SC Securities
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Member of the Colombo Stock Exchange

John Keells Holdings PLC (JKH)

Initiation Report: BUY

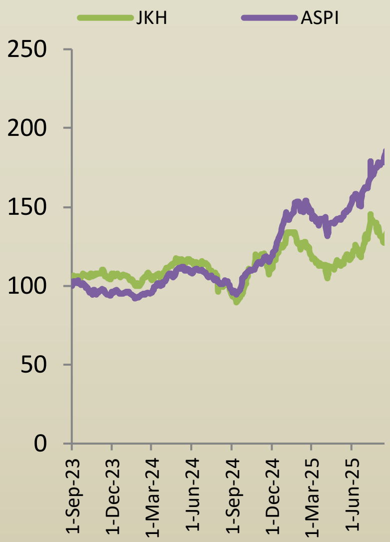
Market Price LKR 21.50| Target Price LKR 27.0 | Upside +26%

October 2025

Trading Snapshot

Sector	Capital Goods
CSE Code	JKH.N0000
Bloomberg Ticker	JKH SL
Shares in Issue (Mn)	17,660
52 Week High (LKR)	26.0
52 Week Low (LKR)	18.6
Market Cap (LKR Mn)	379,681
Market Cap (USD Mn)	1255
LKR:USD	303
Market Price (LKR)	21.50

Relative Stock Performance



SC Securities (Pvt) Ltd
5th Floor,
26B, Alwis Place, Colombo 3,
Sri Lanka.

Hotline +94 11 4711000
Fax +94 11 2394405
research@sampathsecurities.lk
https://sampathsecurities.lk

Case for Investment

Healthy Earnings Growth Expected from Core Sectors: JKH has a well-established portfolio of businesses with exposure to key growth sectors. The Consumer Foods Manufacturing and Retail (CFR) sector has maintained its market share in the retail and manufacturing divisions (currently market leader in ice creams and beverages), whilst maintaining sound operating performance. The Leisure segment is expected to perform well with the steady growth in tourist arrivals (forecasted as 2.4 Mn in CY25E and 2.8 Mn in CY26E). The Transport sector which consists primarily of the container handling and marine bunkering businesses has provided steady profits and dividends for the group; the West Container Terminal (WCT) is expected to further improve transport sector's performance. We forecast JKH's bottom line to be ~LKR 13.9 Bn in FY2026E and ~LKR 21 Bn in FY2027E, led by its core sectors.

City of Dreams Will Be A Game Changer: This is JKH's flagship project with an estimated cost of USD 1.2 Bn. The partnership with Melco and casino profit sharing arrangement (~50-55% of EBITDA) is expected to significantly improve the group's profitability, going forward. The same is expected to add ~LKR 4.0 per share to JKH's intrinsic value.

Valuation: JKH is an ideal proxy image of the Sri Lankan economy, with its diverse business portfolio. We have valued the stock using the SOTP approach and arrive at an intrinsic value of **LKR 27.0 per share** (upside potential of +26%). The share is currently trading at 4Qtr PER of 70x (versus the broad market PER of 10x) as investors have factored in the high growth prospects. In our view, JKH deserves a premium price compared to peers given its high level of liquidity (75% free float). **We recommend BUY.**

Investor Guide

YE 31st March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue (LKR Mn)	276,640	280,773	317,378	360,673	398,395	435,541
+/- Growth	*26.86%*	*1.49%*	*13.04%*	*13.64%*	*10.46%*	*9.32%*
Net Profit (LKR Mn)	18,174	11,248	5,326	13,909	21,431	31,609
+/- Growth	*-10.09%*	*-38.11%*	*-52.65%*	*161.13%*	*54.08%*	*47.49%*
EPS (LKR)	13.12	8.04	0.32	0.79	1.22	1.79
PE (x)	10.67	24.13	63.59	27.30	17.68	11.99
NAV (LKR)	246.24	256.36	23.86	23.19	24.20	25.64
PBV (x)	0.57	0.76	0.85	0.93	0.89	0.84
Dividend/Share (LKR)	1.50	1.50	0.15	0.20	0.25	0.35
Dividend Yield (%)	1.07%	0.77%	0.74%	0.93%	1.16%	1.63%
ROE (%)	5.57%	3.22%	1.41%	3.44%	5.13%	7.20%
Market Cap (LKR Mn)	193,888	290,771	356,018	379,681	378,930	378,930
Share Price - (LKR)	140.00	194.00	20.20	21.50	21.50	21.50

*Source: JKH Financials, SC Securities Research. *Market Price as of 8th October 2025. JKH underwent a share subdivision on .October 2024.*

Figure 01: Melco owns and operates integrated resort facilities in Macau, Philippines and Cyprus. Below is the list

Integrated Resort	City
City of Dreams,	Macau
Altira	Macau
Studio City	Macau
City of Dreams	Manilla
City of Dreams	Mediterranean

Source: Melco

Figure 02: Marina Bay Sands (Singapore) and Naga World, (Cambodia) Performances

Financial Year	Gaming Revenue (USD Mn)	
	Marina Bay Sands	Naga World
2024	2,957	563
2023	2,681	533
2022	1,680	446
2021	905	223
2020	872	870
2019	2,167	1,719
2018	2,178	1,434
2017	2,333	926
2016	1,965	501

Financial Year	Property EBITDA Margins (%)	
	Marina Bay Sands	Naga World
2024	69%	36%
2023	69%	55%
2023	69%	55%
2022	63%	7%
2021	50%	30%
2020	44%	39%
2019	77%	36%
2018	78%	35%
2017	75%	51%

Source: Resepctive Company Annual Reports.

Note: Property EBITDA margins include gaming revenue and non-gaming revenue such as rooms, food & beveages, retail mall etc

Investment Case

City of Dreams Sri Lanka is a Game Changer!!

The "Cinnamon Life Integrated Project" subsequently re-branded "City of Dreams Sri Lanka", consists of multiple businesses including 2 high end hotels (687- key Cinnamon Life hotel and 113-key ultra luxury hotel, Nuwa), a meeting and convention centre, a luxury standard Casino operated by **Melco Resorts and Entertainment (Melco)**, high end retail mall with entertainment facilities, serviced apartment units and office spaces. The integrated project (IR) costing close to USD 1.2 billion has been under construction over a 10-year period with the operations beginning from CY2024.

This has been first fully fledged integrated resort in the South Asian region and is expected to tap into the Indian market with its growing middle-income consumers. JKH tied up with Melco a leading owner and operator of integrated resorts for its iconic project. Melco lent its brand "City of Dreams", to the JKH-owned integrated resort. Melco currently leases the 180,000-foot area designated for the Casino from JKH and operates the gaming facilities. Melco invested USD 125 Million in the Casino fit-out and will also operate the high end 113-key hotel under its luxury brand name "Nuwa", for which JKH will pay a management fee. SC Securities expects the City of Dreams, Sri Lanka to create a surge in tourism growth in Sri Lanka with significant earnings generation for the JKH group. Singapore, Macau and Vietnam are examples of countries which opened IRs which were shown to drive tourism inflows into the country and generate foreign exchange earnings.

Figure 03: City of Dreams, Sri Lanka

Source: JKH Investor Presentations

The project is now completed, with the "Cinnamon Life Hotel" and banqueting facilities beginning in Q4 CY2024, whilst the rest of the operations started in August CY2025.

We expect the JKH-Melco gaming facility to achieve gross gaming revenue (GGR) of USD 200 – 250 million per annum, in line with management targets. Such revenue streams are comfortably within the ranges achieved by casinos in other IRs. Under the financial arrangements, JKH will receive 50-55% of the EBITDA from the gaming operation and is expected to pay a 40% tax on this return. As examples, Marina Bay Sands (Singapore) and Naga World (Cambodia) have

The Property EBITDA margin for Melco Group stood at ~27% to 28% in recent quarters indicative of significant margins from the Casino.

