JKH Investor Relations Webinar: Transcript

Review of 3Q performance for 2025/26

29 January 2026

PANELISTS

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

Navigation:

Back to page 1

Gihan:

Good afternoon, everyone. Thank you for joining the JKH Investor Relations webinar for the third quarter of 2025/26. I am Gihan Cooray, Deputy Chairperson and Group Finance Director. I am joined by Krishan Balendra, Chairperson and CEO, and together we will take you through today's proceedings. As per the usual format, we will start off with Krishan giving an overview of the macro, as well as some of the key insights for the quarter, and then I will take you through the key insights of the financial performance, for the quarter and the 9 months. And then open up for Q&A thereafter. If you have any questions, please enter it in the Q&A tab at the bottom of your screen. With that, I'd like to ask Krishan to start off things with, giving an overview of the macro.

Macroeconomic Highlights & Key Developments

Krishan:

Thanks, Gihan and Good afternoon, everyone, and thank you for joining our webinar. The macro environment, political and economic environment continues to be very stable. We had an unexpected event in Cyclone Ditwah at the end of November. Despite early concerns about the extensive impact of the cyclone, we have seen that the impact on business has not been so significant. The impact on our own business performance has been quite marginal, and if we look across the country and other business sectors as well, the impact has not been as significant as initially feared. On the tourism sector, we feel that bookings or arrivals in December may have been about 5% less than what it could have been if not for the cyclone. And the estimate of damages to hotel properties, not the John Keel's Group properties, but overall, across the country, is about Rs.500 million, according to the Tourist Hotels Association. So not a significant number. The impact on agriculture has also, again, contrary to the early concerns, is not so significant. The estimate is that about 10% of the cultivated areas were damaged extensively, and partial damage to about a further 5% of the cultivated areas. And we can see that now with availability of agricultural produce, initially, prices went up about 40%, but that has now settled, and we are also seeing availability returning to pre-cyclone levels. The banking sector, the estimate is that the impact of the cyclone is less than 1% of their portfolios, probably significantly less than 1%. So overall, the impact on business and the macro of the cyclone has not been so significant.

All the other macro indicators continue to be stable. Inflation is at a stable level. We have continued to see very good tax revenues and overall government revenues exceeding the targets. We're continuing to see a good fiscal deficit, a current account surplus. Post the cyclone, there has been a visit by the IMF team as they have held back the latest tranche until they assess the impact of the cyclone. And the press release after the recent visit was positive. On the debt restructuring, the final step was the restructuring of the Sri Lankan Airlines debt, and that was concluded in December. And very recently, just a couple of days back, the central bank made a statement that they expect that the country would be upgraded during the course of 2026.

Some of the key sectors, consumption continues to be robust. There was some impact in the initial days because of the cyclone, but we are seeing volumes in our key categories

Back to page 1

continuing to be robust. Footfall growth in the Supermarkets continues to be strong, and overall consumption continues to be, very encouraging into January as well.
Tourism, again, as I said, there was possibly an impact of about 5% or a little more on tourist arrivals in December, but December was still a strong month. And in January, on the numbers disclosed so far, up to the 25th of January, it appears we are heading for a growth of about 10% of last year, January, which was a record January, so 2026 January is also now likely to be a record in terms of tourist arrivals. So, very encouraging arrivals from India in particular, continues to show good growth.

In the city of Colombo, we have seen increasing occupancy, which is a positive in the context of our City of Dreams project. So, despite the significant increase in the supply of new rooms, post the pandemic, construction of projects, which had started prior to the pandemic getting completed, in the last few years, we are now seeing strong occupancy in the city of Colombo. City of Dreams continues to get good momentum. As you would have seen with the numbers, we had a quarter of positive EBITDA. What is encouraging is that we are seeing strong interest for conferences and corporate events from overseas, in particular from India. The gaming operations is a highlight to attract corporate business and conference business to the property, as there is entertainment. The casino itself has seen a steady improvement in performance, and Gihan will go into more detail during his presentation. West Container Terminal, the completion of Phase 2 is on track and expected to be completed by the end of calendar year 2026, December 2026. Volumes have been very encouraging. We're actually now operating at close to full capacity utilisation, and volumes are ahead of expectations. In the quarter, the business reported a positive profit after tax. Volumes overall in the Colombo port are also strong, so despite the new capacity that the West Terminal has brought in, we have not seen a dip in volumes at SAGT. Although there has been a slight decline due to some refurbishment and construction work that is ongoing and will be completed soon, but there has been enough demand to absorb the volume, the new volume, or new capacity, at the west terminal. I'll hand over to Gihan to run through the presentation on the quarterly performance.

Review of 3Q Performance Highlights

Group Highlights

Gihan:

Thank you, Krishan.

