

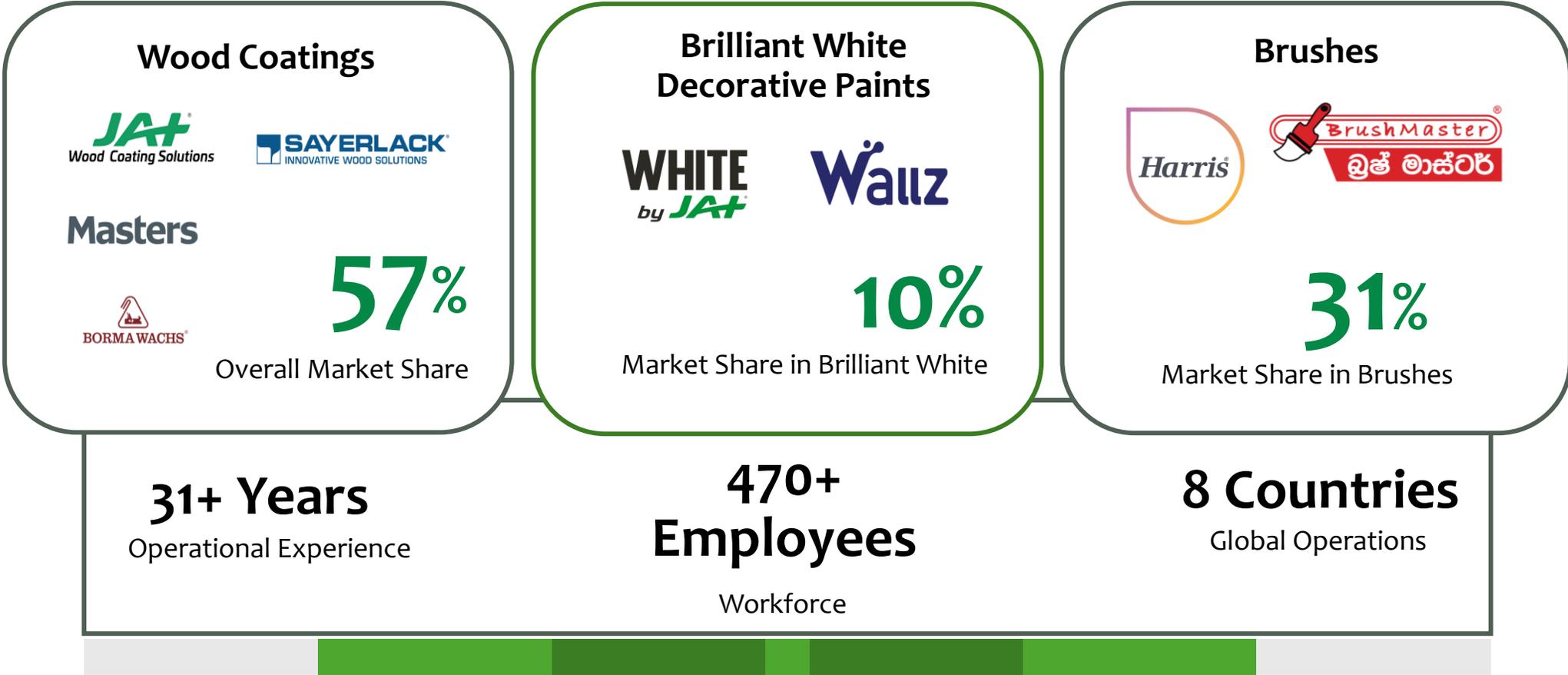
INVESTOR PRESENTATION

Date: 05.11.2024

Q2 of FY 2024-25



Group Overview



Financial Highlights and Macro Factors

4,536 mn

Revenue



521 mn

EBIT



408 mn

PBT

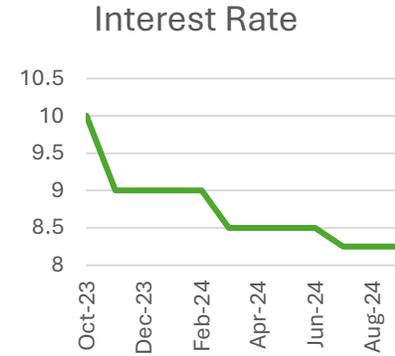
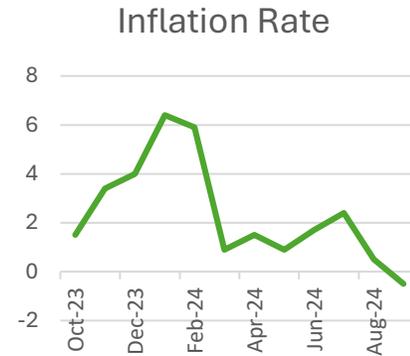


