JKH Investor Relations Webinar: Transcript

Review of 2Q performance for 2025/26

6 November 2025

PANELISTS

- Krishan Balendra – Chairperson
- Gihan Cooray – Deputy Chairperson/Group Finance Director

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Gihan:

Good afternoon, everyone. Welcome to the JKH Investor Relations webinar for the second quarter and first half of the financial year 2025/26. I am Gihan Cooray, Deputy Chairperson and Group Finance Director. I'm joined today by Krishan Balendra, our Chairperson /CEO, and the two of us will take you through today's webinar. The format as always will be where Krishan will initially take you through an overview and some of the key highlights for the quarter, and then I will take you through a presentation covering the key performance and financial highlights for the quarter and the six months.

If you have any questions, I would like to remind you to enter it into the Q&A tab at the bottom of your screen. And with that, I'd like to hand over proceedings to Krishan.

Macroeconomic Highlights & Key Developments

Krishan:

Good afternoon, everyone. Thank you for joining our Investor Webinar. Just some quick comments, as usual, on the environment, political and economic environment continues to be very stable. The economy, all the indicators continue to improve. We've seen the Rupee relatively stable there's been a marginal depreciation in recent weeks. Inflation continues to be very low. Interest rates continue to be low with the 1-year Treasury bill at about 8% and the other indicators, exports have been fairly robust, remittances have been very strong. In fact, it appears that 2025 might be a record year for remittances and the country's foreign exchange reserves as well continue to grow. Currently, it's at just over USD 6 billion, despite some principal repayments to multilaterals. The IMF, as we mentioned in our last webinar, describes the recovery of the economy from the crisis as remarkable. And recently, in a World Bank report as well, the recovery was described as remarkable.

The country's electricity tariffs: there was a review recently, and it was decided to leave tariffs unchanged. In the backdrop of this environment, consumption continues to be strong, as you would have seen in our volume numbers, which Gihan will talk more about later. Tourism has also been very strong, recovering to pre-COVID levels and in fact, in the month of October, arrival numbers were higher than October 2018, which was the previous peak. And we expect that, based on this momentum, that with the likely performance in November and December, that 2025 may see the highest number of arrivals ever, in terms of tourism to Sri Lanka. Bookings for our properties in Sri Lanka remain very robust and encouraging.

On the City of Dreams project, in the month of August the Casino commenced operations. The Nuwa Hotel had a soft opening in July; full operations also commenced with the casino on the 2nd of August. Phase 1 of the shopping mall is also now operational, and the mall will be fully operationalised over the next few months. Performance has been encouraging in the Cinnamon Life Hotel, as we indicated in our quarterlies. The EBITDA performance for the quarter was near breakeven despite a big one-off charge for the launch events. And based on bookings for the current quarter, which is the December quarter, and the January quarter, both bookings for rooms, but in particular, for MICE

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events from overseas, we expect a very encouraging uplift to EBITDA at the Cinnamon Life Hotel as well as City of Dreams Sri Lanka overall.

Apartment sales have been encouraging as well at the City of Dreams property, Cinnamon Life Residencies and Suites, but also, at TRIZEN and in our suburban development VIMAN.

The West Container Terminal, again as we indicated within the quarterlies, volumes have been well above expectations. And based on this momentum we expect to be close to PAT breakeven for the full year in the current financial year. Construction and equipping Phase 2 is on time, in fact, a little ahead of time and we are very confident that Phase 2 will be operationalised by the end of calendar year 2026. So, a very encouraging start to operations at the West Container Terminals.

Our other new business, the BYD business, we continue to have the issue with clearing electric vehicles. We are continuing to engage with the authorities on that, and we are in court as well to have any electric vehicles that are imported cleared from Customs. We don't have any issues with the hybrid vehicles. We have been importing hybrid vehicles and launching some new models, and the sales of those vehicles have been encouraging. And we are hopeful that we can resolve the issues around importing electric vehicles quite soon. So, with that, I will hand over to Gihan to run through the quarterly results, and we will both be available thereafter for Q&A.

Review of 2Q Performance Highlights

Group Highlights

Gihan:

Thank you, Krishan. I will take you through the key highlights of the financial performance for the quarter and the six months.