(Slide 02)
So, moving on to the performance, for the third quarter. Looking at the EBITDA for the quarter, we had a strong performance during this quarter, aided by a contribution from across the portfolio. As you can see, we've seen growth in all our businesses during the quarter, the main business of verticals have all contributed positively, and that has translated to EBITDA of Rs.23.7 billion for the quarter, against Rs.14 billion last year, which is a growth of 68%. I will go through some of the numbers and, of course, get into further details when we get into each of the industry groups. But also, just to point out that during this quarter, we did recognise, as we did last year, so the third quarter is when we recognise the fair value gains or losses on our investment property, as per our

Back to page 1

year-end financial closure process. This is something we now do in the third quarter, which we did in the third quarter last year as well. So, we recognised a gain of Rs.2.3 billion across different investment properties, primarily at the office tower at Cinnamon Life as well as the retail mall at City of Dreams. So those were the main contributors to it. We did see a slightly higher IP gain. We are also just showing you, though that's part of the core part of the business, excluding that impact of, what we did as IP gains this year, and last year, if you exclude that impact, still, it's a strong performance where, the growth in EBITDA is at 63%, or in absolute terms, was an Rs.8.3 billion increase in EBITDA compared to last year.

Across the portfolio, you can see Transportation had a strong improvement. Consumer foods, I'll explain later, we saw an improvement, but the business, particularly ice creams, was slightly impacted by the impact of the cyclone. Retail, of course, we have the John Keells CG, that's the BYD. The JKCG performance increased significantly, but of course, last year, we didn't have the operations running. And against that of last year, we saw a Rs.4 billion increase, but if you look at that in the context of the Rs.9.6 billion increase for the quarter, you can see that there's a positive contribution right across the board. Supermarkets, we saw 21% growth in EBITDA. In supermarkets itself, it was about 25%, but this is the combined of Supermarkets and John Keells office automation. CODSL, we saw an increase. I'll talk you through those when we get to the Leisure slide.

(Slide 03)
If you look at the cumulative performance for the 9 months, again, the strong performance this quarter, but even in the previous quarter, has helped translate to a very strong EBITDA cumulatively at Rs.55 billion versus roughly Rs.30 billion in the last year, which is about a 84% growth overall.

(Slide 04)
If you look at the quarterly movement in EBITDA, I spoke of the quarterly numbers, but if you look at it in the context of momentum across the different quarters. You can see, as you know, generally Q3 and Q4 are sort of seasonal, quarters for different businesses, Leisure, but others as well. So typically, we expect to see Q3 and Q4 at a higher rate, but of course, like I said, against last year, we've still seen a very strong improvement. But if you look at it on a quarter-to-quarter basis, you can see Q3 to Q4 last year how that sort of performance does increase, particularly if you look at areas like Leisure, where last year, Q3, we did Rs.2.7 billion, but Q4, we did Rs.5.6 billion. As Krishan spoke earlier, the momentum on Leisure as we head into the peak season with Jan, Feb, March, we should see a similar sort of strong Q4, which should then sort of translate to a strong fourth quarter overall and cumulative performance as well.

(Slide 05)
Just in terms of the finance costs, I won't spend too much time, but just to highlight here, when you look at the headline finance costs, there is an increase against last year, but that's really stemming more from the fact that we have a USD 194 million loan at City of Dreams, Sri Lanka, and because of the depreciation of the Rupee, there's a non-cash exchange loss that we recognise on the loan of about Rs.1.4 billion, which is included in the finance cost. If you eliminate that impact, really, the finance cost hasn't really moved up very significantly, and the increase is really coming more from Retail, which is also coming from JKCG, BYD, which wasn't in operation last year, so these are all trade

Back to page 1

financing facilities and the interest costs stemming from that. So that's a sort of more normalised increase that we are seeing. But as I said, the main impact is because of the exchange loss.

(Slide 06)
If you look at the PBT performance, again, a very strong growth in PBT, so if you look at it from Rs.6 billion last year to about Rs.12.9 billion this year for Q3, which is an increase of Rs.6.8 billion and a 113% increase. There are some adjustments that we've made just to show you, like I said, the fair value gains, which I already spoke of, but also this quarter, we have a net exchange loss of around Rs.760 million, partly due to the loan loss that I spoke of earlier, the translation loss on CODSL. We had some exchange gains as well, because we are holding excess dollars in some businesses, but the net impact of that still was a loss of about Rs.760 million rupees. Whereas last year, we had a gain of Rs.780 million, because the Rupee appreciated in the quarter. So as a result of that, if you look at that sort of delta, it's about Rs.1.5 billion. Excluding that impact, you can see it's a stronger performance, but if you look at the headline, still, it's a very strong improvement in PBT for the quarter.

