Driving Growth through Strategic Execution and Operational Discipline

Nelindra Fernando, Executive Director and CFO, John Keells Consumer Foods Industry Group.

Nelindra Fernando, Executive Director and CFO for John Keells Consumer Foods Industry Group, details the financial and strategic actions driving Ceylon Cold

Stores’ performance during economic recovery and changing consumer behavior. Through disciplined volume growth, cost optimization, and deflationary headwinds, CCS has remained profitable while providing value to consumers. The company will invest in manufacturing and adjacent categories, leveraging its position in the John Keells Group to deliver long-term value for shareholders and customers, while embedding sustainability.

Words: Jennifer Paldano Goonewardane.
Photography: Sujith Heenatigala and Dinesh Fernando.

As Ceylon Cold Stores delivered strong growth in 2024/25, with signi f icant gains in both Manufacturing and Supermarkets, what were the most decisive strategic actions that enabled the Group to achieve such a substantial increase in profitability?

Our growth strategy in 2024/25 was supported by a favorable economic environment, with positive macroeconomic indicators helping drive performance. Within the business, we focused on key strategic priorities, including volume growth, cost optimization, and profit improvement initiatives. By simultaneously expanding sales volumes and implementing cost-management measures, we strengthened margins while driving overall profitability. This combination of external market recovery and internal operational discipline was central to the substantial gains the Group achieved during the year.

The recovery of Sri Lanka’s economy—marked by lower inflation, declining interest rates, and improved currency stability—has clearly helped consumer-facing businesses. How has this macroeconomic shift translated into real changes in consumer purchasing behavior across your categories?

The improved macroeconomic environment directly supported our growth strategy. Lower inflation and greater currency stability increased consumer purchasing power, driving higher sales volumes across our categories.

At the same time, we were able to reinforce margins through targeted cost and profit improvement initiatives. This dual approach—capitalizing on improved consumer spending while maintaining operational efficiency—helped translate

macroeconomic recovery into tangible growth for our business.

Looking at the first nine months of the 2025/26 financial year, how would you assess the trajectory of the business so far? Are you seeing the same momentum continuing across beverages, confectionery, and retail?

Before recent global shocks, the business had maintained strong momentum, consolidating the growth platform established last year. However, recent developments—including global economic disruptions—are expected to impact the business moving forward.

Locally, rising fuel costs and living expenses may reduce household consumption. Exchange rate volatility, potential reductions in remittances, and lower tea export earnings could also affect demand. Additionally, many of our suppliers have been increasing prices, which may put pressure on margins.

Despite these challenges, the underlying business remains resilient, and we continue to monitor these developments closely to manage their potential impact on operations, costs, and consumption trends.

The Group recorded a 74 percent increase in PAT in 2024/25. In the first nine months of FY2025/26, you reported an eight percent increase in PAT compared to the same period in the previous year, recording a PAT of 4.13 billion rupees. From a financial perspective, what were the key drivers behind this improvement?

The improvement in performance was supported by a combination of external and internal factors. From a macro perspective, we saw a more stable, positive economic environment than in previous periods, creating a more conducive backdrop for business growth.

At the same time, within the organization, there was a strong and consistent focus on executing our growth strategies and profit improvement plans. These initiatives were clearly defined and implemented across the business, enabling us to translate strategic intent into tangible results.

It is this combination of favorable external conditions and disciplined internal execution that has driven the improvement in profitability.

In a year characterized by deflationary conditions and easing energy costs, how did CCS balance passing on value to consumers while maintaining healthy margins?

Our approach has always been to ensure that any cost reductions are passed on to the consumer. During the year, as we saw a decline in input and energy costs, we implemented several Market Retail Price reductions accordingly.

At the same time, we remained focused on maintaining financial discipline within the business. While prices were adjusted to reflect cost movements, we continued to manage our operations efficiently to ensure that margins remained sustainable.

This balance between delivering value to consumers and maintaining financial stability has been a key aspect of how we navigated the year.

As input costs—particularly imported raw materials—remain sensitive to currency movements, how does the Group manage foreign exchange risk while maintaining competitive pricing?

We have robust cash flow monitoring processes and systems in place that enable us to closely track our foreign currency requirements. All future exposures are carefully monitored, and we structure our operations to minimize risk as much as possible. In addition, we work closely with the John Keells Group treasury team. This enables us to match foreign currency requirements within the Group and secure more favorable rates.

Through this structured approach, we can manage foreign exchange exposure effectively while maintaining competitive pricing in the market.

With CCS indicating plans to expand manufacturing capacity and enter adjacent categories, what are the key areas of capital investment over the next few years, and how do they align with your growth strategy?

Our investment focus over the next few years will be on enhancing existing capacities while also expanding into adjacent categories where we see clear synergies with our current business.

Strengthening existing capacities ensures we can support growth in our core operations, while expansion into adjacent areas allows us to build on our capabilities more efficiently and strategically.

This approach ensures that our capital investments remain aligned with the business's broader growth strategy and contribute to long-term value creation.

As part of the John Keells Holdings Consumer Foods Industry Group, CCS operates within a larger diversified group. How does this ecosystem enhance CCS's ability to create long-term value for shareholders and consumers?

Being part of the John Keells Group provides a strong and well-established ecosystem that supports our operations. We work closely with Group functions, particularly in treasury, CSR, Legal, Sustainability, Investor Relations, Corporate/Group finance, and IT, which strengthens our financial management processes. This broader ecosystem enables us to operate more structurally and efficiently, while also benefiting from the scale and capabilities available within the Group. As a result, we are better positioned to make informed decisions and consistently create long-term value for both shareholders and consumers.

With sustainability and ESG considerations becoming increasingly important in corporate strategy, how is CCS embedding sustainability into its operations while maintaining financial performance?

Sustainability has always been an integral part of our ecosystem, and it is embedded in the way we operate as a business. Across all areas, we consider the ESG implications of our decisions, ensuring that sustainability is not treated as a separate initiative but as part of our overall approach. We will continue this journey, maintaining a balanced approach that aligns sustainability and financial performance, enabling us to operate responsibly while delivering long-term value.