(Slide 02)
You look at the EBITDA for the quarter, we saw a strong growth in overall EBITDA, with EBITDA more than doubling from what we did in Q2 last year, from a EBITDA of Rs.8 billion improving to Rs.18.3 billion. This was mainly driven by robust performance, actually, across all our businesses as you can see, it's just Transportation that was marginally down and we'll talk to you why that is. The performance was across the board, with of course a significant contribution coming from the Retail industry group, driven by the performance of JKCG. This is, of course, a recurring business, where we've seen good momentum throughout the first quarter and the second quarter. And as we go through the presentation, we'll talk to you about the prospects and momentum that we see across all our different businesses. As Krishan mentioned, if you look at Leisure, you can see at CODSL, we almost broke even with just a negative Rs.64 million EBITDA level, compared to almost negative Rs.1.2 billion in the previous year Q2. So that's a very strong improvement. We've also just shown you the Group number excluding JKCG and CODSL, because these two businesses weren't really operational last year, but both are, of course, recurring businesses now, despite that, we've still grown at 18% on EBITDA for the quarter.

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(Slide 03)
Moving on to the 6-month performance. Again, we almost doubled the EBITDA that we did first half last year to this year. Again, driven by a similar sort of segmental breakup, with again, JKCG performing well. But across the board, you can see the Leisure numbers are starting to pick up as well.

(Slide 04)
Moving on to the quarterly EBITA movement. If you look at these numbers here, you can see the headline numbers in Q2. As I mentioned, we did Rs.18.3 billion compared to Rs.8 billion in Q2 last year. And for those of you who typically know our performance, if you look at our first half and second half, as you can see on the screen here as well, Q3 and Q4 of last year, we were doing at a run rate of about Rs.14billion to Rs.15 billion of EBITDA in those quarters, compared with about Rs.8 billion to Rs. 9 billion in Q1 and Q2. So, compared with that, we've seen this year first half, we've done much better. But if you look at it on a segmental basis, you can see a lot of our businesses, as you head into Q3 and Q4 in Consumer Foods, you see in Q4, that's typically when we have the stronger season. With the traditional New Year in April, there's a lot of sales that happen in the month of March. So Q4 tends to be strong. If you look at Supermarkets, that business, again, you'll see in Q3 and Q4, again the seasonality there, so you typically see a very strong Q3 and even Q4, so that, that business will do well. Leisure, again, if you look at the Leisure numbers excluding CODSL, you can see how, even last year the pickup is from Q2 to Q3 and Q4, with Q4 being a significant peak. As that's the peak winter season for tourism in Sri Lanka. Winter in Europe, and obviously the numbers that come into Sri Lanka. So, based on the current momentum that we've seen from Q2 last year, where we did a Rs.1 billion to Rs.1.5 billion this year excluding CODSL. We expect that run rate to sort of really increase, given the seasonality and the forward bookings that we are seeing overall. So overall, it's been a very strong quarter if you look at even Consumer Foods, we've seen growth. If you look at our Supermarkets business, we've seen growth and I'll take you through that as we go through the segmental performance.

(Slide 05)
Just looking at our finance costs here. We're showing you the total finance cost as a headline number, there, but we've also just shown you eliminating some of the one-off impacts due to exchange as well as last year, we had the non-cash interest charge on the convertible debenture, which doesn't exist anymore, so we don't have that and last year, we had an exchange gain of Rs.1.2 billion in Q2 on the Waterfront properties, that's at CODSL, on the loan. Whereas this time we have an exchange loss in Q2, so that's quite a significant adjustment. So, if you adjust for that, you can see the type of numbers, then, where our finance cost is about Rs.5.6 billion compared with Rs.4.2 billion in the last year. And the increase here is, again, because of CODSL or City of Dreams being operational, we now have the interest cost hitting our income statement, whereas last year it was capitalised, so that's why you see that increase.

(Slide 6)
Moving on to our PBT, bear with me, there are a few data points that I'd like to sort of point out here. If you look at the overall Group number, which is the line, just the one before the last, you can see we did a Rs.7.8 billion PBT compared with a Rs.2.2 billion PBT in the previous year. Now, that also does include the exchange gains that I mentioned previously and if you adjust the exchange gain in Q2 last year, then on a more normalised

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basis, we did a PBT of about Rs.879 million. And this year, if you look at it, there's a smaller adjustment, but still, we did about an Rs.8 billion exchange-adjusted PBT. So, it's a significant increase compared to last year, but even without that exchange adjustment, you can see the growth in PBT on a headline basis of 243%, which is driven across the businesses. If you look at particularly, we've seen Supermarkets doing well, JKCG has been of course a significant contributor. But if you look at even the Leisure line, excluding CODSL, we've seen a significant increase. If you look at CODSL line there compared with last year, it is a negative because at a PBT level, as I mentioned earlier, we have the interest cost hitting the income statement, as well as the depreciation and we'll take you through that when I get to the slide covering City of Dreams.