Figure 04: Recent Mixed Developments in Colombo City

No	Mixed Development	Opened Year
1	**City of Dreams**	**2024**
2	**ITC Ratnadipa**	**2023**
3	**Altair**	**2021**
4	**Shangrila**	**2019**
5	**Colombo City Centre**	**2018**
6	**Marino Mall**	**2018**

Source: Respective Company Websites

Colombo City has seen significant real estate developments in recent years which is expected to leverage on the tourism influx and sustained GDP growth

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earned high GGR in the post pandemic period, whilst enjoying fairly high property EBITDA margins (see side panel). We factored in the profit share with Melco into our analysis and expect the Casino operation to generate an EBITDA of ~30% based on peer analysis. We forecast the JKH's EBIT from the Casino to be ~ LKR 2.0 Bn in FY2026E and grow to ~LKR 4.5 Bn in the subsequent year (in its first full year of operation). Worldwide, casinos in integrated resorts usually take up a small share of the floor area whilst contributing substantially to the revenue generation. SC Securities estimates the **Casino profit share to add at least LKR 4.0 per share to the valuation of JKH.**

The demand for middle-class and luxury apartments has been strong in the post-war period in Sri Lanka on the back of drivers such as increases in GDP per capita, urbanization, and growth in infrastructure. The City of Dreams, Sri Lanka includes two apartment towers catering to the luxury segment; "The Suites at Cinnamon Life" and "The Residence at Cinnamon Life". As of June 2025, 300 apartment units have been sold with 127 units remaining. Due to the subdued macro-economic conditions, sales of luxury apartment units have been fairly slow. However, we expect sales momentum to pick up with the completion of "City of Dreams, Sri Lanka" and future economic recovery. No new inventory in the luxury segment is in the pipeline which should add some traction to the sales. Trizen a residential apartment project located in the heart of Colombo has reached completion with 84 units remaining to be sold. Further, JKH's latest apartment project "Viman" located in the town of Ja-Ela has drawn significant interest, with all three phases of the construction having begun as of September 2025.

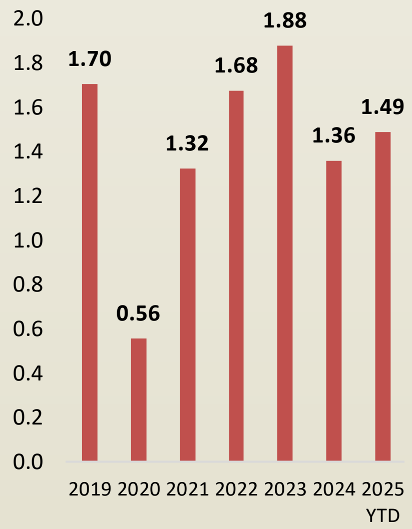
According to LankaPropertyWeb, a leading real estate market portal the Sri Lankan real estate sector expects the addition of around 8,000 new residential apartment units by 2026 contributing to a projected total of +42,000 units. The demand for apartments is expected to dominate the market, with the highest demand expected in Colombo (90.6% of total), followed by Gampaha (8.9%). According to the study, prominent overseas interest is also instrumental in driving demand in this segment. We therefore expect the condominium market to be upbeat in the near to medium term.

Demand for Grade A office space continues to grow driven mainly by the IT, financial services and capital market related occupiers. The supply of Grade A office space has been slow in the post pandemic period due to higher interest rates and high cost of raw materials. Thus, the IR's Grade A office complex (249,000 square feet) is expected to cater to the future growth in demand.

Colombo currently does not have many large conferencing facilities to cater to the Meetings, Incentives, Conference and Events (MICE) tourism market. The MICE tourism market is valued at USD 42.8 billion in 2022 and is expected to register a CAGR of 7% between 2023 to 2032 (as per Global Market Insights, 2023). Sri Lanka's tourism officials are promoting MICE tourism with expectation of filling 10-12% of the tourism targets, with India expected to be the largest source market. Currently, there has been encouraging demand and bookings for the City of Dreams conferencing facilities (with 5,000 seats); thus this segment of tourists are expected to create drive growth.

The IR has been fully operational as of August 2025. As per JKH there has been a month on month improvement in occupancy levels, which indicate growing market traction The project's success would hinge on the multiple entertainment and commercial facilities drawing in a large amount of foreign and domestic footfall. In FY2026E, we expect revenue generation from the two hotels (~ LKR 8 Bn), Cinnamon Life mall (~LKR 1 Bn), Office Tower (~ 2.0 Bn) and fixed rental from the Casino (~LKR 1 Bn). The Cinnamon Life banqueting, conferencing, events and

Figure 05: Tourist Arrivals to Maldives (Millions)



Source: Ministry of Tourism, Maldives

The Maldivian resorts have shown an average occupancy level of 86% in FY2024 which is higher than the Sri Lankan average in the same period.

Maldives continues to remain an attractive tourist destination and has in general attracted the high yield tourist segment.

Figure 07: ARR of Luxury Hotels in Competitor Destinations

Destination	USD Per Night
Goa	90
Bangkok	58
Phuket	149
Kuala Lampur	77
Jakarta	55
Ho Chi Minh City	73
Hanoi	56
Phnom Penh	78
Milan	176
Bali	272

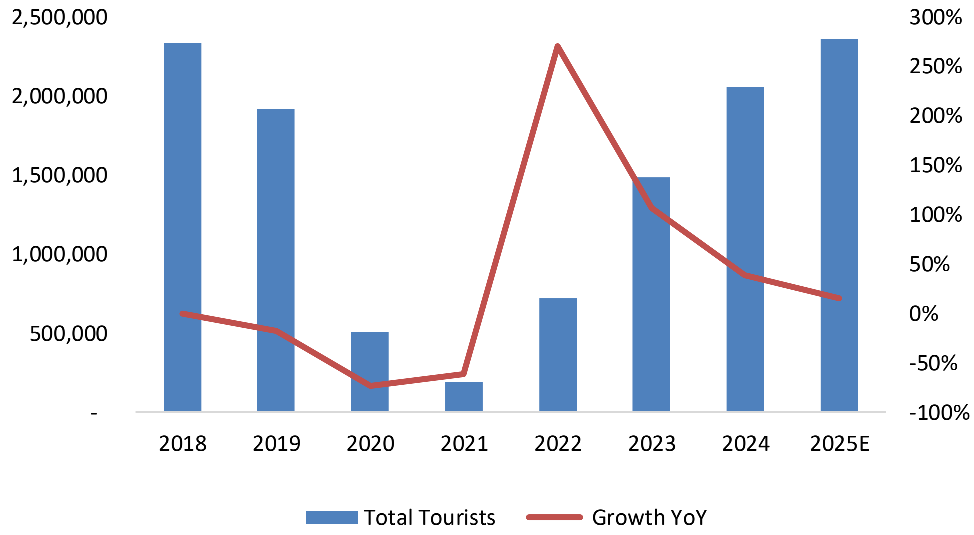
Source: www.budgetyourtrip.com

other ancillary activities are expected to generate a healthy proportion of the total revenue (~30-60%), similar to other city hotels.

Leisure Sector to Leverage on Tourism

JKH's substantial exposure to the leisure sector should see significant benefits from Sri Lanka's tourism promotion drive. Based on the recent historical performance, we forecast the total number of tourist arrivals to reach ~ 2.4 Million in CY2025E and grow further to ~2.8 Million in CY2026E (vs. ~2.0 Million in CY2024).

Figure 06: Tourist Arrivals to Sri Lanka



Source: Sri Lanka Tourist Development Authority (SLTDA), SC Securities Research

Total SLTDA registered establishments stood at 4,638 up to June 2025, whilst total number of room count stood at 56,702. Out of these establishments classified tourist hotels (ranging from 1-star to 5-star) accounted for 17,089 rooms whilst supplementary establishments (guesthouses, home stays, hostels etc.) comprised about 24,000 rooms. Overall, there is a positive trend towards diversified and upgraded tourism offerings in Sri Lanka.

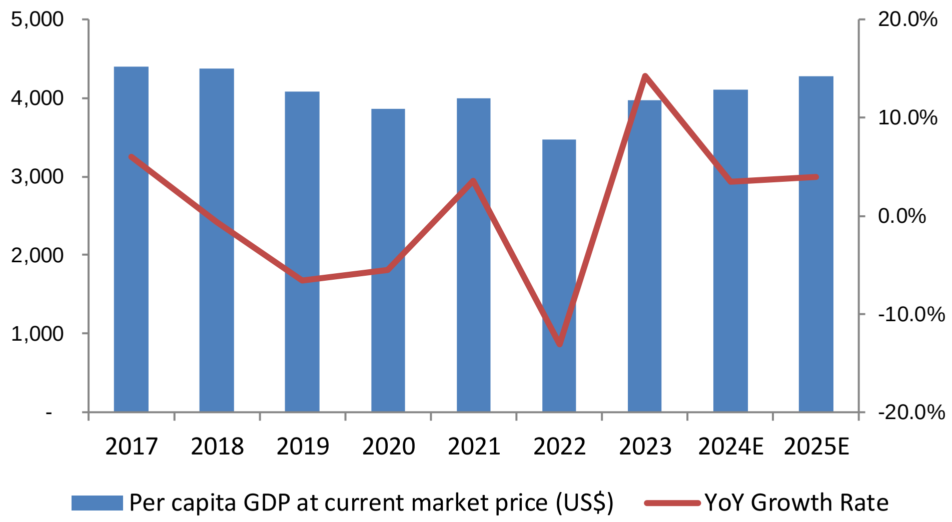
At present Sri Lanka lags behind regional peers (Malaysia, Indonesia, Thailand, Vietnam and Cambodia) in attracting tourists. Hence, we believe there is greater room for tourism growth in Sri Lanka given the varied cultural attractions, climate and beaches. JKH currently owns three 5-star rated city hotels (including the Cinnamon Life Hotel) which have had an average occupancy level of 60% and Average Room Rate (ARR) of 80 USD in the past year. Further apart from City of Dreams, Colombo has no near-term room inventory in the pipeline which should benefit the City hotels segment. In terms of the resort hotels (1,022 rooms) we expect rising demand, but expect supply to keep up keeping Average Room Rates (ARR) stable or slightly higher in the next 2 years.