512 mn

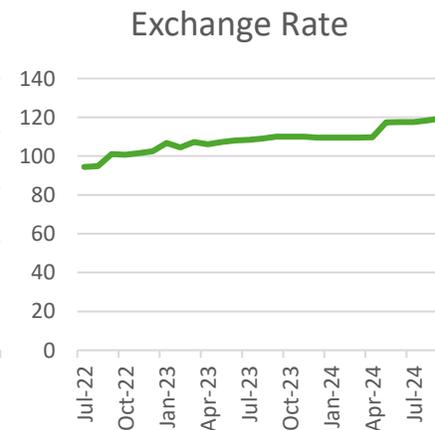
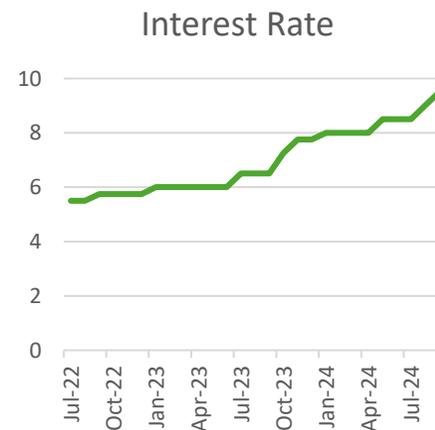
PAT



Sri Lankan Macro-environment



Bangladeshi Macro-environment



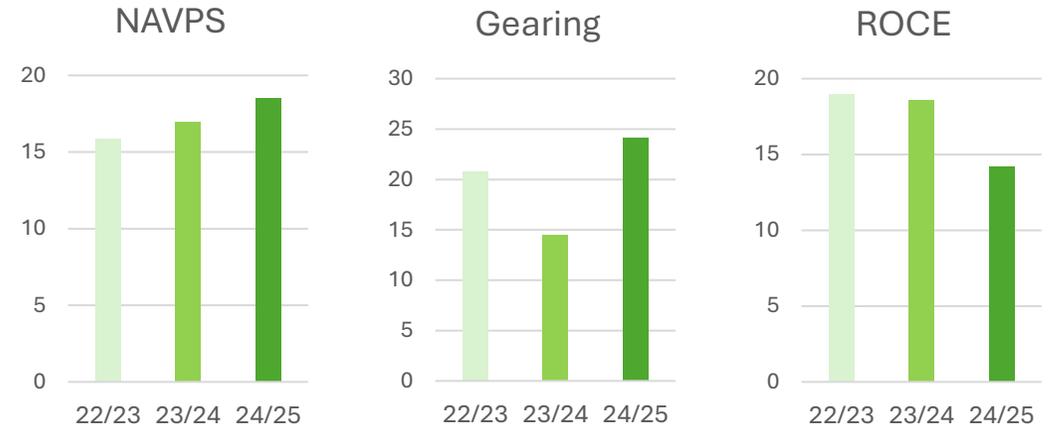
Financial Indicators

For the six months ended 30 September	24/25	23/24
Revenue	4,536	4,878
Cost of sales	(3,143)	(3,461)
Gross profit	1,393	1,417
Other income	48	50
Selling and distribution exp.	(462)	(511)
Administrative expenses	(458)	(437)
EBIT	521	518
Finance cost	(163)	(155)
Finance income	54	56
Share of Joint Venture Profit/ (Loss)	(5)	1
Profit before tax	408	420
Income tax expense	104	(114)
Profit for the period	512	306