(Slide 7)
It's a similar flow-through effect that we've seen at an attributable PAT level as well. Of course, JKCG, though we consolidate the business, we own 50%, so at an attributable PAT level, we only show 50% of our share of profits from that business. But despite that, you can see at a headline level, we've seen a 21% growth in the PAT attributable for the Group. And of course, if you adjust for the exchange impacts, then against a marginal loss last year, we've seen about Rs.1.9 billion attributable PAT, which is a significant turnaround in the business, and we expect that momentum to continue throughout the second half as I mentioned earlier as well.

(Slide 08)
Looking at some of our key financial indicators from a balance sheet point of view, if you look at our net debt excluding leases, which is the third line there, we saw about a Rs.10 billion rupee increase in our net debt. This is of course as we have funded some of our financing obligations, this is, as expected, we've used some of our cash. But if you look at it with the JKCG business, which is really a trading business, so it's working capital facilities just for the importation of the vehicles and if you look at adjusting for that business just showing the trade facilities being adjusted, you can see that our net debt actually increased only by Rs.2.5 billion rupees. So, if you look at Rs.121 billion last year increasing to Rs.124 billion. Overall, if you look at our net debt to equity, it's at a very comfortable level of around 30% if you exclude JKCG, but even with the JKCG debt, it's at about 32%, which is very comfortable.

(Slide 09)
In terms of some of our ESG initiatives, I won't take you through each of the numbers which are listed on the screen here. We've, of course, seen in absolute terms, our carbon footprint and water increasing, but that's with the level of activity. If you look at our renewable energy usage, we generate about 10% of our total energy usage through renewables, and that's something we would like to see increase.

Transportation industry group

(Slide 10)
Moving on to the business update, this is an image of the West Container Terminal, which is now, operational and we'll take you through some of the numbers. What you can see on the screen here are two large ships that have birthed, and the cranes operational. This

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business, as Krishan also indicated, has done well above expectations, and the momentum has been very encouraging.

(Slide 11)
If you look at the performance itself, we've done 263,000 TEUs for the quarter. And we see that momentum increasing month on month from when we started operations in the month of April, and as Krishan indicated, based on this run rate and momentum, we expect to be close to breaking even in PAT terms. This is the business where we own 34%, and we consolidate our share of PAT and to be breaking even in PAT terms in the first year of operations is something ahead of our own projections and is extremely encouraging. Krishan already spoke of the status of the Phase 2 and when we will be up and running, so I won't get into the details of that.

(Slide 12)
If you look at the screen here, you can see looking at the line chart, how CWIT increased volume from 90,000 TEUs, which of course was the first quarter of operations, and just slowly ramping up. So, 263,000 TEUs is quite a significant achievement in just its second quarter of operations. And just to put that into context or perspective, you can see what the other terminals have done, but already reaching half of what SAGT has done in just the second quarter is quite a significant momentum.

(Slide 13)
Looking at the numbers at SAGT, we've seen growth over the last year, as well as the quarter. So, 523,000 TEUs is a very strong performance. However, as you can see from the second line there, we've seen a decline in the domestic volumes. So, the mix change was not favorable, so coming down from 13% to 10% did impact the revenue and profitability of SAGT. So, the marginal reduction in EBITDA of the Transportation business was largely due to that mix change and the performance of SAGT. The bunkering business saw a very marginal increase in volumes, but we did see profitability being impacted to some extent in terms of growth because of intensified local competition, where there was excess supply in the market. But that has now normalised, and we are starting to see margins improve and volumes are up as well. So, the current momentum for the business is looking good.

Consumer Foods industry group

(Slide 14)
Moving on to our Consumer Foods business, we saw double-digit growth in volumes across all three segments. Confectionery grew at 14% and Soft Drinks (CSD) grew at 12%. So, Soft Drinks saw a recovery from our Q1 performance where we saw a decline in volumes, and that was largely due to very unseasonal weather that we had almost throughout the entirety of the quarter. Things have normalised, and as you can see, we've seen volumes recover and overall, translated to a growth in EBITDA. EBITDA margins have been marginally lower than last year, but an improvement over Q1. We've seen slightly higher distribution costs as well as advertising and promotional costs and investments that we have done in the trade channels, and that should help our sort of volume momentum in the quarters to come. So, overall, we are encouraged by the pickup

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in volumes in this business and we expect that margins will be steady and start to improve hopefully from this point on.

(Slide 15)
Just showing you the absolute volume, so, if you look at the two charts on the top, you see these are the indexed volumes, and typically, if you look at CSD, you can see how Q4 tends to be a very strong quarter, as I mentioned before, and that momentum we expect to see. It's a similar story with Ice Creams as well, not as seasonal, but still Q4 tends to be a strong quarter.