(Slide 07)
Similar sort of translation if you look at it on an attributable PAT basis as well. I won't go through the details. The numbers are largely in line, but of course, this is at an attributable PAT level, so if you look at the numbers, it's slightly different, but overall, the performance is strong. The main reason here between PBT and attributable PAT is that we own 50% of JKCG, but still, overall, you can see there's a Rs.3.6 billion improvement in attributable PAT, and the contribution from JKCG was about Rs.1.3 billion of that.

(Slide 08)
Looking at the balance sheet, our debt numbers overall on a gross basis, quarter to quarter, we are comparing Q2 to Q3, it's largely in line with what we saw, previously. Net debt has gone up slightly as we have used some cash into Cinnamon Life. But if you look at it on a gross basis, JKCG, that's the BYD business, is one of the main reasons for the sort of increase in debt, so there's about Rs.15 billion debt, in JKCG. Of course, last quarter also, we had that similar sort of quantum, but if you look at it against last year, that amount has come in over and above what we had before. Overall, on a net debt to equity, it's at about 32%, which is at a very comfortable level, and of course, this is the quarterly EBITDA, and we can't annualise that number, but if you look at just the run rate of the cumulative EBITDA, even net debt to EBITDA would be at a very comfortable level.

(Slide 09)
I won't go through the details of this in terms of our ESG initiatives, but I think the first bullet point Krishan spoke of, the impact on the cyclone and the impact on the economy, fortunately, is not as much, but there are social impacts in terms of the number of people, who were affected, and, JKH and our affiliates together contributed around Rs.500 million towards the government's “Rebuilding Sri Lanka” effort. And on top of that, of course, there were other initiatives by our businesses, as well as volunteers who helped in the immediate aftermath of the incident.

Back to page 1

Transportation industry group

(Slide 10)
This is just an image of the West Container Terminal. As you can see from this image, the yard spaces are quite full, and that's sort of reflective of the type of capacity utilisation we are seeing, right now.

(Slide 11)
This is an image of the West Container Terminal with the office building and the yard and cranes in the background. So, as Krishan also mentioned, we have very strong momentum with sort of month-on-month improvement in throughput. Right now, we are running at about 90% utilisation of Phase 1 capacity, which is very remarkable and promising, given that we started operations only in April. That performance has now, translated to a financial implication, which is very positive, in that we are recognising, positive profit after tax, which is ahead of expectations, and this is what we recognise, even at EBITDA level, is actually our share of PAT, which includes then the depreciation and the interest, of course, the components that are attributable to, Phase 1. Overall, I think Krishan already spoke of construction progress, so I won't spend time on that.

(Slide 12)
If you look at the volumes here on the chart, you can see how each quarter the CWIT volumes have increased, and overall port volumes have increased as well. SAGT, the decline is, as Krishan mentioned, we are doing some repairs on the crane rails, and as a result of that, the number of ships that could berth was somewhat impacted, but from December, and particularly January onwards, we've managed that, and whilst there will be some disruption, the level of disruption shouldn't be as significant as we saw in Q3.

(Slide 13)
If you look at the numbers, so that, as I mentioned, if you look at SAGT, we've seen a decline in volumes, purely due to that reason. At CWIT, we've seen, as you saw from the previous slide, 360,000 TEUs for the quarter. The domestic-to-transshipment mix has sort of continued to improve quarter on quarter and will get better as domestic import-export volumes also increase. The bunkering business, we saw very strong performance during the quarter. Particularly driven by, record high volume growth of 43%. It was a very strong quarter, and we saw some improvement in margins as well, but it's really the volume growth that helped drive the business. So overall, combining all these impacts, we've seen a strong EBITDA growth in the Transportation business.

Consumer Foods industry group

(Slide 14)
Moving on to Consumer Foods, we saw marginal growth in confectionery volumes of 2%. Beverages grew at 17%. That was a positive, despite the impact of the cyclone. Confectionery was more impacted, given the cold chain and the nature of distribution and also in the immediate sort of aftermath, given that it's sort of more impulse products and so on, we did see an impact, but we should see Q4 get back to normalcy. We did see an impact on our margins, quarter to quarter. If you look at it, we've seen a

Back to page 1

slight decline. That was, again, mainly due to the Confectionery business, because we saw a mixed change. If you look at the numbers in terms of the bulk to impulse against last year, we've seen a higher ratio of bulk to impulse, or even if you look at it from Q2 to Q3. That's because we saw impulse volumes which were more impacted in the immediate aftermath of the cyclone. So that does affect margins. Plus, we are launching some new products in this quarter on extruded products. There were a couple of other impacts we also saw with cocoa prices increasing, there was some pressure on margins in the Ice Cream business as well. Some of those impacts, of course, we will look to mitigate in the coming quarter and going forward, but with volumes increasing, and as well as the bulk-to-impulse ratio getting back to more normalised levels, we should see margins recover to some extent. Overall, we're still up, quarter to quarter last year to this year. But as I mentioned, margins were impacted mainly because of the Confectionery business.