Economic Growth Will Continue To Drive Consumer Foods and Retail

Beverages and confectionary volumes continued to grow in FY2025 supported by improved consumer sentiment. We expect this segment to perform well in coming years as it is defensive against variations in the economic cycle. Currently, Sri Lanka's Per Capita GDP stands at ~USD 4,160 in 2024 (Source: CBSL). At a forecast real economic growth rate of 4.0-5.0% we could expect Per Capita GDP to rise to ~ 4,500 by 2025E. Thus, the rising purchasing power is expected to benefit the CFR industry going forward.

The retail segment includes the **"Keells Super"** supermarket chain as well as the office automation business.

Figure 09: Sri Lanka's per Capital GDP in on an upward trend



Source: Central Bank of Sri Lanka, SC Securities Research

In the supermarket segment, JKH competes mainly with Cargills (owned by CT Holdings PLC) which accounts for around half the market share. To a lesser extent JKH also competes with **Aripco** – a chain of hypermarkets selling household durables & non-durables in addition to groceries (owned by Richard Pieris group). JKH currently has 138 stores/ outlets compared with 546 for Cargills and 68 for Arpico. The retail segment has recorded strong performance in the recent quarter and last financial year due to healthy same store sales growth on the back of an increase in footfall.

The FMCG arm (Carbonated beverages and FC business) has recorded good profitability in recent quarters driven by sound margins and volumes increases. JKH has tied with Reliance Consumer Products Limited (RCPL) to manufacture and distribute the **"Elephant House"** brand beverages in India thus providing it with a stepping stone into a vast market. This venture has the potential to significantly increase revenue streams of the FMCG arm. However, we have not factored in the future revenue streams from the Reliance Industries tie-up into our valuation as it is yet in the initial stages. We expect the CFR segment to record revenue of LKR 200 Bn and LKR 223 Bn in FY2026E and FY2027E (YoY growth of 11% and 12%, respectively).

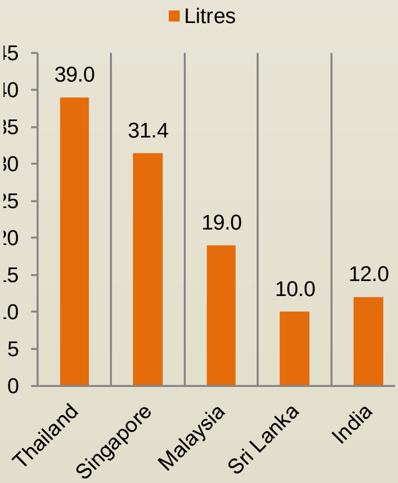
Positive Outlook on Financial Services

The two significant entities under the Financial Services segment namely, Union Assurance PLC (UAL) and Nations Trust Bank (NTB) have shown sound profitability track records; with Financial Services contributing ~31% to the Group's EBIT in FY2025. JKH currently holds 90% stake in UAL which is the 4th largest life insurer. in the market.

Sri Lanka remains under penetrated in the insurance industry compared to regional peers having an industry premium/GDP ratio of 1.1% and life insurance premium/GDP ratio of 0.6% (as per latest statistics) which indicates upside potential. In contrast, life insurance penetration in peer countries are much higher;

Sri Lanka's modern trade penetration is at present ~ 17% compared with ~31% for regional peers with similar social and economic characteristics, indicating potential for industry growth (source: Fitch Ratings)

Figure 08: Sri Lanka's per capita consumption of Carbonated Soft Drinks (CSD) is below peers

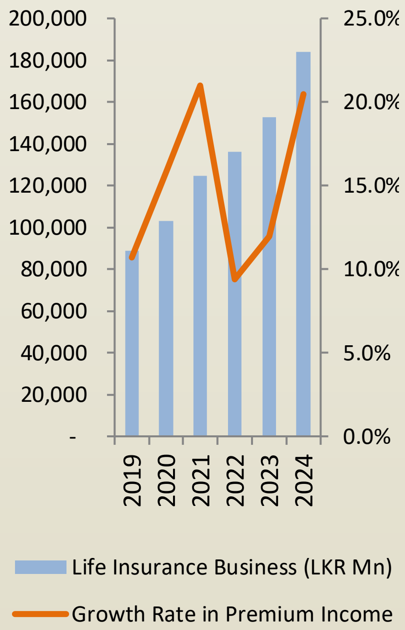


Source: JKH, SC Securities Research

Figure 10: Sri Lanka's per capita ice cream consumption is below developed nations

Source: https://worldpopulationreview.com, SC Securities Research

Figure 11: Sri Lanka's Life Insurance Industry – Gross Written Premiums and Growth Rate



Source: Insurance Regulatory Commission of Sri Lanka.

The life insurance industry has remained robust in recent years, overcoming the challenges of Covid-19 and economic downturn. The sector also remains strong in terms of capital and liquidity.

these include India (2.8%), Vietnam (1.6%), Philippines (1.2%), Indonesia (0.8%), Malaysia (3.7%) and Thailand (3.4%).

Past research has found real GDP per Capita to be a key determinant of insurance penetration, and that different income levels of country are associated with different levels of demand elasticity; a relationship known as the S-Curve. Hence, future increases in the per capita income levels of Sri Lanka are expected to generate growth in the insurance sector. A growing aging population and increasing prevalence of non-communicable diseases are also expected to aid industry growth.

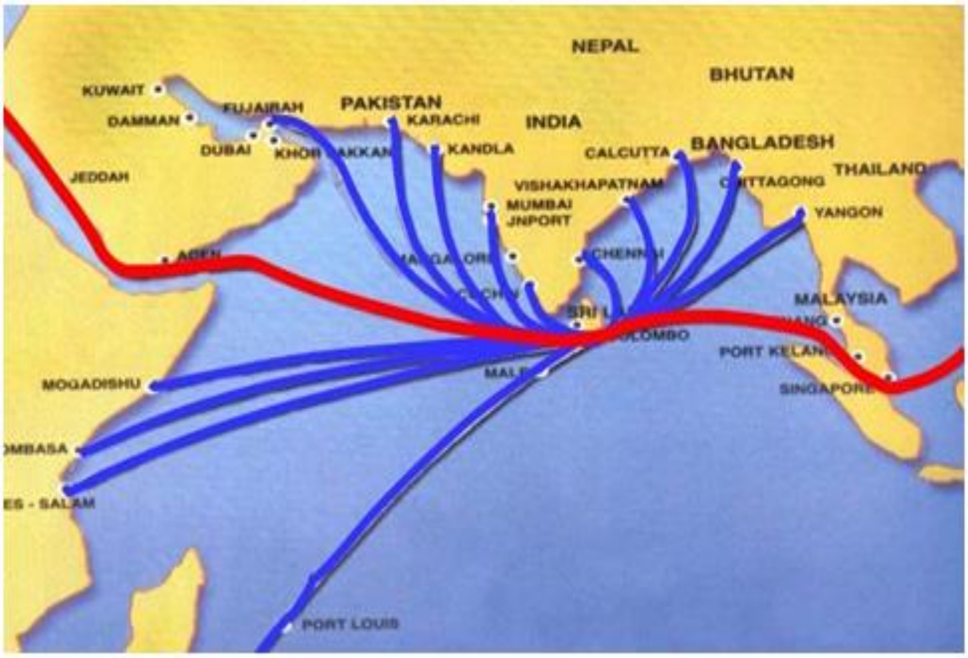
We have forecasted UAL to achieve a Gross Written Premium (GWP) of ~LKR 24 Bn (YoY growth of ~10%) in the current financial year ended December 2025. PAT is expected to reach ~LKR 4.3 Bn in CY2025. The combined ratio is expected to remain at ~80% in next few years which generates underwriting surpluses and indicates efficiency.