Retail industry group

(Slide 16)
Moving on to our Supermarket business. We saw very strong same store sales in Q2 touching almost 14%, driven mainly by footfall and it is an extremely strong footfall growth again. So, if you look at it across the five quarters we've seen very strong double-digit growth, going from almost 15% to now, touching on 19% over the last couple of quarters. ABV has been negative over the last 3 quarters, driven mainly by the deflationary environment. So, we've seen baskets being negative, slightly due to the number of units being purchased. But that is largely due to the fact of more frequency coming in as well. So, we'll get into that decomposition in the next slides. But overall, it's been a strong performance in the Supermarket business with EBITDA moving close to Rs.2.4 billion from Rs.2.15 billion and margins also have been by and large steady.

(Slide 17)
I'll move on to the next slide, which just shows you how margins have been over the last couple of quarters. But overall, there's nothing much to highlight here.

(Slide 18)
If you look at the decomposition of our same-store sales, as I mentioned, you see the footfall growth at 19%, driven by a combination of new customers coming into store, as well as existing customers, increasing the frequencies to store. Now, of course, when customers increase their frequency that does have an impact on the number of units per basket, though their overall purchases in terms of number of items purchased in a given period, may have actually increased. But having said that, if you look at ABV, part of the reason or large part of the reason for the decline in ABV is that we've seen over the quarter a decline in inflation or retail selling prices. Though what you see on the screen for Q2, the September inflation index is showing a 2% growth, so that's just for the month of September. And we've seen the country return back to having inflation from deflation, which should then start supporting growth in ABV, or at least reduce the negative impact or drag down impact we've seen. So overall, if we sustain this sort of volumes that we've seen in terms of customer footfall and ABV being less of a drag, we should start seeing. same-store sales even sustain or get better from the current run rate that we are seeing.

(Slide 19)
Looking at our NEV business, that's the BYD business, Krishan already spoke of where we are with the business in terms of ability or inability, rather to clear electric vehicles. But what the business has done is to pivot to the hybrid range and we are seeing quite a healthy pipeline of orders coming in. In the quarter, as you can see on the table on the

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right, we handed over 3,700 vehicles, and that's the profit recognition that you're seeing, and this is compared to the 2,300 that we handed over in Q1. We still have a very healthy pipeline of orders so, we have as many or slightly more than we delivered in Q2 in the pipeline, and these 3,800 vehicles will get delivered over the next couple of months, which would then sustain the type of momentum we are seeing and with the type of expansive range that BYD has and our focus on the hybrid segment as well, we will continue to push for sales, and we've already launched a couple of new models. Meanwhile, we are also hopeful that we will resolve the issues with the Customs on the electric vehicles and be able to clear those which should then hopefully provide further momentum to this business.

Leisure industry group

(Slide 20)
Moving on to Leisure, if you look at the arrivals into the country over the last couple of months. You can see the numbers in 2025, where September, October, the momentum has been better than 2018, which is really the last sort of more normal year that Sri Lanka witnessed before the Easter attacks, as well as pandemic and the financial crisis. The momentum is looking very good. Forward bookings for the season, as Krishan also mentioned, is looking very good. So, the countries were on track to sort of get to the type of numbers that we saw pre-pandemic and that momentum should sort of then take us through 2026 as well.

(Slide 21)
Looking at the Maldives, the sort of trend that we've seen for many quarters has continued, where the Maldivian numbers have really done better compared with 2019, and that trend is continuing.
(Slide 23)

If you look at the performance across our businesses. If you look at Colombo Hotels, Sri Lanka resorts, and Maldivian Resorts right across the board, you're seeing growth in occupancy. If you look at the numbers in Colombo, we've seen a slight decline in the ARRs. That's because of the fact that we've seen a significant increase in the inventory in Colombo, with not just City of Dreams with 800 rooms, but other inventory that's come into the country over the last 12 to 24 months. But that capacity is now getting absorbed. We are encouraged to see the signs where now Colombo is running at about 55-60% occupancy, and as that sort of occupancy continues to get absorbed or the inventory continues to get absorbed, we should start seeing yields also go up and there's nothing new, really, in the pipeline in terms of star class capacity in Colombo. So, it should help support overall growth in occupancy and ARRs heading into next year. Sri Lanka resorts and Maldives both saw occupancy and ARRs going up and that has helped translate to better EBITDA margins in Maldives and Sri Lanka in particular. So overall, if you look at the numbers, excluding CODSL we've done close to Rs.1.5 billion rupees compared to about a Rs. 1 billion. But with CODSL, you can see from a negative last year, we've still done quite a positive.