(Slide 15)
I won't spend time on this slide, this just shows you that in terms of our volumes you've seen, you still see volume growth against last year. And of course, just to remind you, if you look at this chart, you see that Q4 volumes typically for CSDs tends to be at a peak, and even if you look at confectionery, you see the same sort of impact in Q4, which we expect to see, this year as well.

Retail industry group

(Slide 16)
In our Retail business, this is the Supermarket business. We saw a strong performance with about 25% growth in EBITDA in Supermarkets. Overall EBITDA of the Retail industry group itself, of course, was driven by a strong performance or contribution from JKCG, which I'll talk to you in the coming slides. Supermarkets was driven by same-store status growth of about 14.3%. We have adjusted this to eliminate the impact of the outlets that were affected by Ditwah, so it's adjusted to that extent, but we saw about 14.3% growth, driven by footfalls. So, as you can see, right across the five quarters, we've had very strong footfall growth, which is what has driven same-store sales. But this quarter now, with inflation sort of ticking up, and sort of Central Bank also, in its policy roadmap spoke of the fact that they believe inflation will slowly head towards its target of 5%. We've seen a positive contribution on ABV compared with the last three quarters. So overall, the Supermarket business saw a very good EBITDA margin of 8.5%, which is an improvement against Q2. Of course, it is a stronger quarter, but even if you look at Q3 last year, it's an improvement against the 8.1% we saw last year.

(Slide 17)
I'll just skip this slide; this just gives you a breakup of how things have been tracking on EBITDA margins.

(Slide 18)
In terms of the decomposition of our same-store sales growth, as I said, it's driven mainly by footfall. We saw inflation being in positive territory. If you look at Q3, the NCPI was close to 3%, though for the quarter, of course, we saw a slight positive contribution from RSP or retail selling prices.

Back to page 1

(Slide 19)
Moving on to our BYD business, these are just some images of our launch of the Denza, which is the high-end range of BYD, which we are now importing, as well as some of our other products.

(Slide 20)
Again, a strong quarter. We've seen, of course, there was a lot of pent-up demand in the last year, and strong sales. That momentum naturally has sort of more normalised, but we still have a very healthy pipeline of about 3,900 vehicles. As I mentioned earlier, we launched the Denza brand, as well as we've launched different products in the portfolio. And essentially, with that, we are seeing sales momentum, maybe not at the same level, which, as I mentioned, everyone expected to normalise. For the quarter, we sold and handed over about close to 2,000 vehicles. Q2, of course, was a peak, but it's sort of in line with what we did on average in Q1. The EBITDA contribution from the business was about Rs.4 billion.

Leisure industry group

(Slide 21)
Moving on to Leisure and tourism. Sri Lanka, as Krishan said, we are seeing very good momentum, and if you look at the month of January, this is, of course, till the 25th of January, we've done about 223,000 arrivals against 252 for the entire month last year. We should be on track to sort of better that number, and overall tourism moment for this quarter, which is a peak season, is looking very positive.

(Slide 22)
In the Maldives as well, again, the overall arrivals number is looking good, and sort of the outlook for the quarter, again, is looking positive.

(Slide 24)
Looking at the performance, the Colombo Hotels, this is Cinnamon Grand and Cinnamon Lakeside. Occupancy was higher than last year. ARRs were slightly lower because of the increase in inventory across the city, but on a RevPAR basis, as you can see, we've done better, and that's translated to better EBITDA margins. Similarly, if you look at Sri Lankan resorts, it's actually an improvement on both occupancy and ARR, which has then translated to a very strong EBITDA uplift from 23% last year to 35% in the current year. In the Maldives, the headline numbers did improve. Occupancy and ARRs got better, but in dollar terms, the performance was slightly lower, because we did see some higher costs coming in as well. On EBITDA, we were slightly lower, though that was offset to some extent because of the depreciation of the Rupees. So, in rupee terms, we were better, but the increase in occupancy and ARRs was not enough to offset that, so which is why you see a slight decline in the EBITDA margins. But overall, if you look at the performance of Leisure, very strong performance in terms of EBITDA contribution, driven also by Cinnamon Life, which I'll talk you through.

Back to page 1

(Slide 25)
So as Krishan mentioned, last quarter was the first quarter that we recognized a positive EBITDA of Rs1.4 billion for COD Sri Lanka, that includes a fair value gain of Rs.600 million, which is part and parcel of the business, but even without that, it's a strong, positive contribution, and the main thing is that we are seeing very strong momentum for this business.

(Slide 26)
If we look at the numbers, we've seen occupancy increase to 45% from 35%, And ARRs did increase, but just to point out here, as the asterix here shows you, that Q1 and Q2 previously, we were reporting on Cinnamon Life, which is the 687 rooms, whereas now, from this quarter, because we've had, Nuwa, which is the 113 keys, managed by Melco, that's been open for the full quarter from September onwards, though we opened in August. We have now brought in that, and we are reporting the blend of the entirety of the 800 rooms. The ARR itself is not necessarily an apples-to-apples comparison, but if you look at Cinnamon Life alone, we've sort of maintained the same ARRs, but overall occupancy is high as well.