- Witnessed a near 600 mn revenue drop and a 157mn drop in profitability in comparison to previous year due to the macro economic factors prevailed
- Capitalization of acrylic binder manufacturing plant created a differed tax asset
- Gross profit margin increased by 2% due to acrylic binder and alkyd resin manufacturing plants which have resulted in significant cost efficiencies
- Selling and Distribution expenses declined by 10% as a result of strategic increase in marketing spend in the previous year, which are now yielding returns

Stable Outlook

(As at 30 th September 2024)	24/25 Q2	23/24 Q2
Non-Current Assets	5,028	3,131
Current Assets	9,783	9,413
Inventories	3,597	3,302
Cash & cash equivalents	1,279	1,159
Other current assets	4,907	4,952
Total Assets	14,811	12,544
Total Equity	9,451	8,659
Non-Current Liabilities	201	222
Current Liabilities	5,159	3,663
Interest bearing loans & borrowings	2,903	1,394
Other current liabilities	2,256	2,269
Total equity & liabilities	14,811	12,544



18.52
NAVPS

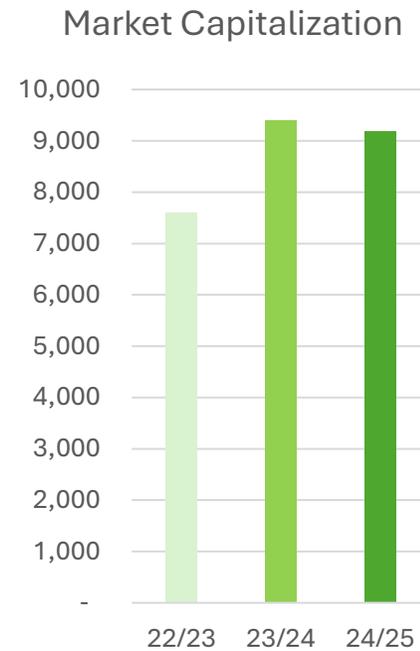
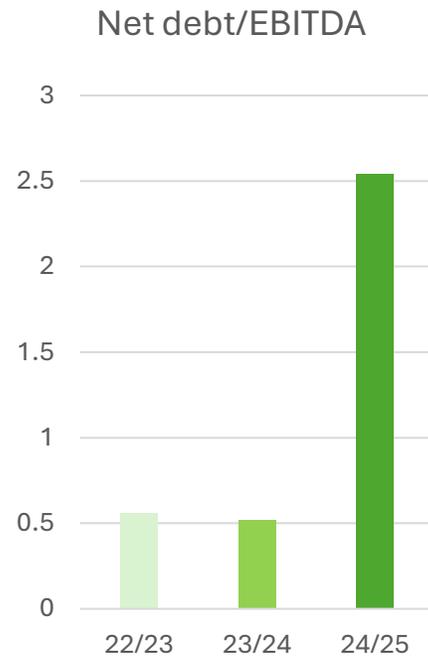
2.41
EPS (TTM)