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(Slide 24)
City of Dreams itself, I won't spend too much time on this slide, because Krishan already covered where we are with the development itself. We're seeing encouraging momentum with our conference business as well, which has really helped drive momentum across the property. We started recognising, the fixed rental income from the casino as well. So, we've been in operation for two months of the quarter, since August, when we started the casino operations, and we started the recognition of the fixed rental. We're seeing momentum month on month, as we sort of create more awareness where the casino will continue to gain traction.

(Slide 25)
Looking at the numbers, we are showing you the performance of the Cinnamon Life Hotel itself here, because we had Nuwa open midway through the quarter, so we're just reporting on the 687 rooms. So, we've seen occupancy pick up from 24% to 35%, and if you look at the forward projections, this number will keep increasing, with a slight pickup in ARRs. If you look at the hotel itself, we've moved into positive EBITDA margin territory from the negative that we saw earlier. If you look at the performance itself and the table below, as we mentioned before as well, from last quarter, if you look at the momentum quarter to quarter from negative EBITDA of Rs.1 billion, we are almost breaking even. And if you look at it at a PBT or PAT level, because the business doesn't have taxes at this moment, from about a Rs.4.2 billion negative in Q1, we are now at a negative of Rs.3.4 billion, and this is despite the slightly higher interest cost, as well as depreciation, which is now sort of the full run rate of what we would expect to
see in the business.

(Slide 26)
Just some images of what you can see, the casino floor, the image on the right and the middle, as well as at the bottom left is an image of the shopping mall known as ‘The Shoppes’.

Property industry group

(Slide27)
Moving on to our Property business, we've seen sales in Cinnamon Life as well as TRI-ZEN. It's been a little slower over the last quarter. Of course, as we've said with the opening of the property and continued low interest rates, we are seeing strong leads. In TRI-ZEN, we did take a price adjustment, so, part of it we've seen the absorption of the secondary market inventory. We expect now market demand to be focused on primary sales and with Cinnamon Life as well, we've seen decent traction and continued momentum. With VIMAN, which is our suburban development, we've seen very strong sales, as you can see, we are sort of almost fully sold on phase 1 and 2, which is what caused us to launch phase 3. And phase 3 also has around 50% now sold, so decent number of units being sold and encouraging momentum.

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Financial Services industry group

(Slide 28)
Finally, on our Financial Services business. With Union Assurance, we've seen good GWP growth. The key performance indicators in this business continue to be promising with the type of persistency that we see, the case sizes, and overall growth in new business underwriting. For the quarter, we saw a slight decline in profits. As you can see on the slides here, Q3 is the main quarter where it tends to be, sort of a significant spike, where we recognise the surplus in that quarter. But the reason we've seen a slight decline in the profit is we divested the 22% stake of the non-life insurance business that was held by Union Assurance and on this divestment, we had a slight capital gain, so the tax impact of that is reflected, and that's what you see showing a negative, but otherwise the health and KPI of this business is very strong. And we expect to see the type of surplus recognition that we've seen in the past as well. With NTB, these numbers are a little dated because they are here to release their results. So, this is actually the Q1 numbers which we spoke of, so I won't take you through these numbers, but overall, the bank is seeing good overall momentum. NTB also announced that they entered into a binding agreement to acquire, the retail business of HSBC's franchise in Sri Lanka. And it's subject to regulatory approval, which they hope to receive very soon and then, move into transitioning the business by around mid-next year. So that will provide quite an impetus to growth of NTB itself. Based on NTB's announcement, they've also indicated that the funding for this acquisition will be done through internally generated funds. So overall, they don't expect to raise capital because of the acquisition.

With that, we conclude the presentation. I'd like to remind you if you have any questions to enter that into the Q&A tab at the bottom of your screen.

Q&A Session (responses by both panellists)

Leisure industry group

Question:
How are the two segments Sri Lanka and the Maldives expected to perform?