I'll spend just a minute on this, because it's important to understand the performance of CODSL. If you look at it, last year, we were doing about a Rs.1.5 billion negative EBITDA, which has now translated to Rs.1.4 billion positive EBITDA, so it's about Rs.3 billion turnaround in terms of EBITDA. If you look at it quarter to quarter, you can see the trend of how the numbers have sort of come down. From there, last quarter, we almost broke even, and now you can see the impact that we're seeing here. If you look at depreciation and amortisation, it's largely in line on a quarter-to-quarter basis. Interest cost has actually come down slightly. The big impact, of course, is, as I mentioned before, the impact on the exchange loss in this quarter compared with, again, last quarter. As a result of that, if you look at the PBT compared to last year, we are only marginally better on a PBT or PAT basis, but if you actually look at the impact of the plus Rs.800 million versus a minus Rs.1.3 billion it's about a Rs.2.2 billion, negative impact because of the exchange impact. If you eliminate that, you can see that the momentum on COD Sri Lanka is quite strong.

Property industry group

(Slide 27)
Moving on to our Property business, we've seen decent momentum on our sales. Cinnamon Life, it's been slow, but we are sort of, every quarter, we are seeing some level of sales, we are now at 75%. TRIZEN, we continue to see decent sales, and now we've moved up to 80.5%. On VIMAN, here, we are reporting on all four phases, which is why it's 53%, but if you look at, Phase 4 was only launched end of November, so we really had only a month since we launched it and we sold just 1 or 2 units. If you look at just phase one to three, we are at about 83-84% of sales on the first 3 phases. Overall, EBITDA in the business also improved. We did see a slightly higher IP gain compared to last year, but still, eliminating that impact, we've seen a good uplift as we start recognising revenue from some of these projects, particularly VIMAN, which will now ramp up as we get closer to completion of Phase 1.

Back to page 1

Financial Services industry group

(Slide 28)
Lastly, on Financial Services. This is, of course, the Q2 numbers, because both Financial Services businesses are December year-end companies, so we don't have the final numbers, but overall, if you look at it, the EBITDA was a very marginal growth. But I'll just talk about NTB, where we didn't talk of this in the last quarter, so we've seen very strong net profit growth in Q2, as reported by NTB of about 48%. Strong loan growth, as well as if you look at the Stage 3 loans on a net basis have continuously come down, so the quality of the portfolio as well is very strong. NTB, we spoke of the acquisition of the retail, the local portfolio of HSBC. Central Bank approval was obtained in the last quarter, and the transition is progressing.

Well, that brings us to a close on the presentation. Just to remind you once again, if you have any questions, please enter it at the bottom of your screens on the Q&A tab.

Q&A Session (responses by both panellists)

Leisure industry group

Question:
Does the reported EBITDA include the rental portion for the casino space?

Response:
Yes, it does. In this quarter, as we did in the previous quarter, but this was the first full quarter where we recognised the fixed rental element from the casino space, so that is within the numbers. But given the sort of momentum of the business and ramp up, we are still not at the point where we're recognising a variable revenue.

Question:
How is the outlook of Q4 for CODSL and Group hotels going into a peak season?

Response:
Q4, the Sri Lanka resorts and the Colombo City Hotels, the outlook is very positive. As you saw, even in Q3 we did a much stronger RevPAR in the Sri Lanka resorts. And despite the new supply, which has brought pressure on room rates in the city, we did a very good RevPAR compared to the last couple of quarters, and year-on-year as well in the city. What we have seen with the resorts, we showed there was some impact in what we call the round-trip hotels, Kandy and Habarana, because of the cyclone in the month of December. But we are seeing a recovery in January. This quarter, the resorts will be much stronger, and should achieve a much better revenue per available room, or RevPAR compared to last quarter. The city is what has really, surprised us positively, in that, in the last few months, we have seen increasing occupancy. With all the new supply of rooms that have come into the city, we had seen occupancies drop to levels of like 50% overall in the star class category, or even lower, but we have seen much higher occupancies in the last few months. And in the month of January as well, we expect that the city will do an occupancy, possibly, we don't have the final numbers yet, but possibly over 70%, and we should be able to sustain that over the next few months.

Back to page 1

The City of Dreams occupancy has been picking up steadily since we opened. We opened the Cinnamon Life Hotel in October 2024, and then the Nuwa Hotel, and of course, the casino in August 2025. We have seen a steady and encouraging increase in occupancies since then, with each month, and what is most encouraging is, given the banqueting and conferencing spaces at City of Dreams, we are seeing good demand for foreign conferences and corporate events. Actually, a little ahead of our expectations, in particular from India, and we have seen the confirmation of a very big global conference, where the main hotel will be the City of Dreams or Cinnamon Life, in, which will be held in mid-2026.
And one of the other highlights of this demand is that we are seeing that some of this demand is being generated because there is entertainment now in the city, and in particular, in the City of Dreams complex with the world-class casino facilities. The momentum for the city overall is encouraging, and for City of Dreams in particular, it is quite encouraging.