NTB is expected to benefit from the country's growth trajectory whilst the lower interest rates are expected to boost lending growth. The bank remains one of the best performing amongst banking peers; RoE stood at 24% in CY2024 (CY2022: 21.3%). NTB is the best capitalized amongst banks with a Tier 1 Capital Adequacy Ratio (CAR) ratio of 16.6% in the recent quarter against the regulatory minimum of 8.50%. Further, it maintains a favorable Stage 3 ratio (Q2 CY2025: 1.24%) due to sound lending practices. Currently, JKH holds a 19.72% stake in NTB. However, this may reduce in the future as it has been permitted a maximum threshold of 15% in line with CBSL regulations.

Transport Sector Is a Steady Cash Cow

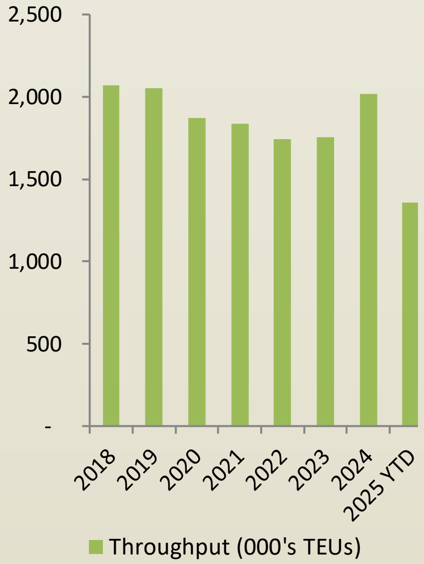
A combination of strategic location, increased investments in infrastructure, and efficiency gains in the context of macroeconomic stability has seen Sri Lanka emerge as a regional maritime hub. Further, the country's proximity to all major ports in the Indian sub-continent, makes Sri Lanka a key transshipment domain. Thus, JKH's transport sector has opportunities for volume growth given the increasing trade globally.

Figure 12: Sri Lanka's Location Benefits Its Ports & Shipping Industry



Source: Sri Lanka Ports Authority Website, SC Securities Research

Figure 13: SAGT's container throughput is recovering post-pandemic with the growth in trade



Source: SAGT Website

Figure 14: Bunkering Fuel Price Comparison of Sri Lanka and Neighboring Ports (US$/MT)

Ports	HSFO	MGO	VLSFO
Colombo	596	799	694
Trincomalee	510	822	662
Chennai	497	814	662
Tuticorin	740	1227	613
Mumbai	545	799	658
Haldia	497	827	659
Port Qasim	458	875	575
Mundra	458	768	577
Kandla	458	768	645

Source: oilmonster.com.

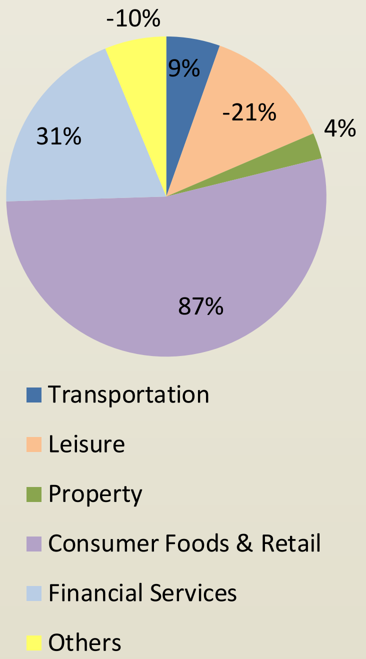
The port management unit, South Asia Gateway Terminals (SAGT) accounted for ~ 77% of the transportation segment's pre-tax earnings in FY2024, underlying its significance in the transport sector. During the past year, SAGT recorded a 11% increase in Twenty Foot Equivalent Units (TEUs) to 2.0 million and held 26% market share. Volumes at SAGT continue to be driven by transshipment volumes (domestic: transshipment mix stood at 12:88 in the past year). We expect SAGT's capacity utilization to stabilize at ~ 90% in the coming years (similar to overall POC) on the back of growth in trade, making this business a steady cash cow for JKH. In FY2024, JKH received ~LKR 3.8 Bn in dividends from SAGT. We estimate a steady dividend stream going forward from the container handling business and have estimated a 6% terminal growth rate for our dividend discount valuation of SAGT.

JKH is also involved in construction of the West Container Terminal (WCT) as a joint partner (holding 34% stake). The first phase of the WCT terminal with a quay length of 800 meters began in early 2025, with the phase two expected to be completed in mid-2026. JKH funded this project (costing approximately USD 80 million) largely through borrowings from a Canadian financial institution. As this project just became operational, we have valued it at cost assuming that it will earn the required rate of return for JKH. Going forward, we expect that the ongoing capacity enhancements at POC including WCT phase II and development of the East Container Terminal (expected to be completed in CY2026) will increase the attractiveness of Sri Lanka as key shipping hub.

JKH's marine bunkering unit (supplying fuel oil and lubricants to ships) known as Lanka Marine Services (LMS) operates in the ports of Colombo, Hambantota, Galle and Trincomalee. LMS (currently holding 40-50% of market share) dominates the sector, amidst stiff competition from other players. The volatility of base oil prices has the potential to impact the margins of the business, with LMS recording a contractions in margins during the last financial year. We have forecasted a 5% growth rate for the bunkering unit going forward; margins are expected to stay low. Going forward, we view the top ports in India as the ones that will provide the biggest competition in the bunkering market.

The other businesses in the transport segment provide smaller revenue streams compared to the port management and bunkering units, yet have potential for growth. The logistics arm, John Keells Logistics, providing warehousing and supply chain service continued to show good performance. Warehousing space (approximately 240, 000 square foot) operated at ~ 83% capacity in the past financial year. DHL Keells, the courier business maintains its market leadership position amidst higher competition. Courier business is expected to benefit from the growth in external trade (mainly in apparel and tea industries) and financial services (where bank documents need to be moved). Cinnamon Air, the domestic airline segment has shown growth recently, due to higher usage by high end customers. The airline business is expected to benefit from the future growth in tourism. We forecast revenue from SAGT and other transport sector businesses (excluding WCT) to be ~ LKR 77 Bn in FY2026E.

Figure 15: JKH Group Operating Profit Breakdown in FY2025



Source: JKH Financials

Negative returns in the Leisure Segment are due to the ramp of operations in the City of Dreams which became fully operational only in FY2026E

JKH owns one of the largest privately held land banks in the country. The Group intends to monetize its land bank through future development projects. We have added the investment property (at market value) into our valuation

Sum of the Parts (SOTP) Valuation

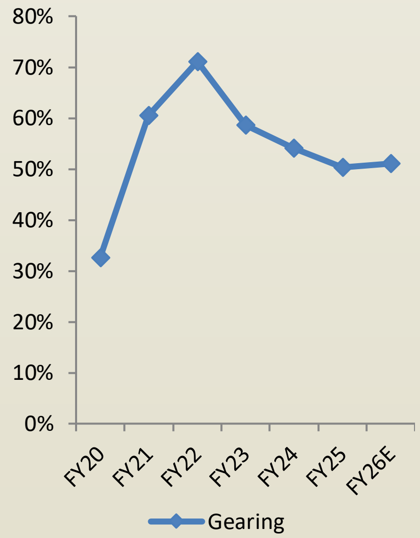
Figure 16: SOTP

Segment	Valuation Basis	Value (LKR Mn)
Transportation (Excl. SAGT)	DCF	5,028
SAGT	Dividend valuation	48,689
Leisure	DCF	197,984
CFR	DCF	119,273
other	EV/EBITDA	882
NTB	PBV	26,481
UAL	PBV	42,404
Property Development	DCF	(5,248)
West Container Terminal	NAV	24,202
Investment Property	Market Value	51,258
other adjustments		(35,152)
Equity value		**475,801**
Share Count (Million)		17,660
Target price		**27.0**

Source: SC Securities Research

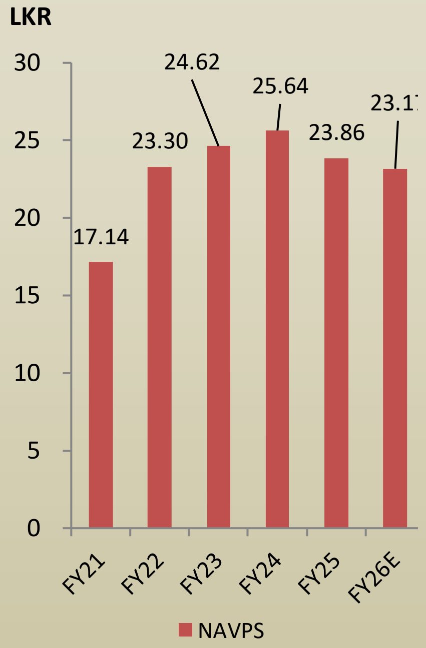
JKH's intrinsic value is derived from its balance sheet (cash & financial assets, land bank, and financial services stakes) and from its earnings streams (Leisure, Transportation, CFR and Property Development). We have used the Sum of The Parts Valuation (SOTP) method as JKH is a conglomerate with a diverse portfolio of investments. We have selected valuation metrics that best represent the value generation of different segments as indicated above. For sectors for which we have used Discounted Cash Flow (DCF) Analysis, we assumed a risk premium of 7.5%, along with a risk-free rate of 8% (1 year T-bill rate) and terminal growth rate of 6%. **We arrive at an SOTP valuation of LKR 27.0 per share.** This is our base case valuation. The same translates to an upside potential of 26%. We recommend **BUY** on JKH.

