JAT Holdings Posts Best-Ever Financial Year on Record and Delivers IPO Promise

Aelian Gunawardene, Founder and Managing Director, JAT Holdings.

Nishal Ferdinando, Chief Executive Officer, JAT Holdings.

JAT Holdings recorded a positive financial achievement, with revenues soaring up to 8,897 billion rupees and gross profits up to 2,603 billion rupees amidst a challenging economic environment.

JAT Holdings posted its best financial year on record, doubling its Profit After Tax (PAT) during FY2021/22. Demonstrating resilient performance amidst the most challenging economic environment ever experienced in Sri Lanka, the Company’s Revenues rose by 66 percent to 8.897 billion rupees from 5.36 billion rupees in the year prior. Meanwhile, Gross Profits grew 58 percent to 2.603 billion rupees, compared with 1.644 billion rupees in FY2020/21, while Operating Profit rose by 73 percent.

Most notably, JAT Holdings witnessed its Profit After Tax expanding by an admirable

102 percent to 1.211 billion rupees, up from 600 million rupees in the previous year.

The Company also witnessed export revenues grow to 23 percent of Group Revenue, from 12 percent in the prior year, as the business pivoted towards more export- oriented activity.

During the year, the Company maintained its Gross Profit margins at 29 percent, while Operating Profit remained constrained at 13 percent due to input cost inflation and foreign exchange volatility during the period under review. However, the Company made two separate interim dividend pay-outs to investors worth 0.32 and 0.25 rupees per share during the year.

An analysis of key sectoral growth further demonstrated that Wood Coatings grew by 61 percent, Decoratives (which includes WHITE by JAT) grew by 77 percent, and Brushes grew by 43 percent during the period under review reflecting growth in both volume and value.

Discussing the enterprise's financial performance, Aelian Gunawardene, Founder and Managing Director, JAT Holdings said, "We're very pleased to state that we've lived up to our promise and commitment to our stakeholders, which we made during our IPO. We have delivered, as promised, a profit after tax of 1.2 billion rupees. Furthermore, we have achieved this milestone amidst the most serious economic crisis Sri Lanka has experienced. Therefore, this should stand as testament and reassurance to our investors and other stakeholders, that JAT Holdings is capable of delivering exceptional value, even in the face of adversity, and is supported by a business strategy suitable to the present environment, and will continue to remain resilient for the foreseeable future and beyond."

JAT Holdings will embrace the present challenges and transform them, where possible, into opportunities and implement a future-focused business strategy to consolidate its position and remain resilient amidst Sri Lanka's many evolving crises.

Commenting on the business strategy, Nishal Ferdinando, Chief Executive Officer, said, "A major component of our resilience- focused business strategy will be to pivot towards export-oriented and international business to expand export revenues as much as possible in the near to medium term. Doing so will provide the

Company with stability and the ability to outperform. In fact, during Financial Year 2021/22, export revenues have grown to account for 23 percent of Group revenue, a significant increase from the previous year, where the figure was only 12 percent."

To support this strategy, JAT Holdings has already implemented various initiatives in the Bangladesh market, such as establishing a new state-of-the-art R&D facility, commissioning a manufacturing plant, and expanding into the retail market. Furthermore, the Company is also working to develop its operations in Africa, with discussions underway to commission a plant in the country. Together, these new facilities will further consolidate the Company's position in the regional market while contributing to revenue and margin growth.

In terms of the Company's project vertical, JAT has revealed that this division remains unaffected by import restrictions since the Company has adequate stocks to ensure completion. Furthermore, projects involving BOI companies are not subject to import controls and are pegged to the dollar. As such, these operations will continue as normal.

JAT Holdings has taken serious measures to mitigate the impacts of Sri Lanka's various crises on the business. Explaining further, Ferdinando said, "Most importantly, we have been able to secure adequate stocks of raw materials for at least six to nine months, and we are working on growing our stocks as and when possible to ensure zero interruptions due to shortages of raw materials. Also, in addition to bolstering the Company's financial stability, the capital we raised at our IPO, approximately 1.5 billion rupees, has helped significantly reduce our borrowing costs, thus reducing net finance costs, which provides us with considerable relief at this time. In the future, we'll focus on increasing market share as much as possible to drive revenue growth while using our R&D facilities to develop better, more cost-effective products and more value-for-money products. Crisis mitigation also means looking after our people; thus, we've rolled out a comprehensive relief package to employees, helping provide a safety cushion for our people at this most difficult time."

The Company is also pleased to note that it has delivered on its promise during its IPO, which was to deliver 1.2 billion rupees in Profits After Tax for FY2021/22. Furthermore, the Company has made significant progress on its various IPO

objectives. These include the construction and commissioning of its state-of- the-art manufacturing facility in Bangladesh, which has already commenced operations ahead of schedule. The proposed Research and Development Facility is also progressing well and is expected to be completed by the end of September 2022. During the Financial Year 2022/23, JAT Holdings is poised to remain resilient, focusing on export markets and ensuring the complete fulfillment of its IPO objectives during the year. Guided by its competent management team and its future-focused business strategy, the Company appears to be on track to deliver robust performance in FY2022/23.

Since its founding in 1993, JAT Holdings has established itself as a market leader in Sri Lanka for wood coatings and as one of the country’s most promising conglomerates. Up until last year’s IPO, JAT Holdings was the only privately held company in Sri Lanka to receive the coveted Moody’s ICRA ‘A+ Stable’ rating for six years consecutively.