Question:
Has the variable rent in the casino kicked in?

Response:
It has not yet kicked in, and what we're recognising is the fixed rental component.

Question:
What is the nature of the repair and maintenance cost in the Maldives and is it an ongoing activity?

Response:
There were some other costs, it's not really R&M sort of cost. We also saw an increase due to the minimum wages that were brought in. If you look at last year to this year, there is slight impact from that, as well as some insurance costs that have gone up as well. And yes, there's some element of repair costs, but a few items like that that have just contributed to that impact, which hopefully in this quarter, with the sort of improved occupancy and ARRs that are expected in Q4 should absorb that type of impact.

Question:
Are there's any refurbishment plans for Keells Hotels properties in the near term, and are you looking to add any new hotels in Sri Lanka?

Response:
On the refurbishment, there is nothing imminent. I think the question we keep getting asked is about Cinnamon Grand and Cinnamon Lakeside. Occupancies, yes, have improved, as I said, and rates are starting to pick up, so we will have to look at this. I think we'll have to look at it fairly soon, but we haven't made a decision on the city properties. In the resort properties, there is nothing, again, nothing imminent, and the refurbishment is not required, because we had either refurbished or rebuilt all our properties prior to COVID. Where you may see some refurbishment is if we decide to reposition a resort property, but at the moment, there is no specific plans to refurbish any of our properties.

Back to page 1

On any new builds, if you look at the resorts in particular, and the occupancies and ARRs that we are achieving, especially on our newest property, the rebuilt Cinnamon Benthota, there is now possibly a case to justify building a new resort. We have a lot of undeveloped land in prime locations, in resort locations in Sri Lanka. Again, no decisions have been made, but with the kind of RevPARs that we are now starting to see, there may be a case to look at building a new hotel.

Question:
Given the strong TripAdvisor performance of the Group's Maldivian resorts, is there scope for pursuing management opportunities elsewhere in the region?

Response:
Yes, we are constantly on the lookout for new management opportunities in Sri Lanka, in the Maldives, and elsewhere. There isn't anything specific that I can comment on.

Question:
What is the occupancy at Nuwa, and does JKH receive rental income for Nuwa?

Response:
Nuwa, the asset is owned by JKH, so it's just managed by Melco, so the revenue and everything is actually just consolidated in our financials. The only difference with Cinnamon Life and Nuwa is that there's a management fee that's paid to MELCO, but otherwise the top line and costs and everything is actually on our P&L. In terms of the overall occupancy at Nuwa, we are not, as I said, disclosing it separately, because we are looking at the entirety of the 800 rooms, and it's a smaller hotel, but the occupancy has been quite strong and in line with what we've sort of reported overall.

Question:
How much revenue do banquets and events account for at CODSL?

Response:

We don't give that breakup specifically. But naturally, given that banquets have been doing well, that is quite a significant contributor to performance, though we don't sort of break that up at this moment of time.

Question:
What is the rationale for renting out the Cinnamon Grand space for office use of AHPL?

Response:
One wing is operational as a hotel, and the other wing where we are not, running all the rooms. But we are just sort of renting out some of those spaces out. It's just an initiative in terms of rather than trying to refurbish those rooms, and at a time when it wasn't efficient for us to run the entirety of that block because of the ACs and the staffing and all, it was more productive to sort of not run those as hotel rooms. And then, the logic was that we can get some yield out of it by renting out. So that was the rationale behind

Back to page 1

it, and we sort of managed to mitigate or reduce the cost of running that wing as a result of that.

Question:
How is the footfall compared to other gaming options in the city?

Response:
These are not disclosed data in terms of footfall overall in other gaming operations in the city, and I think the key metric here is not really footfall but spend per visitor. What the business is focused on is attracting the highest spending visitors to the casino. We are seeing a steady improvement, as we said earlier. And, you know, so I can't really talk about market shares or how our footfall compares, because it's not available data, publicly available data, but really the focus of our operation is to attract higher-spending gamblers to the City of Dreams casino.

Retail industry group

Question:
Where do you stand with the particular vehicle models and the customs case of BYD?

Response:
Yes, so the case is ongoing and we are continuing to clear certain models by going to court and getting them cleared. The couple of models we are not importing, where there is a significant duty impact, based on the outcome of the case. But all the other models we continue to import and have cleared through a court process. Some of the models are brought in on bank guarantees, and some models are cleared on corporate guarantees. So, except for two models, all of the other models that we have been marketing in Sri Lanka, we continue to market. And we expect to introduce new models as well to the market. BYD has an extensive range of electric model vehicles, as well as the hybrid models. The hybrid vehicles are not impacted by the customs issue; it's only the pure electric vehicles. As I said, more models will be introduced to the market, and we are confident that we will continue to see good sales in the business.

