

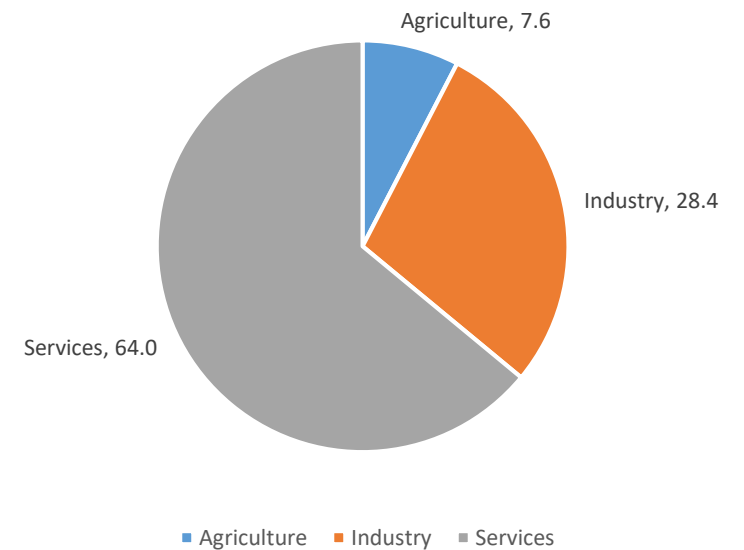
Performance Analysis of Retail Industry - 2021

R S Manamperi

Overall country performance -2021

Economic Activity	Annual Growth Rate %	
	2020	2021
Agriculture, Forestry, Fishing	-2.2	2
Industries	-6.9	5.3
Services	-1.6	3
Taxec less subsidies on products	-8.1	4.9
GDP	-3.6	3.7

contribution to gross value addition Percentage



Retail Industry in Sri Lanka

- Retail industry becomes one of Sri Lanka's fastest growing sectors in 2021
- Retail Industry represents 23% of the country's GDP.
- It represents 14% of the labour market, with more than 1,100,000 people being employed within this sector in Sri Lanka.
- National Retail Sales = USD 13 Bn
(2021)

Challenges in Retail Industry

- Liquidity pressure and operational challenges faced by distributors
- Distribution was interrupted due to the restrictions imposed on mobility during the lock down resultant price increases in several key inputs
- Changes in consumption pattern and preferences.
- Supply chain disruptions
- Temporary disruptions to manufacturing operations
- Environmental implication of some production

Opportunities in Retail Industry - 2021

- Increased demand for warehousing and deliveries via e-commerce platforms.
- Increase customer demand for convenience.
- Explore opportunities in cloud-based solutions and services across industries, commercialize technologies
- Opportunities to employees, including training based on specific skills targeted at factory employees
- Opportunities to 'work from home', on shift and roster basis, as applicable, for employees, to minimize exposure to COVID-19.

Major players of Retail Industry

- Cargills Food City
- Keells Super
- Laugfs Sunup
- Arpico
- Lanka Sathosa

Present share of modern retail	No. of outlets
Keells	116
Cargills	440
Arpico	49
Laugfs	38

Let's take Cargills
Food City and Keells
Super

The Brands

- Cargills Food City in red is the everyday low price brand, Keells in green stands for freshness
- There are 315 stores with Cargills Food City and Keells with 80 stores.
- Keells has opted to make the most change from its dominant red and smiley faced brand identity. They have opted for a dramatic makeover in green.
- Cargills Food City is being less conspicuous on its signage and promotions which may be a strategic move.

Performance

- Cargills Food City has been established as the market leader and Keells has made dramatic strides in catching up to them.
- In 2021 Cargills launched the E grocery store “Cargills online”.
- Keells was underperforming but has recently found the formula to accelerate its performance. What they are doing is clearly working well for them. If they are able to maintain the momentum it is likely that they will catch up to Cargills Food City in the foreseeable future based on brand value forecast.
- Keells have found and settled on their store formats, Cargills Food City has not.
- Keells has midsize stores, standardized to a warehouse style with sufficient parking and Cargills Food City on the other hand has many legacy stores, which do not have a consistent format, with different configurations and sizes that make standardization much more challenging.

Customer experience

- They getting shoppers into stores will result in increased basket sizes and a more loyal customer base, the emphasis in 2021 and beyond will be squarely on enhancing the customer experience.