Figure 17: JKH has maintained low gearing over years providing the group with financial flexibility



Source: JKH, SC Securities Research

Figure 18: Net Asset Value per Share (NAVPS)



Source: JKH, SC Securities Research. Note: NAVPS prior to FY25 has been adjusted for the share subdivision.

Key Risks to Valuation

I. **Economic Slowdown** – JKH is the largest listed corporate in the country with exposure to key economic sectors, such as Tourism, Transportation and Logistics, Consumer Food Manufacturing, Retail, Real Estate, Financial Services and IT. Thus, growth of the conglomerate JKH is expected to mirror the overall economic growth. Any broad economic slowdown has the potential to impact the earnings of the group. However, given the macroeconomic stability achieved in the past three years with support of the International Monetary Fund (IMF), we expect future real GDP growth to be in the 5% range which will benefit JKH. This view does not factor in any "unpredictable" economic shocks which may take place in the future.

II. **Risks Arising from City of Dreams** - JKH has invested close to USD 1.2 Billion into its Integrated Resort with expectation of significant returns. Thus, City of Dreams, Sri Lanka is expected to be a major tourist attraction going forward. However, the project is exposed to various business risks stemming from the property, leisure and entertainment segments. We also note that in our SOTP model, leisure sector accounts for close to 40% of the valuation. Thus, any future risks associated with this project will impact our valuation on JKH.

III. **Political Risks** – Changes in government policies (in areas such as taxation, property rights, licenses etc.) can impact JKH. Moreover, political instability can also have a negative impact given the group's exposure to varied economic sectors.

Summarized Financial Statements – John Keells Holdings PLC

Income Statement

YE 31 Mar (LKR Mn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenues	276,640	280,773	317,378	360,673	398,395	435,541
Cost of sales	(227,190)	(226,491)	(253,847)	(295,752)	(326,684)	(357,144)
Gross profit	**49,450**	**54,282**	**63,531**	**64,921**	**71,711**	**78,397**
Other income	3,261	4,510	4,077	4,251	4,677	5,144
Selling and distribution expenses	(8,266)	(10,063)	(13,056)	(12,959)	(13,293)	(12,836)
Administrative expenses	(21,928)	(25,172)	(32,473)	(32,232)	(33,064)	(31,926)
Other Operating Expenses	(9,826)	(8,188)	(7,855)	(7,797)	(7,998)	(7,723)
Results from operating activities	**12,691**	**15,369**	**14,224**	**16,185**	**22,033**	**31,056**
Net Finance Income	9,097	2,899	2,168	4,862	8,502	12,153
Change In Insurance Contract Liabilities	(7,650)	(10,833)	(13,246)	(13,166)	(14,490)	(15,964)
Change In Fair Value of Investment Property	879	450	957	0	0	0
Share of Results of Associates	7,574	10,129	10,779	13,479	16,865	21,296
Profit before tax	**22,589**	**18,014**	**14,881**	**21,360**	**32,910**	**48,541**
Income tax expense	(3,693)	(5,886)	(7,957)	(6,408)	(9,873)	(14,562)
Minority interest (profit)/loss	(722)	(879)	(1,598)	(1,043)	(1,607)	(2,370)
Profit for the year	**18,174**	**11,248**	**5,326**	**13,909**	**21,431**	**31,609**

Statement of Financial Position

YE 31 Mar (LKR Mn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
ASSETS						
Property, Plant and Equipment	449,311	463,200	499,959	496,208	495,676	498,463
Intangible assets	5,793	6,329	15,845	15,101	14,623	14,360
Other Non-Current Assets	106,597	127,552	142,801	146,630	150,651	154,873
Total Non-Current Assets	**561,701**	**597,081**	**658,606**	**657,939**	**660,950**	**667,695**
Inventories	39,095	39,306	38,710	40,833	43,753	41,283
Trade and other receivables	21,508	28,377	31,808	39,035	43,113	46,781
Other current assets	14,888	10,979	11,237	11,237	11,237	11,237
Cash and Short Term Investments	107,315	95,449	105,557	140,503	169,680	201,114
Total Current Assets	**182,806**	**174,110**	**187,312**	**231,607**	**267,782**	**300,415**
Total Assets	**744,506**	**771,192**	**845,918**	**889,545**	**928,732**	**968,110**
EQUITY AND LIABILITIES						
Capital and reserves						
Shareholders' Equity	341,022	357,867	399,078	409,463	426,487	451,927
Minority Interest	19,396	19,609	19,724	19,724	19,724	19,724
	360,418	**377,477**	**418,803**	**429,187**	**446,211**	**471,651**
Borrowings	159,779	127,170	137,120	151,803	156,696	159,318
Other Non-Current Liabilities	133,600	134,407	137,344	148,199	160,250	173,775
Total Non-Current Liabilities	**293,379**	**261,577**	**274,464**	**300,001**	**316,946**	**333,093**
Trade and other payables	29,866	42,583	66,727	81,128	87,634	86,965
Short term borrowings	51,590	76,730	73,291	66,945	65,879	64,561
Other Current Liabilities	9,253	12,826	12,633	12,284	12,062	11,840
Total Current Liabilities	**90,709**	**132,138**	**152,652**	**160,357**	**165,575**	**163,366**
Total Liabilities	**384,088**	**393,715**	**427,115**	**460,359**	**482,521**	**496,459**
Total Equity and Liabilities	**744,506**	**771,192**	**845,918**	**889,545**	**928,732**	**968,110**

Source: JKH Financial Statements, SC Securities Research

Financial Ratios

Year Ended 31st March	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Profitability Ratios						
GP Margin (%)	17.9%	19.3%	20.0%	18.0%	18.0%	18.0%
EBIT Margin (%)	4.6%	5.5%	4.5%	4.5%	5.5%	7.1%
EBITDA Margin (%)	8.7%	9.6%	8.9%	10.1%	10.6%	11.8%
NP Margin (%)	6.6%	4.0%	1.7%	3.9%	5.4%	7.3%
Return On Equity (RoE %)	5.6%	3.2%	1.4%	3.4%	5.1%	7.2%
Return on Assets (RoA %)	2.5%	1.5%	0.7%	1.6%	2.4%	3.3%
Solvency Ratios						
Debt/Equity Ratio (%)	59%	54%	50%	51%	50%	47%
Debt/Assets Ratio (X)	0.28	0.26	0.25	0.25	0.24	0.23
Debt/EBITDA Ratio (X)	8.82	7.60	7.43	5.98	5.27	4.37
Liquidity Ratios						
Current Ratio (X)	2.02	1.32	1.23	1.44	1.62	1.84
Quick Ratio (X)	1.58	1.02	0.97	1.19	1.35	1.59
Growth Rates						
Revenue growth (%)	26.9%	1.5%	13.0%	13.6%	10.5%	9.3%
EBITDA growth (%)	51.1%	11.9%	5.5%	29.1%	15.6%	21.3%
EBIT growth (%)	73.6%	21.1%	-7.5%	13.8%	36.1%	41.0%
Net profit growth (%)	-10.1%	-38.1%	-52.6%	161.1%	54.1%	47.5%
Investor Ratios						
PE Ratio (X)	10.67	24.13	63.59	27.30	17.68	1.20
PBV Ratio (X)	0.57	0.76	0.85	0.93	0.89	0.08
Dividend Yield (%)	1.07%	0.77%	0.74%	0.93%	1.16%	16.28%