Question:
Can the Group quantify the contingent liability on the BYD case?

Response:
Our position has been very clear in terms of the fact that we don't believe there is a liability, and in terms of quantifying it in any case, there's no ability to quantify it, because it depends on what sort of assumption one uses in terms of that differential on the type of capacity. So there is no requirement for us to, there's no basis, actually, for us to quantify, and therefore there's no contingent liability that any way arises, as a result of this.

Question:
What is the reason for the Supermarket margin improvement?

Back to page 1

Response:
It's a couple of factors, of course, with the sort of footfall growth and same-store sales. The base is also higher compared to last year, so that helps in terms of margins or dilution of fixed costs. But at a GP level, at a gross margin level also, we've seen an improvement, driven by some of the activities that the business has been pursuing. The mix as well, so when you have more fresh, prepared food and so on, that also can contribute to higher margins. We've seen those sorts of initiatives contributing to that, and that has then translated, as I said, the combination of higher volumes, as well as that sort of initiative which has translated to better margins.

Question:
How many Supermarket outlets were established during the quarter, and how many are expected to be established during the current and next financial years?

Response:
During the quarter, we established two outlets, in our Supermarket business. And in the next financial year, we expect to typically look to open about 12 to 15 outlets, which is our plan.

Question:
Is the run rate of December for BYD considered as a normalised level of vehicle sales or is there still some element of pent-up demand in it?

Response:
It's a little difficult to say how that would be, because if you look at it, yes, we have an order book of about 3,700 vehicles, so the momentum for Q4 certainly will be there. Heading into Q1 next year also, we should have some momentum. But it's difficult to sort of segregate as to how much would be, whether there's an element of pent-up and where the normalised level could be. Of course. The benefit that we have is BYD has an extensive range, a portfolio of products. And more recently, we've launched more on the entry-level side of the product portfolio. As Krishan spoke earlier, yes, we still have some challenges in terms of some of the EVs, but we're able to bring in some others and clear them on corporate guarantees. If the full range is available, I think we could do that much better. But at this moment, still, with the type of portfolio we have, as well as the hybrid range, we think we can maintain a certain momentum, but it's difficult to break that up into how much is pent up versus normalised.

Question:
Does JKH pay a finance cost for the corporate guarantees for clearing the BYD vehicles?

Response:
There are corporate guarantees, so for those, there's no finance cost, it's just a corporate guarantee on the value. But the previous, some of the vehicles were on bank guarantees, so there's a cost attached to the bank guarantee. But the more recent ones have been on corporate guarantees, and there's no cost.

Back to page 1

Property industry group

Question:
How many units are available for Phase 4 of VIMAN?

Response:
It's about 150 units that we have now opened out there. We are unable to give guidance. The question asks how many we will be selling, but as I mentioned on phases 1, 2, 3, we are about 83-84% sold, and if you look at the momentum of the sales that we saw in phases 1, 2, 3, we should see a similar sort of momentum with Phase 4 as well, though it's difficult to sort of give you an exact, number.

Question:
What are the plans for the Vauxhall Street property?

Response:
As we've been saying our next apartment development is likely to be on the Vauxhall Street property, where we own about 9 acres of land, on a freehold basis. You know, we've seen the apartment market gradually pick up after the economic crisis. We've had good sales across our three developments, Cinnamon Life, TRIZEN, and VIMAN, in TRIZEN and VIMAN in particular. It is likely that we would launch something as our next project on the Vauxhall Street property in the near future, but there is no specific timeline that I can comment on.

Consumer Foods industry group

Question:
Is CSD volume growth stemming from the cyclone relief efforts or is it an organic volume growth?

Response:
It's not necessarily linked to relief efforts, but yes, we did see a slightly stronger quarter. Overall, like I said, Ice Creams was more impacted because of cold chain disruptions to the network as well, and that's been the main reason. But overall volumes in beverages, we expect to sort of see that momentum continue through Q4 as well.

Question:
Did the impact to competition from floods have an impact on the Beverage business volumes?

Response:
There is an impact, yes, with one of the competitors also being affected, and that did sort of aid in some volume uplift for the quarter. But overall, it is a stronger season, so we've seen that benefit, but yes, there was a positive impact coming through that as well.

Question:
What is the reason for the large capex increase in CCS in Q3?

Back to page 1

Response:
I touched on the fact that we are launching some extruded products. There was an investment in an extrusion line during the year last year. There's CAPEX related to that, as well as some of our other investments on Cone Bakery and things like that, which has also added to the CAPEX, which is really just creating new capacity, and capability as well.