24%
Gearing

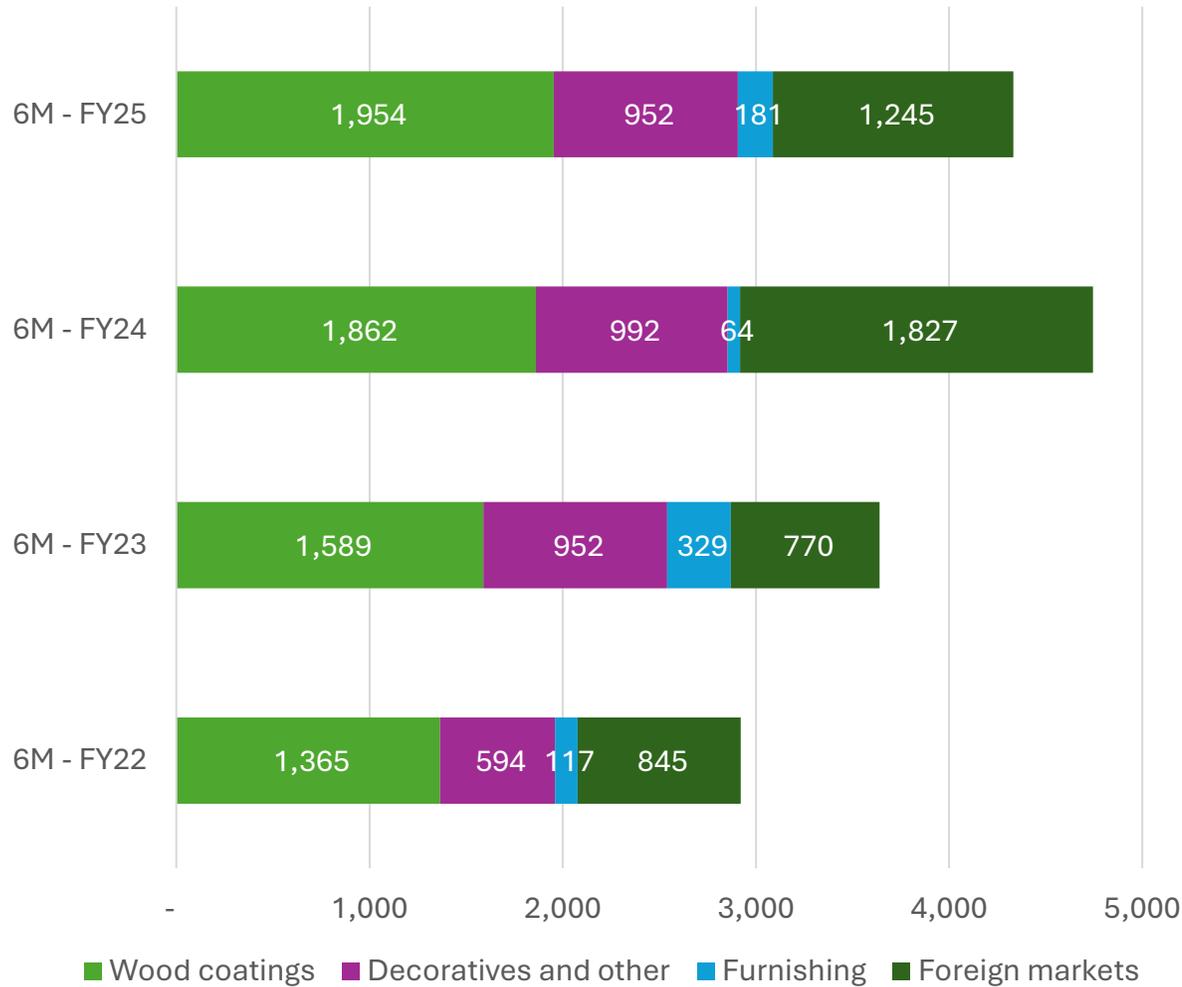
7.48x
PER

0.97x
PBV

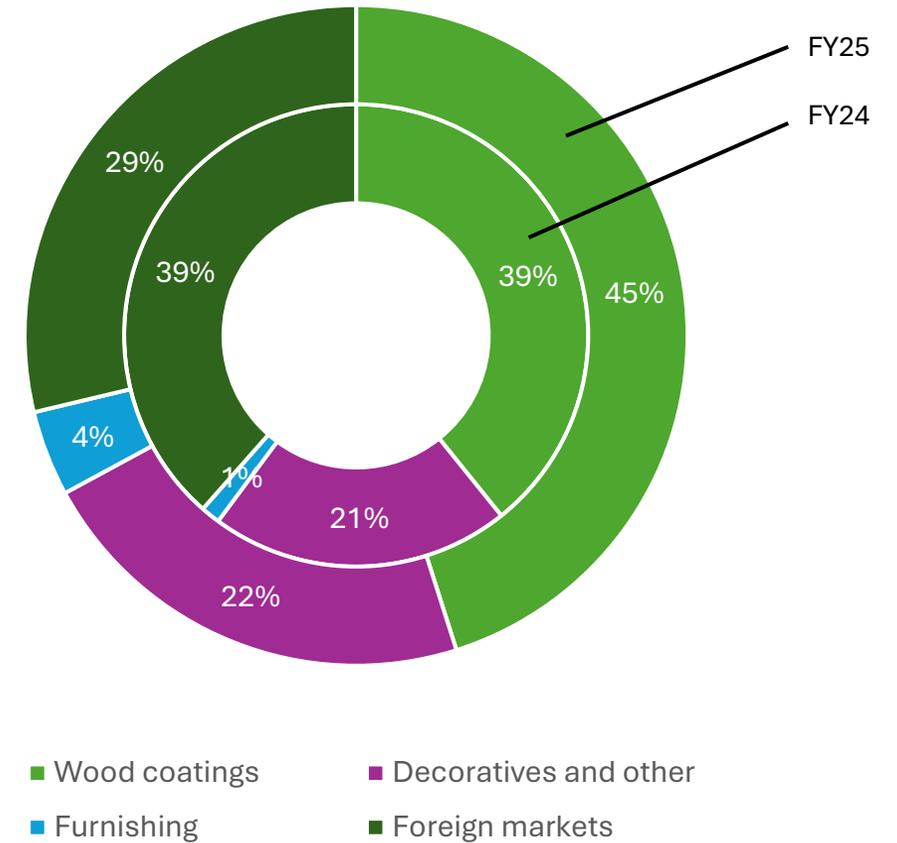
Investment highlights



Sector wise performance

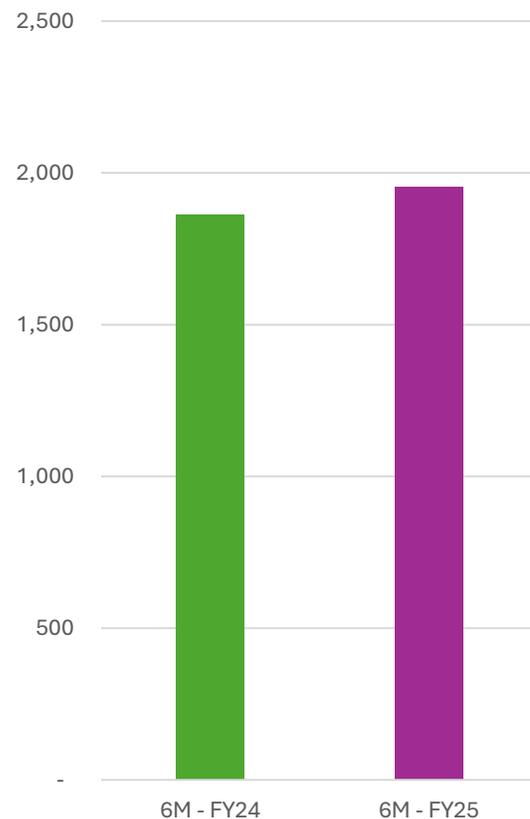


Sector Wise Revenue Contribution



Sectoral performance - Local

Wood coatings



- An upward trend is observed with a 4% increase in Sayerlack and 14% increase in Masters with highest ever sale recorded for the 2 brands for the 1H
- Wood coating sector is strengthened by efficiency gains from in-house acrylic binder manufacturing
- 165,000+ loyalty customers
- Over 600 painters trained across the country through 7 Pintharoo Abhiman training programs

Acrylic binder manufacturing plant:

- Saving is generated from latter part of Q2
- GP increase of 6% for wood coatings
- Binder plant is running at 55% capacity currently

