- JAT Group has faced similar crisis in SL and has experience in overcoming economic turmoil successfully



# Q&A Session

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