Source: JKH Financial Statements, SC Securities Research

Segmental Revenue Composition (LKR Mn) and Growth Rate

YE 31 Mar (LKR Mn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Transportation	74,480	51,555	54,998	57,748	60,635	63,667
YoY (%)	128.8	-30.8	6.7	5.0	5.0	5.0
Leisure	39,731	47,946	49,928	60,832	69,584	78,291
YoY (%)	110.1	20.7	4.1	21.8	14.4	12.5
Property Development	2,428	1,919	8,834	12,375	12,625	8,775
YoY (%)	-93.3	-21.0	360.3	40.1	2.0	-30.5
Con. Foods & Retail	140,832	158,298	180,026	200,061	223,400	250,213
YoY (%)	23.7	12.4	13.7	11.1	11.7	12.0
Financial Services	16,203	18,665	21,291	22,528	24,628	26,656
YoY (%)	3.3	15.2	14.1	5.8	9.3	8.2
Other	10,444	9,388	9,555	7,129	7,523	7,939
YoY (%)	70.0	-10.1	1.8	-25.4	5.5	5.5

Segmental Operating Profit (LKR Mn) and EBIT Margin

YE 31 Mar (LKR Mn)	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Transportation	4,254	1,741	1,310	934	981	1,030
Margin (%)	5.7	3.4	2.4	1.6	1.6	1.6
Leisure	2,181	3,363	(3,173)	(384)	3,734	11,133
Margin (%)	5.5	7.0	-6.4	-0.6	5.4	14.2
Property Development	(1,710)	(771)	630	866	884	614
Margin (%)	-70.4	-40.2	7.1	7.0	7.0	7.0
Con. Foods & Retail	6,494	9,736	12,898	11,236	12,547	14,053
Margin (%)	4.6	6.2	7.2	5.6	5.6	5.6
Financial Services	3,627	4,759	4,655	4,206	4,598	4,977
Margin (%)	22.4	25.5	21.9	18.7	18.7	18.7
Other	(880)	(1,454)	(1,504)	(674)	(711)	(750)
Margin (%)	-8.4	-15.5	-15.7	-9.5	-9.5	-9.5

Source: JKH Financial Statements, SC Securities Research

Shareholder List – Top 20 Shareholders

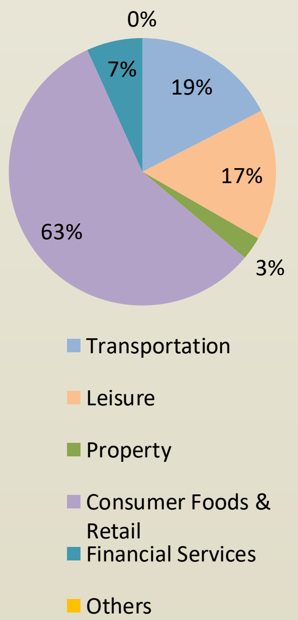
Name of the Shareholder	No of Shares	% Holding
Local Private Institutional Shareholders		
Melstacorp PLC	1,418,088,220	8.0%
Paints & General Industries Limited	674,949,286	3.8%
CIC Holdings PLC	658,664,950	3.7%
Polypak Secco Limited	449,891,005	2.5%
Amana Bank PLC / CIC Holdings PLC	244,205,050	1.4%
Chemanex PLC	153,400,000	0.9%
	3,599,198,511	**20.4%**
Foreign Institutional Investors		
HWIC Asia Fund	4,281,537,680	24.2%
Asian Development Bank	650,420,060	3.7%
Norges Bank Account 2	422,850,005	2.4%
Schroder International Selection Fund	359,908,419	2.0%
Aberdeen Standard Asia Focus PLC	211,291,833	1.2%
Hostplus Pooled Superannuation Trust	185,140,283	1.0%
Emrevival Master Fund LP	175,813,520	1.0%
Schroder Asian Growth Fund	143,505,120	0.8%
	6,430,466,920	**36.4%**
Local High Net worth Investors		
Mr S E Captain	1,457,749,577	8.3%
Shares held by other Top 20 shareholders		
Shares held by Directors	140,123,741	0.8%
Balance held by other shareholders	11,627,538,749	65.8%
Total	**17,659,566,763**	**100.0%**

Source: JKH Financial Statements, June 2025

ANNEXURE: I

Company Snapshot

Figure 19: Group Revenue Breakdown - FY2025



Source: JKH Annual report

In FY2025 the largest contributors to group revenue were the CFR, Leisure & Transportation Segments holding shares of 63%, 17% and 19% respectively.

John Keells Holdings PLC (JKH) is presently Sri Lanka's largest listed corporate with a market share of 5% in terms of market capitalization in the Colombo Stock Exchange (CSE). JKH group has exposure to key growth sectors and thus is widely regarded as a proxy of the Sri Lankan economy. The group has an operating history of over 150 years, with the key segments being Transportation, Consumers Foods and Beverages, Retail, Leisure, Property Development and Financial Services. JKH was incorporated as a public limited liability company in 1974 and was listed on the CSE in 1986.

As of June 2025, JKH had a public shareholding (free float) of 75% and thus is considered the most liquid share in the CSE. As of June 2025, the public shareholding had decreased due to HWIC Asia Fund's stake (considered as an associate). The premium assigned to its valuation (JKH currently trades at 70x PER) factors in the liquidity of the share.

JKH also has an independent Board of Directors which has helped the group to maintain a sound governance structure; thus, enabling the Board to take decisions which are in the best interests of the shareholders. As of June 2025, the eight (08) member Board of Directors consists of five (05) independent directors. A detailed analysis and overview of each segment is given below:

Key Management

Name	Position	Background
Krishan Balendra	**Chairperson-CEO /Director**	He started his career at UBS Waburg, Hong Kong investment banking focused on equity markets. He joined JKH in 2002 and has held senior positions in various sectors. He holds a law degree from the University of London and an MBA from INSEAD
Gihan Cooray	**Deputy Chairperson/ Group Finance Director**	He has overall responsibility for the Group's Finance Division, Corporate Finance and Strategy, Treasury and Information Technology. He has been an executive director of JKH since 2016. Mr Cooray holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas.

Source: John Keells Holdings PLC Annual Report

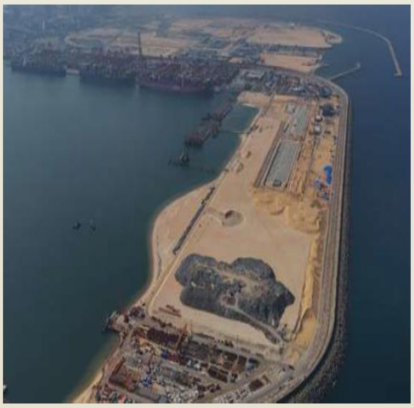
Transportation Sector

JKH group's transportation segment encompasses a Port operation, Marine Bunkering, Freight Forwarding, Shipping and Airline Agency Services, and Courier Services.

Port Management Operations: JKH operates a container terminal at Port of Colombo (POC) as public private partnership on a build operate and transfer basis through South Asia Gateway Terminals (SAGT). SAGT commenced operations in 1999 at Queen Elizabeth Quay and is one of four container terminals at the POC. It currently comprises 3 container berths and quay length of 940 Meters. John Keells currently holds 42% ownership in SAGT; the other partners in the joint venture include Peony Investments (subsidiary of Evergreen Marine Corporation), Sri Lanka Ports Authority and APM Terminals.

In addition, JKH is involved in the construction of the West Container Terminal (WCT) at the Colombo Port. This project is also joint venture with the other stakeholders being Adani Group and Sri Lanka Ports Authority (SLPA). The WCT is a deep-water terminal with a quay length of 1,400 Meters, an alongside depth of 20 Meters and annual handling capacity of ~3.2 Mn TEUs. The 1st phase of the project with a quay length of 800 Meters is completed as of FY2025. The second phase of the WCT is expected to be completed by mid-2026.

Figure 20: West Container Terminal



Source: JKH Annual report

WCT Shareholdings:

- **Adani Ports – 51%**
- **John Keells Holdings - 34%**
- **SLPA -15%**

The Colombo port is strategically located along the main East-West shipping route enabling convenient connectivity between East Asia, and Europe, Middle East and African regions. With completion of the WCT and East Container Terminal (currently under construction), the annual capacity of the POC is expected to significantly increase.

Marine Bunkering: JKH currently holds leading market share (40-50%) in the marine fuel supply (bunkering) business. It ventured into bunkering in 2003 with the acquisition of Ceylon Petroleum Corporations (CPCs) marine bunkering unit. JKH subsidiary Lanka Marine Services (LMS) currently operates in the Colombo, Hambantota, Galle and Trincomalee ports and provides vessels with fuel oils and marine lubricants. LMS sources its products directly from Fujairah, Indian ports, Ceylon Petroleum Corporation and China-based Sinopec whilst currently operating two bunkering barges. Other key players in the market include Lanka IOC, Interocean Energy, and Advantis Bunkering.