Sectoral performance - Local

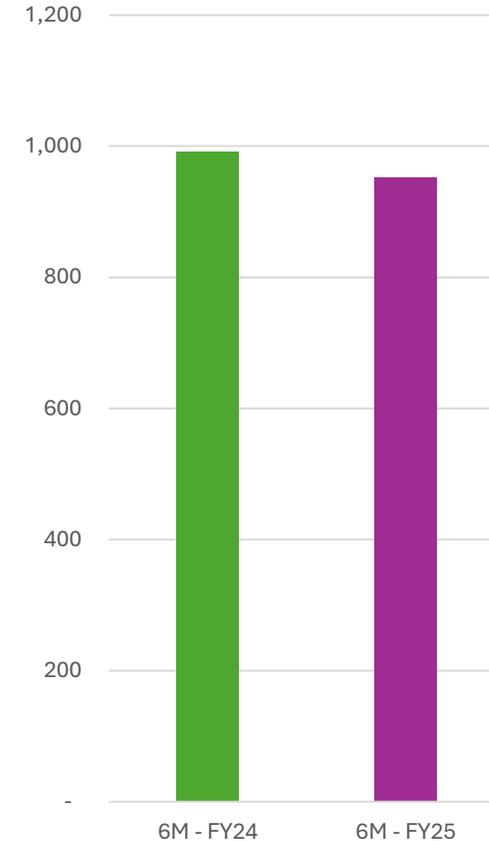
Emulsion

- A 10% drop in the emulsion sector due to it being a premium product which has been addressed through cost reduction from R&D initiatives
- Emulsion binder is being manufactured and the cost benefit would be passed on to the consumer
- Tinting capabilities are available using corob machines
- Have commenced operations of 25 franchise outlets focusing on emulsion range

Brushes

- A growth of 25% compared to semester 1 of last FY
- Market leader in brushes for the third consecutive year
- Introduced Harris Ultimate range which contributed 22% of the sales of Harris range
- Roller manufacturing has impacted a GP increase of 14%

