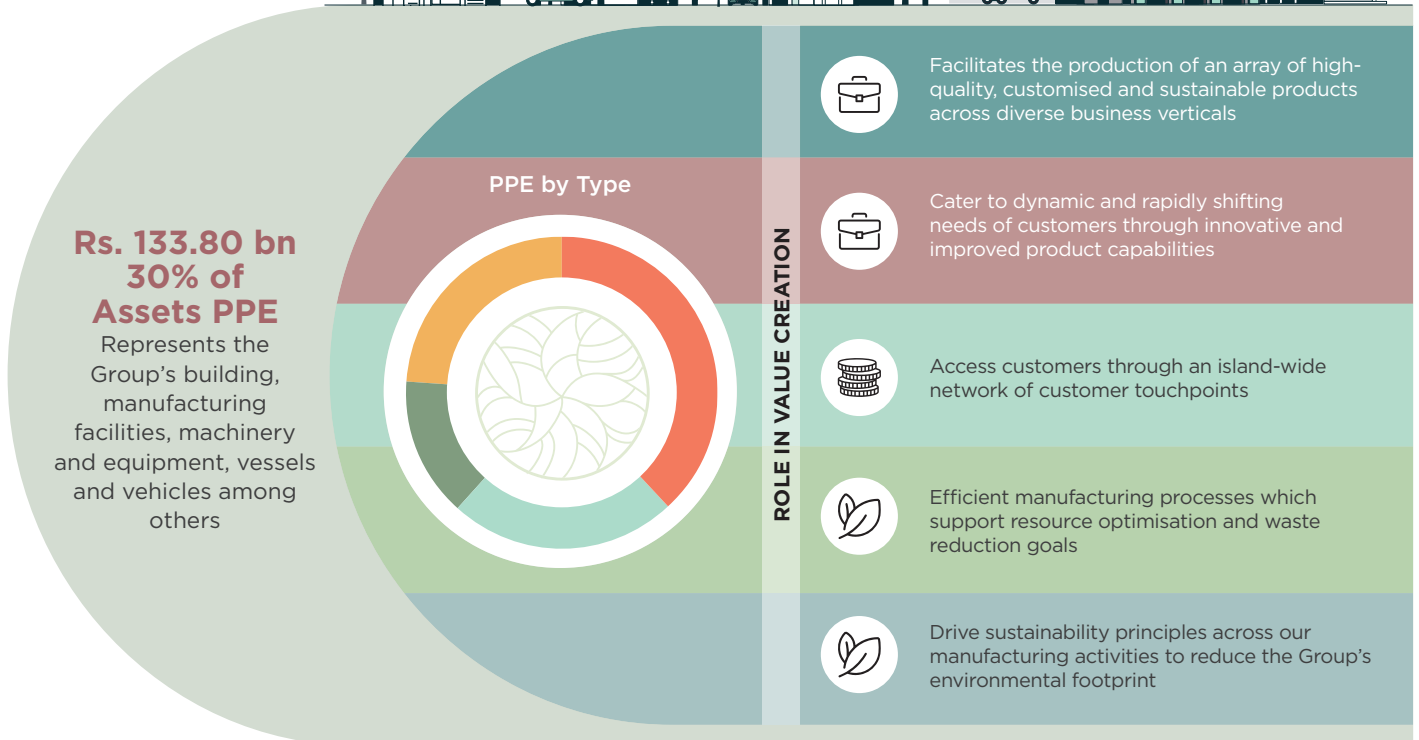




# MANUFACTURED CAPITAL

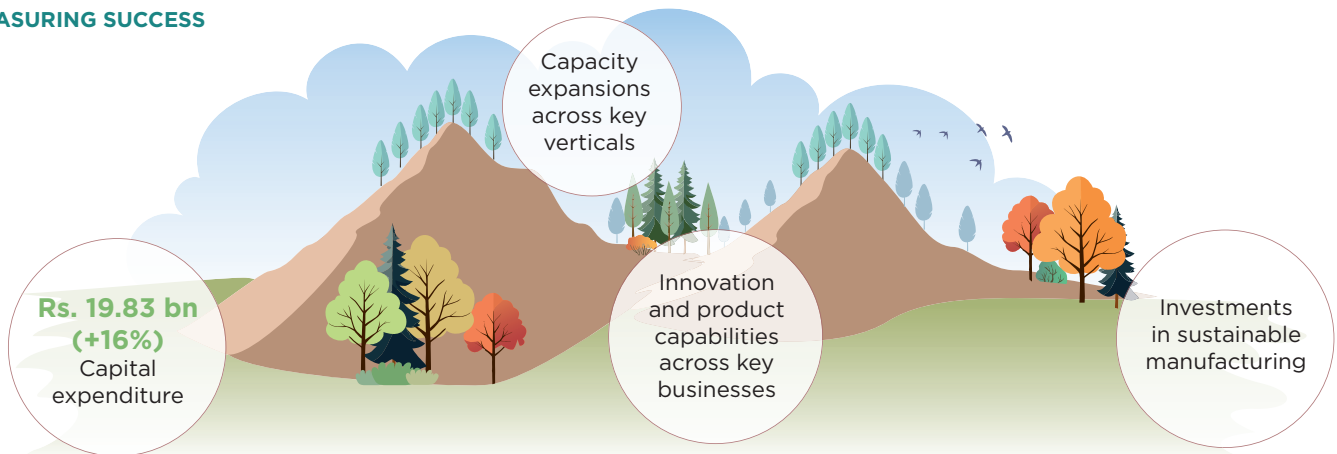
With nearly 36% of the Group's Revenue derived from manufacturing operations, Manufactured Capital is a vital input in Hayleys' value creation process, enabling it to sharpen its competitive edge across key verticals through offering an array-of world-class products catering to rapidly evolving customer requirements