Response:
Both destinations are expected to have a better winter, even compared to last winter. The Maldives, last winter season was quite strong. We are seeing stronger bookings this year. And we expect RevPAR overall in the Maldives to be better over the next two quarters. We are playing in that, sort of 3-to-4-star segment, where we have seen some pricing pressure with the new supply of rooms that we have seen, as well as competition from guest houses in the inhabited islands. But despite that, inbound volumes are also quite strong. And we are expecting RevPAR in the next 2 quarters to be better than the last winter season, and that’s in the Maldives. In Sri Lanka, the city, we've had a lot of new supply. ITC came in last year, Cinnamon Life and Nuwa. And despite that, in the months of August and September, in the star class category, we saw good occupancy. Occupancy was estimated at about 60% in the Colombo city, in the star class segment, but rates are under pressure because there has been an oversupply situation. But looking at the next 2 quarters, with the kind of demand growth that we are seeing, we expect that occupancies and room rates will be

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stronger in the Colombo City. What is encouraging is that the fair part of the growth in tourist arrivals to Sri Lanka is coming from India and we tend to see the Indian traveller spending a day or two in Colombo. While they may also go to the beaches and to the other tourist destinations, they also unlike a lot of the Western European tourists, they spend time in Colombo. So that has helped boost occupancy in the city. In the Sri Lanka resorts, we expect quite a sharp uptick in RevPAR based on very strong bookings that we are seeing for the next two quarters across the board. Last year, in the last off-season, which is the summer period in 2024, and then even in the winter period, we saw demand for what we call the round-trip hotels. Kandy and Habarana being a little softer than the demand we would usually see or had seen pre-COVID, but this summer we saw a pickup even in the round-trip hotels, and we are seeing a similar trend for the upcoming winter. As I said, for the resort hotels in Sri Lanka, we are expecting a much better RevPAR. So overall for our hotels business and inbound destination management business, we are expecting a much better Q3 and Q4 compared to last year.

Question:
Will the depreciation and finance cost run rate remain at these levels at City of Dreams Sri Lanka?

Response:
Yes, it will, by and large, because from the last quarter to this quarter, we saw a slight increase because we had Nuwa property coming into operation as well. With that, there was a smaller amount, but depreciation on that component coming in, as well as there was some capitalised interest cost connected with that, which also now starts hitting the P&L. So yes, it will continue at this run rate or then start to sort of really gradually taper off on the interest cost side.

Question:
Why are the Leisure segment finance costs high?

Response:
I think if we compared with last year this quarter to this year, the reason is that the finance costs were capitalised, and this year we see it coming in. And last year, we also had an exchange gain compared to an exchange loss this year, so that offset is why you may see the impact. If you normalise that, it's not really an increase in that context.

Question:
When is it expected to recognise the sales of the Residencies and Suites at Cinnamon Life?

Response:
Of course, as and when we sell the units. It's difficult to sort of put an exact timeline, but if you look at the sort of run rate we are seeing, naturally, we expect this to continue over the next 12 to 18 months. Unless we see a sharper pickup, but that's broadly what we've been looking at.

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Question:
Out of the remaining 4 office floors, how many are expected to be sold outright and leased?

Response:
We have four office floors to be leased out. So that we see some traction and we see some interest, so maybe that should get done within this financial year. In terms of official sales, we will look at it in terms of our ability to get the price that we want and based on the market demand and yields. We have not sort of planned to sell anything in the next quarter, but depending on how things pan out, you could see us maybe recognising those sales.

Question:
Would the improvement in ARRs and occupancy translate to a better margin improvement in Maldives?

Response:
Yes, while we saw RevPAR improve in the first two quarters compared to the same period last year, there were some cost pressures as well. We have seen wage costs increasing and some other operating costs increasing and while that increase will be of course there are for the second half as well, because the pickup in RevPAR during the season is that much stronger, we will see a better margin improvement.We won't see similar margins to what we saw prior to COVID in some of our properties, but we will see a better margin pick up in the second half than what we saw in the first half.

Question:
How close is the casino business to achieving a positive EBITDA?

Response:
We can't comment on that, but what I can answer is that the expenses relating to casino operations, whether they are borne by JKH, the answer is no. As you all know the model that we have is, we have Melco who are running the gaming operation and that entity will pay a fixed and variable rent and the variable rent of course will depend on the performance of the gaming operations. At this stage, naturally it's just early days, and it's just ramping up. But we don't bear any costs relating to Gaming.

Question:
Why is the Cinnamon Life Hotel EBITDA positive but the total EBITDA a marginal negative?

Response:
There are other components of course that are there when you look at the CODSL as a total, because we have the mall operations, we have the gaming operations in terms of our rental income, as well as we have the Nuwa Hotel. With the launch-related costs which we had touched on in our recent disclosure as well, where we had the launch costs coming in, so as a result of that we've seen the impact, though at only a hotel level we saw a positive.

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Question:
When is it expected for the interest cost at CODSL to decline?

Response:
Of course, we continue to pay down capital. It's a smaller component. Dollar interest rates are also coming down, so that also will help reduce. So, a combination of that and of course this loan is due for refinancing next year in December. But based on market conditions, we would look at whether there's an opportunity to do so even earlier, which could then help reduce our finance cost as well.