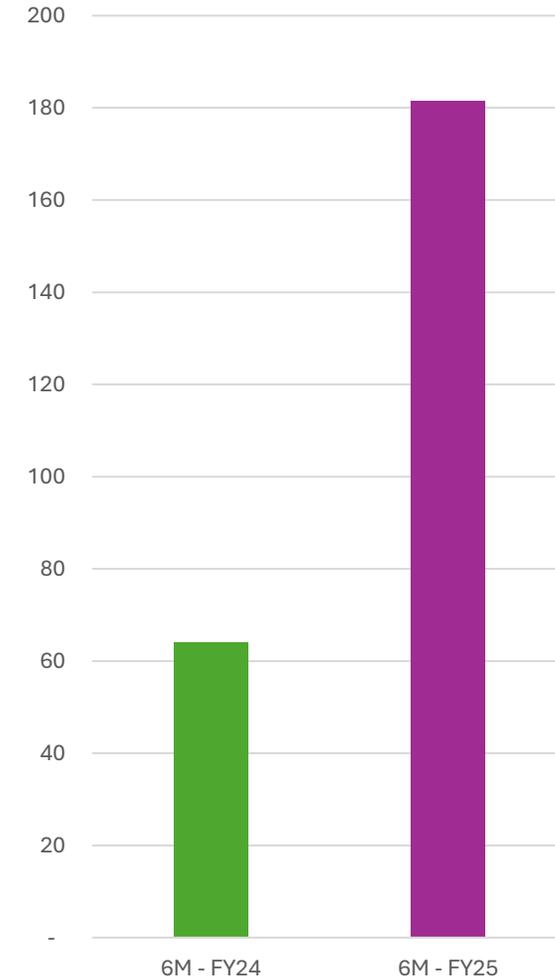
Decoratives and other



Sectoral performance - Local

Furnishing

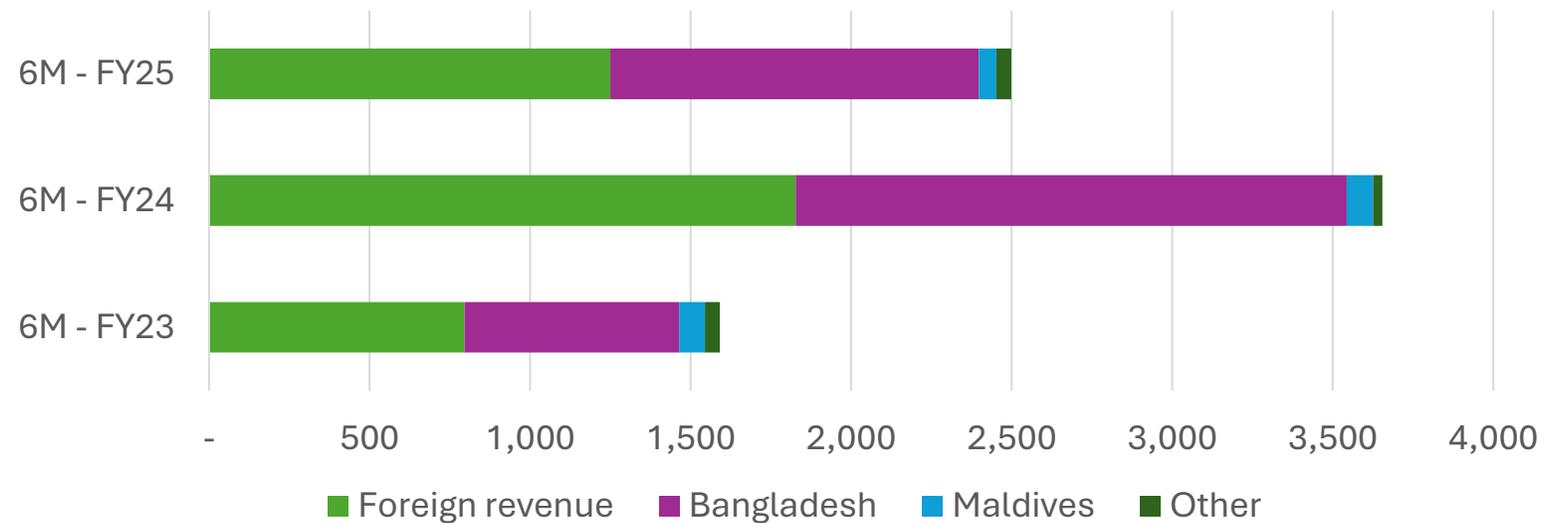
- 184% growth compared to semester 1 of last FY
- Lifting of import restrictions have positively impacted on the growth of the sector
- New showroom to be opened in Q3 at Duplication road
- Introduced the doors range by Oppein
- Project pipeline – 590.5 mn



Sectoral performance - Foreign

Foreign Operation

Year	Foreign revenue	Bangladesh	Maldives	Other
6M - FY25	1,250	1,148	55	47
6M - FY24	1,827	1,716	83	29
6M - FY23	795	669	80	47



Sectoral performance - Bangladesh

Factor disclosed in the previous quarter	Update
<p>Political and economic instability, along with declining foreign reserves and FDIs, are likely to lead to import restrictions and a dollar shortage</p> <ul style="list-style-type: none"> • 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 	<p>JAT did not have an issue in importing goods in comparison to finished goods importers</p> <p>Still to be passed to the customers but will be done in the near future</p> <p>Too early to analyse the market share, will be done in the next 2 quarters</p>