## CONTRIBUTION TO VALUE CREATION



● Machinery and stores equipment ● Buildings ● Furniture, fittings and office equipment ● Vessels















## MEASURING SUCCESS



## MANUFACTURED CAPITAL

### MANUFACTURED CAPITAL INPUTS

The Group's extensive manufacturing footprint spans 92 facilities in Sri Lanka, Thailand, Indonesia, India and Bangladesh. Meanwhile, the Singer Group's 416-strong branch network is a critical element of its physical infrastructure, providing direct customer reach across the island. Please refer the note 13 of the Financial Statements for the accounting policy pertaining to the measurement and recognition of these assets. The Group's manufacturing footprint is summarised below:

 <p><b>ECO SOLUTIONS</b> Manufacturing of fibre-based products</p> <p>8 manufacturing facilities in Sri Lanka 1 manufacturing facility in India</p> <p><b>Rs. 3.09 bn</b></p>	 <p><b>HAND PROTECTION</b> Manufacturing a range of household, industrial and medical gloves</p> <p>5 manufacturing facilities in Sri Lanka 1 manufacturing facility in Thailand</p> <p><b>Rs. 8.75 bn</b></p>	 <p><b>PURIFICATION</b> Manufacturing coconut-shell based activated carbon</p> <p>2 facilities in Sri Lanka 2 facilities in Indonesia 2 facilities in Thailand</p> <p><b>Rs. 6.69 bn</b></p>
 <p><b>TEXTILES</b> Fabric knitting, dyeing, printing and brushing - cotton and polyester</p> <p>3 manufacturing facilities in Sri Lanka</p> <p><b>Rs. 12.53 bn</b></p>	 <p><b>CONSTRUCTION MATERIALS</b> Manufacture of Aluminium extrusions</p> <p>2 manufacturing facilities in Sri Lanka</p> <p><b>Rs. 3.39 bn</b></p>	 <p><b>PLANTATIONS</b> Manufacture of tea, rubber and tea extracts</p> <p>55 estates</p> <p><b>Rs. 2.04 bn</b></p>
 <p><b>AGRICULTURE</b> Manufacturing a range of agricultural produce</p> <p>14 manufacturing facilities and plants in Sri Lanka</p> <p><b>Rs. 2.39 bn</b></p>	 <p><b>LEISURE</b> Hotels and resorts</p> <p>4 resort properties in Sri Lanka and Maldives 5-star city hotel</p> <p><b>Rs. 13.01 bn</b></p>	 <p><b>INDUSTRY INPUTS, POWER &amp; ENERGY</b> Industrial Inputs, Power &amp; Energy</p> <p>6 mini hydro plants 1 solar plant 3 wind-power plants</p> <p><b>Rs. 3.69 bn</b></p>
 <p><b>TRANSPORTATION &amp; LOGISTICS</b> Sri Lanka's largest mega distribution centre</p> <p>21 Vessels</p> <p><b>Rs. 17.84 bn</b></p>	 <p><b>CONSUMER &amp; RETAIL</b> Manufacturing, financing and marketing consumer durables Island-wide network of 406 Singer outlets</p> <p><b>Rs. 3.78 bn</b></p>	 <p><b>PROJECTS &amp; ENGINEERING</b> Fentons inventory warehouse</p> <p><b>Rs. 2.48 bn</b></p>
 <p><b>TEA EXPORTS</b> 2 manufacturing facilities in Sri Lanka</p> <p><b>Rs. 702.53 mn</b></p>	 <p><b>OTHERS</b> Head office building</p> <p><b>Rs. 276.20 mn</b></p>	