Question:
What is the variable rental agreement with Melco?

Response:
The total rental that we expect to receive would be in the region of around 50-55% of the economics of the gaming entity, so that's what we expect to receive.

Question:
What is the expected momentum over the next two quarters for City of Dreams Sri Lanka with the current 35% occupancy?

Response:
Yeah, I think, from the 35% occupancy, we are seeing an uptick, and I can say I don't want to give a figure because we don't normally give a specific guidance. But I can say, now, the current month, November, will be better than that. Then December onwards as well will be better. While, of course, all hotels see an uptick in occupancy and rates with the tourist season, which begins in November, what we are seeing at City of Dreams and the Cinnamon Life Hotel is a big increase in demand for MICE events. The facility really lends itself for that with 5 separate ballrooms and nearly, well, 800 rooms, if you include Nuwa, but the Cinnamon Life Hotel has 687 rooms and at any given time, you can have a conference for 4,000 people in the different conference rooms, ballrooms and meeting spaces and we are seeing good momentum in terms of confirmed bookings for conference events from outside the country. In particular, from India, we will see a very big conference next year, mid-next year, Global Conference from a leading institution, which Colombo could not previously host and it is because of Cinnamon Life and Cinnamon Life will be the main host hotel although the number of delegates will have to stay in different hotels because the number of rooms at Cinnamon Life will not be adequate. But apart from that, we are also seeing a lot of confirmed big events out of India, as I said, in particular but also corporate events of 100, 150, 200 people and that momentum is very encouraging. And given that really City of Dreams with Gaming has been operating just for a few months, we think that this can get a lot of momentum as word spreads about this unique facility. So, yes, we've been doing about 35% occupancy, but I can say with confidence that it will be better than that going forward.

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Question:
What are GGR expectations and table utilisation for City of Dreams Sri Lanka?

Response:
We are unable to really elaborate on, at this point of time anyway. It is early days and we're seeing sort of that gradual ramp up, but it's at this moment of time we are really unable to comment on this.

Question:
Are there any upcoming plans or timelines for major refurbishment projects at Cinnamon Grand and Cinnamon Lakeside?

Response:
No specific timelines at the moment. It will really depend on the momentum we see in the city. As I mentioned, because of the massive new supply of rooms we have seen since COVID, we've had an oversupply of rooms in Colombo which has brought rates under pressure. But at the same time, we have seen demand for Colombo growing and occupancies reaching 60% plus in the star class category in Colombo, overall in the months of August and September, and I think even in October, it must have been 60% or thereabout. So, with that momentum, we expect that we would have to make a decision fairly soon but for the moment there isn't a specific timeline for refurbishing Cinnamon Grand or Cinnamon Lakeside.

Retail industry group

Question:
What is the latest update on the court case and the progress on the technical test to resolve the issue regarding BYD?

Response:
We have been open to conducting the testing and we believe that's the only way to really resolve the issue, and we've said we are fine with testing it at an internationally accredited lab, an independent lab, or other form of testing even here. So that's something that is progressing, hopefully. We can't really comment on, you know, once that is done, what the outcome would be and what the next steps would be, but there is a commitment that this should get tested and we are hopeful that in the next couple of days we should see some movement on this.

Question:
Do the 3,800 vehicles mentioned in the order pipeline include vehicles pending to be cleared from Customs?

Response:
Yes, it does, but it is a very small component of that, that is included in that. A large majority are actually some of the other vehicles where we first offered some of our existing customers to get into an alternative model, the Sealion 5, so quite a lot of customers have opted for that as well and of course, then we have new orders coming in.

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Question:
Is there a slowdown in BYD orders?

Response:
Yes, anyway, the market sort of saw pent-up demand with the overall market, not just us seeing a significant spike from once the market opened out. So, from that point, of course, the overall market has seen a relative slowdown compared to that spike. We sort of follow a similar curve, but we've been outperforming the market in terms of EV sales, but because of the inability to really deliver and import the EVs yes, we have seen a slowdown in that segment.

Question:
How much revenue will be recognised under BYD?

Response:
So, I think we've given enough guidance in terms of how much revenue and profits we recognise this quarter with the number of vehicles we have handed over, and how much of a pipeline we have, which would be a good enough indication in terms of what to expect.

Question:
What is the order backlog of BYD vehicles?

Response:
We have an order pipeline of around 3,800 and these vehicles will get delivered over the next couple of months.

Question:
Does the hybrid vehicle portfolio have a similar price range offering as the EV vehicle?

Response:
At the mid to upper range for sure, but I think at the lower end of the range maybe not so much. But yes, we're looking at wherever BYD has the portfolio, we're looking to ensure that different segments are taken care of as best as possible.