Sectoral performance - Bangladesh

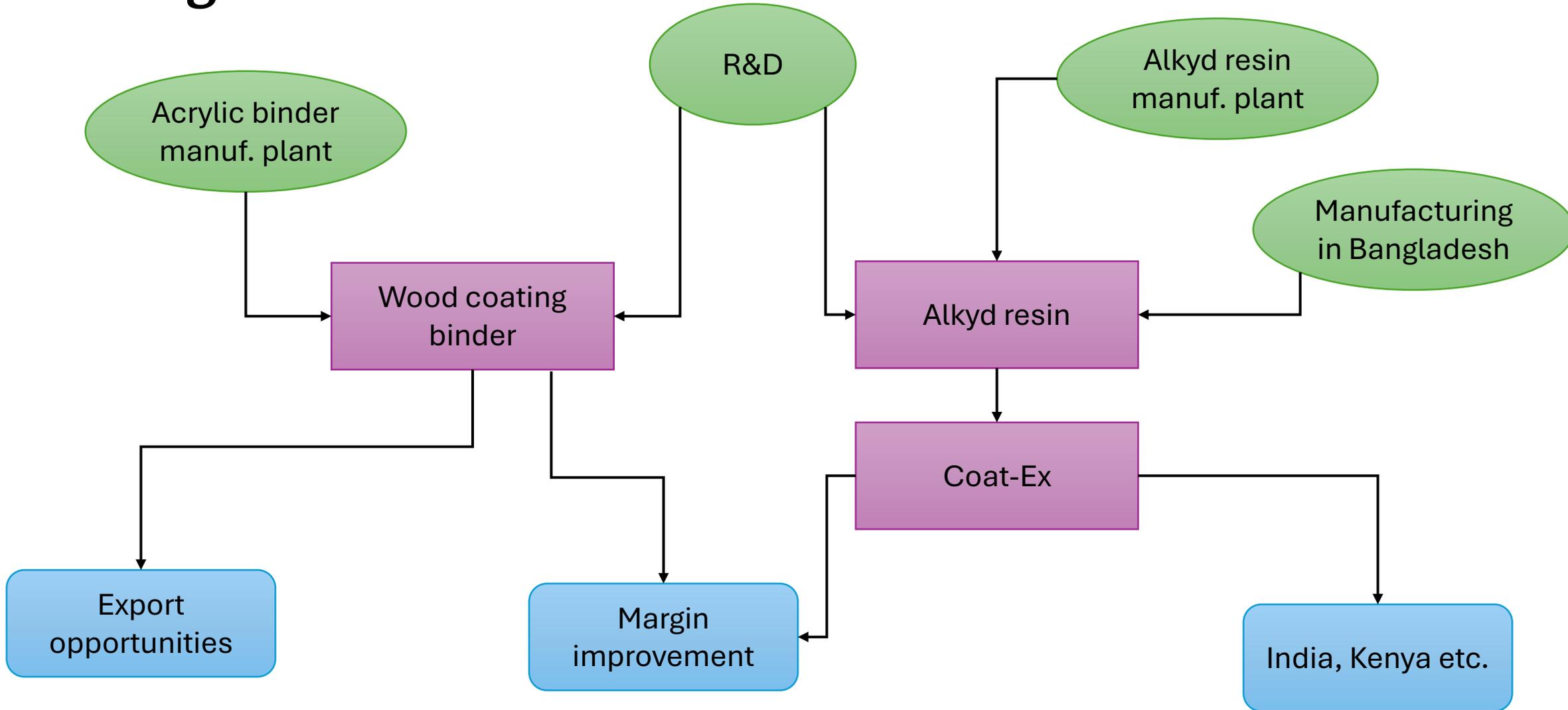
Factor disclosed in the previous quarter	Update
Bangladesh's declining disposable income – a low-cost wood coating product range will enable JAT to compete with low-cost brands	The low-cost product 'Coat-Ex' was launched in September targeting the price sensitive-turned market due to the adverse economic conditions
Increased levels of securities for borrowings – with all expansions in Bangladesh completed, the need for borrowing will be minimal	Increase of borrowings is 45% compared to the semester 1 of last FY
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	Savings worth LKR 18 mn was generated through the alkyd resin manufacturing plant
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	Should be analysed in Q3
JAT Group has faced similar crisis in SL and has experience in overcoming economic turmoil successfully	<ul style="list-style-type: none"> • Company implemented cost-saving measures, overhead cost audits and consolidation of warehouses • Focusing on key SKUs • Expanding the dealer network through the low cost product • Extending more services from Sri Lanka to Bangladesh

Strategic Drivers

New Markets/Products	Core Products	Investments	Process Excellence
Launched Coat-Ex in Bangladesh	4% growth in Sayerlack	New furnishing showroom in Colombo 04	Commenced integrating IFRS S1 and S2 standards for Enterprise Risk Mgt
Oppein doors launch	14% growth in Masters	Showroom in Perth, Australia	Implementation of a system to monitor energy consumption
Tinting capabilities using corob machines	29% growth in Harris Brushes		
	21% growth in Brush Master		



Strategic Drivers



Outlook

Sri Lanka

- The next two quarters are the season, which generates approximately between 60-62% of the annual revenue along with 70-73% of the bottomline
- Aiming at maximizing savings from the acrylic binder manufacturing plant in these two quarters
- Changed from distributors model to a direct distribution model in the Colombo district for sales which will enhance net profit
- 'JChem One Coat' will be launched in Q3 targeting the low-priced thinner market
- Opening of JAT Lifestyle Studio will support project acquisition and growth

Bangladesh

- Steps are being taken to capitalize on the manufacturing capabilities JAT has over import oriented competition with the economic recovery
- Launched Coat-Ex with the intention of maximizing the penetration of the retail market through the low-cost product
- Enamel paint production will be starting from Q4

Q&A

Q&A Session

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