Logistics, Warehousing and Travel Related Services: JKH provides warehousing and supply chain management services via its subsidiary John Keells Logistics (JKL). Further JKH runs a courier operation via a JV (50% ownership) with DHL Worldwide Express, DHL Keells.

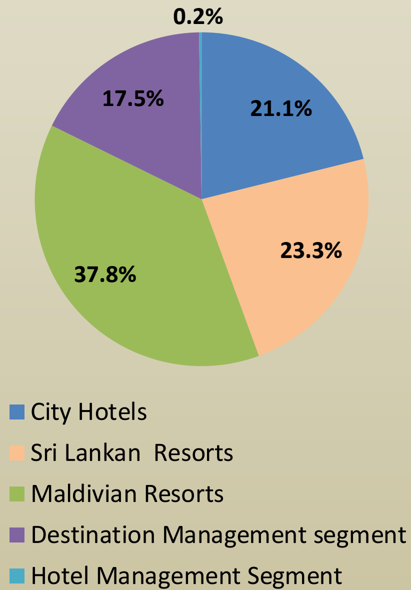
JKH also runs a logistics, freight forwarding and port agency services business via Inchcape, Mackinnon Mackenzie Shipping Private Limited (another 60% owned joint venture business). It also holds an associate stake in Maersk Lanka, the local agency in Sri Lanka and Maldives for the Maersk Global shipping line.

JKH is also acts as the general sales agent for several airlines through Mack Air (MAL). It further provides travel agency and travel related services through its subsidiary Mackinnons Travel (MTL). Domestic and charter air flight operations are provided through its Airline segment under the brand name "Cinnamon Air".

Leisure Sector

The JKH leisure sector portfolio consists of city hotels and resorts in Sri Lanka and Maldives. It also contains a hotel management arm (Cinnamon Hotel Management Limited) and two destination management companies (namely. Walkers Tours and Whittall Boustead Travel). Two luxury city hotels namely, Cinnamon Grand and Cinnamon Lakeside are located in Colombo. JKH also has an associate stake in Cinnamon Red Colombo (20% stake) a 3-star hotel. It also holds 40% ownership in Cinnamon Red, Kandy which has reached completion.

Figure 21: Revenue Breakdown (%) of the Leisure Segment – FY25



Source: JKH Annual Report

Eight Sri Lankan resorts are spread across key tourism hotspots in Sri Lanka whilst 4 resorts are located in the Maldives (next page gives an overview of the hotels). The resort hotels operate under JKH subsidiary, John Keells Hotels PLC.

City of Dreams, Sri Lanka is the first of its kind integrated resort (IR) to be opened in South Asia, and is expected to be a key tourist attraction and a major generator of foreign exchange.

JKH holds a prime land bank of 34 acres in Central Colombo which includes the two 5-star City Hotels (Cinnamon Lakeside and Grand) and City of Dreams, Sri Lanka.

The group also owns a 9.4-acre property in close proximity to the Beira Lake which is earmarked for future development.

All the JKH hotels operate under its flagship "Cinnamon" brand.

Figure 22: JKH hotels and room inventory

Sri Lankan Hotels	**Rooms and Suites**
Cinnamon Grand, Colombo (5 star)	501
Cinnamon Lakeside, Colombo (5 star)	346
Cinnamon Life (5 star)	687
Nuwa (luxury segment)	113
Cinnamon Bey, Beruwela (5 star)	199
Cinnamon Lodge, Habarana (5 star)	138
Cinnamon Citadel, Kandy (4 star)	119
Cinnamon Wild, Yala (4 star)	68
Cinnamon Bentota Beach (5 star)	159
Hikka Tranz by Cinnamon (4 star)	150
Habarana Village by Cinnamon	108
Trinco Blue by Cinnamon	81
Total	**2,669**
Maldives Hotels	**Rooms and Suites**
Cinnamon Velifushi Maldives	90
Cinnamon Hakura Huraa	100
Cinnamon Dhonveli	152
Ellaidhoo Maldives	112
Total	**454**

Source: JKH Annual Report, SC Securities Research.

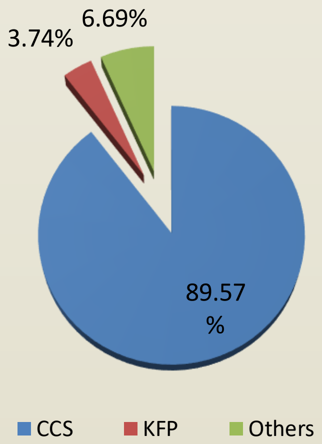
In June 2013, JKH started its largest ever investment project to date- the Cinnamon Life Integrated resort. This project costing close to USD 1.2 Billon is situated at the former JKH Head Office Complex at Glennie Street. The project encompasses a 687 key hotel branded as "Cinnamon Life", several specialty restaurants and banqueting facilities, an exhibition center able to cater to MICE events with 5,000 seats, a 500,000 square foot retail and entertainment facility and 113-key exclusive high-end hotel. The property also contains residential apartments (427 units) and an office tower.

On April 2024, JKH announced that Melco Resorts & Entertainment Limited (Melco) would be the operator of the gaming operation in the integrated resort. Melco has been awarded a 20–year gaming license by the Sri Lankan government for this purpose. Due to the tie-up with Melco, the Cinnamon Life integrated resort has been re-branded **"City of Dreams, Sri Lanka"** similar to other Melco integrated resorts in Macau, Manilla and Cyprus. Melco will also manage the luxury hotel situated on the first 5 floors under its high-end hotel brand "Nuwa".

Property Sector

JKH's property sector primarily focuses on the development and sale of apartment complexes, in Colombo and the suburbs. The property segment also focuses on the sales and leasing of retail and commercial office spaces in properties that were previously acquired/constructed by the group. Current office space leased consists of the office tower, "The Offices" at Cinnamon Life. John Keells also ventured into the development of shopping malls with the opening of 2 low-cost malls in Ja-Ela and Moratuwa. The shopping mall in Ja-Ela has currently been demolished (recognizing an asset -write-off amounting to LKR 639

Figure 23: CFR Segment Revenue Composition FY25 (%)



Source: JKH

Figure 24: Brands Operating Under JKH

Source: Web Articles

million). JKH also operates a premium shopping mall, “Crescat Boulevard”, adjacent to the Cinnamon Grand hotel.

In the past, JKH group has undertaken a number of successful property development projects. The property segment recently undertook the construction of “Trizen” an 891-unit residential apartment development in the heart of Colombo. Trizen has witnessed an encouraging momentum in sales with revenue recognized from 749 apartment units. In August 2024, JKH group also undertook its first suburban property development “Viman” in Ja-Ela on the location of the demolished shopping mall. Given the demand for suburban living spaces, this project has gained significant traction with 184 units (out of a total 418 apartment units) being pre-sold.

Previous residential apartment projects undertaken by JKH include, “OnThree20”, “7th Sense on Gregory’s Road”, “Monarch” and “Emperor”. Apart from “Viman” no additional property developments are being planned in the near term.

Consumer Foods and Retail

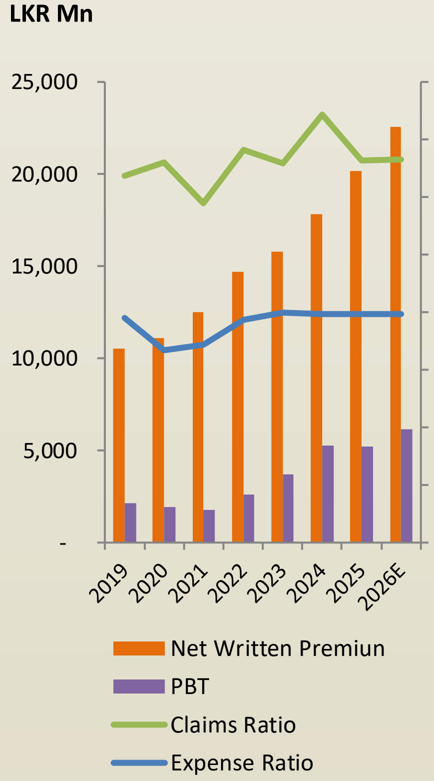
The John Keells Consumer Foods and Retail Sector encompasses the manufacturing and distribution of Carbonated Soft Drinks (CSD) and Frozen Confectionaries (FC) such as ice creams and frozen yoghurt. The CSD and FC products are manufactured and distributed by Colombo Cold Stores (CCS), a JKH subsidiary under its iconic **“Elephant House”** Brand. Under the CSD category, non-carbonated products are manufactured such as tea-based drinks, fruit flavored drinks and flavored milk brand to reach a greater proportion of the consumer market. Keells Food Products (KFP, a JKH subsidiary) manufactures convenience foods such as processed meats and dry range products under its **“Keells–Krest”** Brand which has had a long history in the Sri Lankan market.