### APPROACH TO MANAGING MANUFACTURED CAPITAL

During the year, the Group's approach to managing its Manufactured Capital centered on the following:

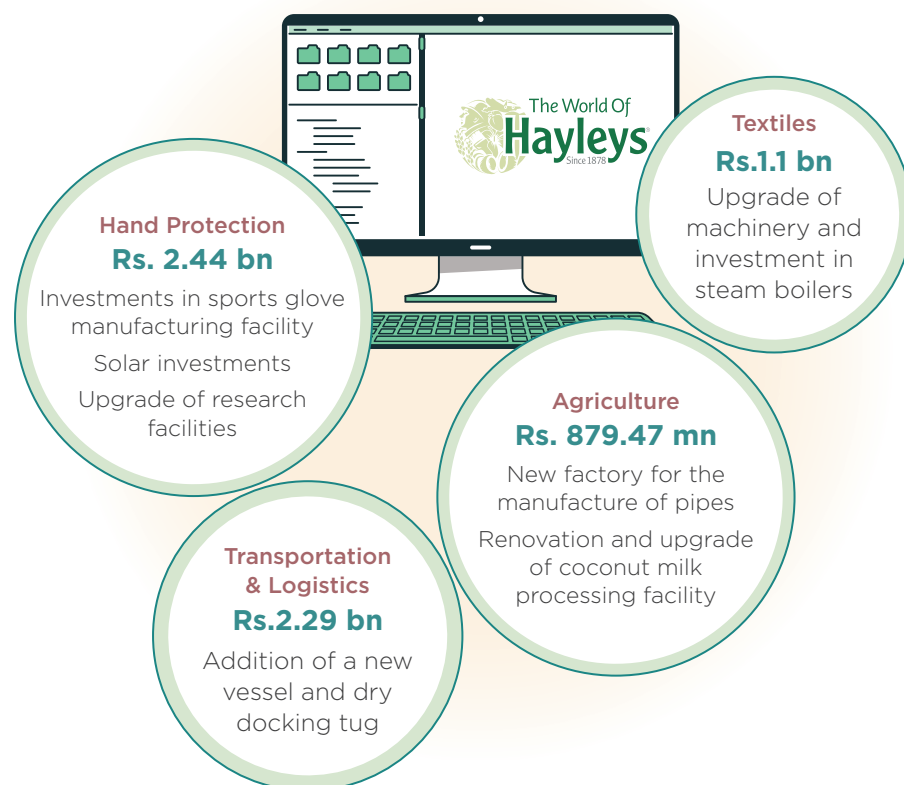
Sector	Volume growth (%)	Turnover/PPE ratio
Eco Solutions	26	1.9
Purification	(12)	3.9
Textiles	(1)	3.7
Construction Materials	23	2.1

#### Driving manufacturing efficiency

Our key manufacturing sectors have consistently sought to drive manufacturing and operational efficiencies through initiatives such as productivity maintenance, Lean and Six Sigma among others. These initiatives have enabled the Group to curtail costs while enhancing efficiency and reducing waste.

#### Sustainable manufacturing

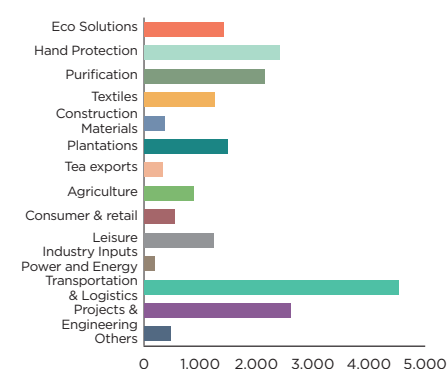
In line with the Group's environmental aspirations, several sectors have focused on introducing sustainable manufacturing methods which aim to reduce energy and water intensity while reducing costs and wastage. Details of these developments are available on pages 274 to 275 of this Annual Report.



### Investing in the future

In line with its strategic focus on strengthening production capacities and product capabilities the Group continued to enhance its manufacturing footprint in businesses earmarked for strategic growth. Total additions to PPE for the year amounted to Rs. 17.34 bn reflecting improvements in technology, factory upgrades, new facilities and capacity enhancements.

#### CAPEX BY SECTOR



#### WAY FORWARD

- Geographical diversification of manufacturing capabilities
- Strengthening capabilities for manufacturing value-added products
- Increased focus on sustainable manufacturing methods

#### ADEQUACY OF MANUFACTURED CAPITAL FOR FUTURE PLANS

Having expanded capacity over the past few years, key manufacturing sectors of Hand Protection, Textiles and Construction Materials are aptly positioned to drive growth through increased capacity utilisation.