Question:
Are the electric and hybrid revenue of BYD recognised separately?

Response:
It's just one revenue line item, so we don't sort of segment that or break that up.

Question:
What is the status of the bank guarantees provided by BYD?

Response:
The bank guarantees that we have, we have disclosed in our notes to the financial statements that there's bank guarantees of just over Rs.5 billion. That's there for the vehicles that were already cleared, but we're very confident of the position that we've taken. But those are the bank guarantees that we have given at this moment of time and they are in respect of just the vehicles that have been cleared, but the other vehicles that

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we are clearing and the hybrids don't have this, so that's more of a one-off bank guarantees that we give on in respect of those vehicles and the shipments.

Question:
How many supermarkets are expected to open during this year?

Response:
So, we've indicated maybe around 12-14 is where we expect to end up with at the end of this financial year.

Property industry group

Question:
Was there an adjustment in TRI-ZEN prices?

Response:
It's an upward adjustment, which is why we saw a slight slowdown in the traction of sales and that was something we had planned to do. But yes, just to clarify, it was an upward adjustment.

Question:
What is completion timeline for VIMAN?

Response:
Phase 1 we expect to complete sometime mid-next financial year and then phase 2 and 3 will sort of follow soon after. Phase 4, I'm unable to comment on a timeline right now, because we will reach a certain level of sales in phase 3, but as you can see, and as I mentioned earlier, we are already 50% sold on phase 3 as well. So, the way it is going it’s almost a matter of time till we launch phase 4, but I can't comment on the timeline right now.

Question:
How much revenue has been recognised for VIMAN?

Response:
It is around 20% that we have started recognising on phase 1 and 2, so it's not all three phases. But it will really ramp up as we get into the next couple of quarters.

Consumer Foods industry group

Question:
Is raw material costs the main reason behind the decrease in the margins in CCS?

Response:
We just saw that compared with last quarter, we've increased our margins, from 13% to 16%. Of course, compared with last year, where it was at around 17%, we're marginally down to 16%. As I mentioned before, there are some raw material impact costs, but overall, at a GP level there's not much of an impact, it's really below that line where we've had trade and promotional investments that we've done.

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And that's been that slight impact on margins which we expect to normalise.

Question:
What is the update on the CCS operations in India with the Reliance partnership and the Campa operations in Sri Lanka?

Response:
With the operation in India, we've been distributing Necto in South India. And we send the concentrate from here and Reliance does the bottling and the distribution and the marketing. I can't say that, it's a bit early to say that we are getting traction. We have seen decent volume. They are looking at now ramping up the volume. They've had a certain pricing strategy. But it's too early for me to really say that we are seeing traction in South India. With Campa Cola, very early days, it's just been a few months. So, again too early to comment on that. Reliance are keen to increase the number of flavours beyond Necto that they distribute in India. They are keen on Sri Lanka as a market for Campa and overall, quite keen to deepen the partnership with us. But early days and you know we will keep our stakeholders informed as things develop.

Question:
What are the eliminations shown in the Ceylon Cold Stores financial statements?

Response:
Those eliminations are shown because Ceylon Cold Stores owns 100% of the Supermarket business, so the dividends that come in from the Supermarket business is what is shown as eliminations there. And if you see an increase in eliminations, it's just that the dividend that's come from the Supermarket business, which then comes to CCS, and then, of course, will then get channelled to the Holding Company when CCS declares dividends. So, that's really what you see as eliminations, in that business.

Transportation industry group

Question:
Is there an impact of the U.S. Tariffs on the port operations?

Response:
I think the point is that you know it'll really depend on how global trade is based on this. Right now, the Colombo port is not seeing an impact, but of course we are by and large sort of driven by Indian volume as well and a lot will depend on how India performs. But overall, we are not seeing any immediate impact in the port of Colombo at this moment of time.

JKH Group

Question:
What is the reason for the significant increase in the non-controlling interest portion?

Response:
This is, of course, because of JKCG, though we consolidate the entirety of the profits, we own 50%, so there's a 50% elimination on the minority interest component, which is why you see that significant increase.

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Question:
What is the plan for refinancing loans?

Response:
There are two large loans that we have in the Group. One is the IFC loan, which of course we are paying down gradually, but that is at a very attractive rate, and we will just see that loan through. We also have the Cinnamon Life loan, which I already spoke of.

Closing Remarks

So, with that, I'd like to thank you very much for being part of today's webinar. The recording of the webinar will be on our website in the next couple of hours. Thank you once again for being with us and joining us today. Have a good day.