CCS holds significant market share in the carbonated soft drinks and ice cream market in Sri Lanka. The products are also exported to the Middle East, Europe, UK, Canada, Australia and Maldives. In February, 2024, CCS partnered with Reliance Industries to manufacture and market Elephant House soft drinks in India. Under this partnership, CCS will obtain an entry into the vast Indian market with resultant synergies arising from this relationship.

JKH subsidiary, Jaykay Marketing Services (Pvt) Limited (JKML) also operates a chain of 138 supermarket outlets along with its the Nexus loyalty program. The super market outlets operate under the **“Keells Super”** brand with the standard store size being ~10,000 square feet; some larger store formats are opened in economically significant areas. Keells Super also offers a private label range consisting of over 350 SKUs, to cater to the price conscious consumer. The Nexus loyalty program currently has ~ 2.6 million members which will provide opportunity to tap into a captive user base and grow it further.

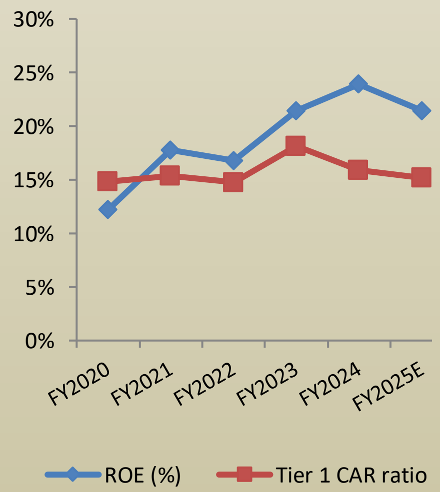
John Keells Office Automation (JKOA) is the authorized distributor for Office Automation and IT enabled brands and also provides print solutions for corporates. The brands offered include Samsung, Toshiba, and Asus. JKH has also entered into a partnership with China based BYD Auto Industry Company Limited, a manufacturer of new energy vehicles (NEV) to provide eco-friendly vehicles into the Sri Lankan market. This new business will operate under the retail sector of JKH.

Figure 25: UAL performance is healthy



Source: UAL Financials

Figure 26: NTB remains highly profitable and is well capitalized compared to peers



Source: NTB Financials

Financial Services Sector

The financial services segment encompasses JKH's insurance subsidiary, Union Assurance PLC, a banking entity, Nations Trust Bank, and a stock broking company.

Union Assurance PLC (UAL): Union Assurance PLC is currently the 4th largest life insurer in the market with a market share of ~12% in CY2023. The life insurer has recorded sound profitability over the years with the agency channel accounting for 75% of its Gross Written Premium (GWP). UAL continues to maintain its position as the leading bancassurance provider in the industry.

Nations Trust Bank (NTB): One of the smaller banks holding a market share of 3% in terms of net loans and advances. However, NTB has shown strong performance in recent years, whilst maintaining favorable asset quality, capital adequacy and liquidity indicators. The Bank's focus has been on maintaining operational efficiency via digitalization initiatives and preserving portfolio quality. JKH currently holds 19.72% stake in NTB, The Central Bank of Sri Lanka (CBSL) had required JKH to reduce its ownership in its subsidiary by 31st December 2022, in line with regulations. With the deadline having passed, JKH has requested for a deadline extension and is awaiting a response.

John Keells Stockbrokers: Is a fully owned subsidiary of JKH with a long operational history in equity trading.

Other Sector

The "Other" segment comprises Information Technology and Plantation Services. The JKH holding company and its operations (center functions) also come under the "Other" segment.

Information Technology (IT): The IT services business include John Keells IT (JKIT), which is a boutique IT consultancy and professional services provider. It also includes a business process outsourcing (BPO) company, Infomate. The BPO primarily focuses on business outsourcing related to Finance and Accounting, Payroll Management, and Data digitization. The IT segment is relatively minor compared to the key segments.

Plantation Services: This is the legacy segment of JKH group and comprised a tea and rubber broker unit, tea factories, and pre-auction produce warehousing. The tea manufacturing was carried out under JKH subsidiary "Tea Small Holder Factories PLC (TSML)". TSML was divested by JKH in April 2025.

Investments at the Holding Company have the potential to impact the profits of the JKH as the group currently holds substantial cash holdings and varied investments. The USD 175 Mn loan from IFC is also captured under the Holding Company.

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SC Securities
SC Securities (Pvt) Ltd | Subsidiary of Sampath Bank PLC

Hotline	+94 11 4711000
Fax	+94 11 2394405
Web	https://sampathsecurities.lk
Trade online	itrade.sampathsecurities.lk/

Board Of Directors

Dilshan Hettiaratchi	**Prasantha Lal de Alwis**	**Seedantha Kulatilake**	**Ashen Jayasekara**
Chairman	Director	Director	Director
Roshantha Fernando			
Managing Director			

Trading Division

Roshantha Fernando	Managing Director	077 773 6623	ceo@sampathsecurities.lk
Indika Jayarathne	Senior DGM Sales	077 736 9084	indika@sampathsecurities.lk
Nimal Liyanagamage	DGM Sales	077 349 3868	nimal@sampathsecurities.lk
Saliya Gamagedara	DGM Sales	077 287 7146	saliya@sampathsecurities.lk
Miflal Farook	DGM Sales	077 225 3730	miflal@sampathsecurities.lk
Kumara Poodiwala	DGM Sales	077 395 6769	kumara@sampathsecurities.lk
Marlon Fernando	DGM Sales	077 231 0667	marlon@sampathsecurities.lk
Prabath Jayarathne	AGM Sales	077 304 7056	Prabath@sampathsecurities.lk
Sajee Perera	AGM Sales	077 808 8993	sajee@sampathsecurities.lk
Prasanna Amarasekara	AGM Sales	077 341 3688	prasanna@sampathsecurities.lk
Bogala Samaranayake	Manager Sales	070 171 3972	bogala@sampathsecurities.lk
Chalalochana Yapa	Manager Sales	077 324 3374	chala@sampathsecurities.lk
Chamari Iresha	Manager Sales	077 794 2347	iresha@sampathsecurities.lk
Kanushka Jayatissa	Manager Sales	074 153 7586	kanushka@sampathsecurities.lk
Channa De Silva	Manager Sales	077 337 0894	channa@sampathsecurities.lk
Ishanka Wickramanayake	Asst. Manager Sales	077 761 1200	asith@sampathsecurities.lk
Thanuja De Silva	Asst. Manager Sales	077 332 6546	thanuja@sampathsecurities.lk
Harsha Hettiarachchi	Asst. Manager Sales	077 667 7606	harsha.c@sampathsecurities.lk
Agranath Umayanga	Asst. Manager Sales	077 018 1283	agranath@sampathsecurities.lk
Wipula Bandara	Asst. Manager Sales	077 729 0046	wipula@sampathsecurities.lk
Rishitha Perera	Asst. Manager Sales	076 704 8057	rishitha@sampathsecurities.lk
Gayan Silva	Senior Investment Advisor	077 383 6475	gayan@sampathsecurities.lk
Radheeka Pillai	Senior Investment Advisor	074 337 0343	radheeka@sampathsecurities.lk
Uditha Nuwan Perera	Senior Investment Advisor	076 345 6518	uditha@sampathsecurities.lk
Romesh Kenny	Investment Advisor	077 776 3099	romesh@sampathsecurities.lk
Charitha Gunasekara	Investment Advisor	1 (778) 986 5301	
Kavitha Ratnayake	Investment Advisor	077 566 8754	kavitha@sampathsecurities.lk
Chirath Seneviratne	Investment Advisor	070 171 3972	chirath@sampathsecurities.lk
Chathuka Wijethunga	Investment Advisor	076 323 8135	chathuka@sampathsecurities.lk
Chinthaka Jeewarathna	Investment Advisor	077 791 2231	chinthaka@sampathsecurities.lk
Hashan Waidyarathna	Investment Advisor	076 173 8517	udaraka@sampathsecurities.lk
Lalani Wickramasinghe	Investment Advisor	071 483 9437	lalani@sampathsecurities.lk

Research Division

Apsara Thurairetnam	Manager Research	076 716 2137	apsara@sampathsecurities.lk