Transportation industry group

Question:
Was there any tailwind on CWIT from the fact that SAGT had an impact on maintenance?

Response:
Not at all. I think it's the fact that Colombo was badly in need of deep-water capacity, and overall port volumes have grown, and the ability to sort of attract new vessels coming into Colombo. That's what has driven volumes in the port of Colombo as well as CWIT. There's not really a tailwind impact because of that. It was actually net new business that's coming into Colombo.

Question:
Where would the domestic to transshipment mix stabalise at CWIT?

Response:
In terms of domestic to transshipment, it's difficult to sort of put a number down. That number will increase for CWIT, but of course, the overall-wise, the domestic numbers will grow, it's of a lower base in any case. And, of course, the new demand that'll really come in will be more transshipment volume. It's difficult to sort of give a sense of where that is, but typically, the domestic to transshipment mix could be around 15% to 85% domestic to transshipment, so CWIT also should be able to sort of get to a similar sort of ratio.

Question:
Could you share some insight on the John Keyes Logistics Distribution Center, it wasn't referenced in the commentary?

Response:
Yes, the commentary has focused more on the sort of larger businesses in terms of the port and bunkering and so on, but overall, we've seen good uptake on the distribution on logistics. The sort of warehouse utilisation is now sort of almost at 100%, and that has also enabled the business to sort of manage yields and ensure that the margins of the business has improved. It is contributing positively as well, but as I mentioned earlier, the larger material contributions to the performance of the Transportation group come from the ports and bunkering business.

Question:
What are the reasons for the increase in LMS volumes?

Back to page 1

Response:
It was primarily, if you look at, you know, Sri Lanka's location, naturally, we benefit from that, and we get marketing volume as a result, but also what drives volume is, if you look at the price gap between what Sri Lanka is able to offer, and then regional markets, and particularly even India. So, Sri Lanka, the price gap between Sri Lanka and India has also now in the last quarter, reduced. To an extent, and as a result, we were able to drive more volume, and that's been the primary reason for that.

Financial Services industry group

Question:
What is the minimum ROE JKH is looking to gain from NTB in the next 3 to 5 years?

Response:
I think NTB has been doing a sort of almost above-market ROE, and if you look at the banking industry, it's been one of the top performers in terms of ROEs of banks, and it's been at about 20% plus. I think if you look at it, that's a very strong, healthy ROE for a bank, and we'd like to see that same momentum continue. And even with the sort of acquisition of the retail banking portfolio of HSBC, with the sort of synergies that the bank can extract, we believe that overall, it will, in steady state, sort of help to even grow that possibly even further.

JKH Group

Question:
What is the repayment plan for the term loan at Waterfront Properties?

Response:
As we've said before, anyway that loan is due for refinancing or repayment in December 2026. But we are working on looking to refinance that, ahead of time, so that we could take advantage of the fact that we believe that we will be, or we will be able to actually refinance it at a lower finance cost, and we are hoping to sort of do that and complete that, before the next financial year.

Question:
What is a comfortable gearing/debt-to-equity ratio for JKH in the medium term?

Response:
So, as we've said, a 30% net debt to equity, not just JKH, but if you look at it on a normal basis, that is quite a comfortable level. But if you look at the cash generation of our businesses, as you've seen with the type of EBITDA we are generating, and we expect that momentum to continue not just in Q4, but heading into next year as well, then you will start seeing that sort of having a positive impact in terms of our leverage levers as well, which should start coming down. But as I mentioned, it's already at a comfortable level.

Question:
With all the building blocks in place, what is next for JKH looking into 2026 and beyond?

Back to page 1

Response:
I think 2026 and the immediate future is about maximizing the returns on some of the large investments we've made. And there is quite a runway there where we should see increasing returns over the next few years. And also, continued organic investment. We keep adding new Supermarkets. We are targeting to add at least 15 new Supermarkets annually. With the volume growth we are seeing in our consumer side, it is likely that we will need new capacity over the next few years, so we will add more manufacturing capacity in our Consumer business. As I said earlier, with the kind of ARRs that we are now seeing in some of our resort properties, you may see us developing in some of those prime lands that we own in resort locations. But there isn't anything specific and big that I can comment on at the moment.

Question:
Are there plans to increase the current dividend?

Response:
I can't really comment on that. We've now effectively doubled the dividend from what we were paying in the last few years. And any increase will really depend on the performance of the businesses. Over the next few years, so I can't really give guidance or make a specific prediction on where our dividends are likely to be.

Closing Remarks

Thanks, Krishan. So that brings us to a close. We've completed all the questions that were posed to us. Thank you very much for joining us at our webinar this time as well. As usual, we will be posting the clip on the webinar, it'll be on our website in the next couple of hours, and we'll also have a transcript of the webinar posted on our website in a couple of days' time. Thank you once again for joining us.