Keells as a retail industry

- There Retail Sector consists of Supermarkets and Office Automation solutions. Keells supermarkets operate with the core purpose of improving the quality of life for the nation and focus on providing for life's regular needs with a world class retail experience.
- Nexus Mobile - a loyalty program with the largest member base for a non-telco company, is also part of the retail sector providing value additions to its members at all Keells Supermarkets island wide. JKOA leads the market in office automation solutions with a product portfolio of world-renowned brands.

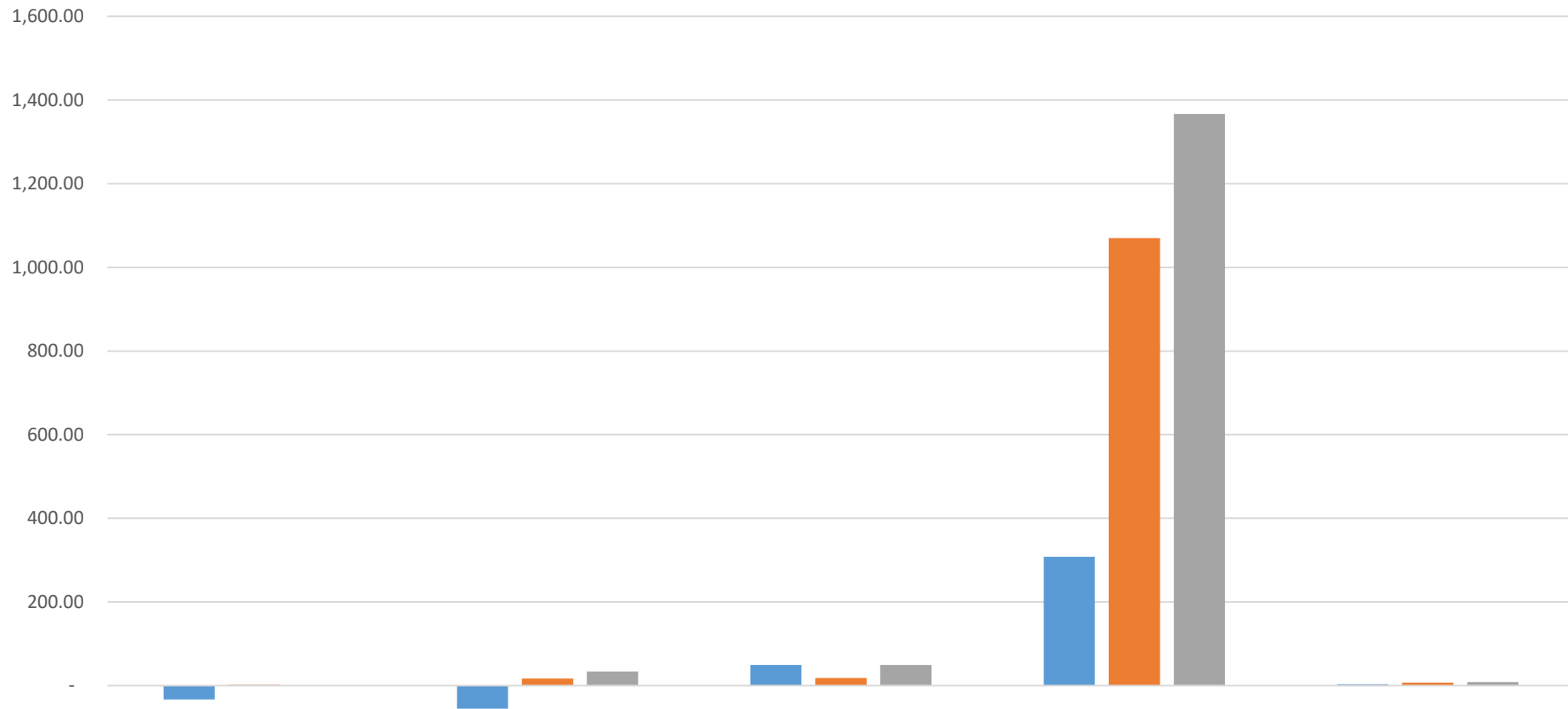


Cargill as a Retail Company

- Brand Finance has calculated the brand value of the Cargills Food City brand 9 times between 2012 and 2022.
- They serve the rural community, to the customers and all other stakeholders, through their core business, food with love and other related businesses, based on the three main principles of;
 - Reducing the cost of living
 - Enhancing youth skills
 - Bridging regional disparity by enhancing local and global markets.



Key Performance Analysis 2021 – Keells



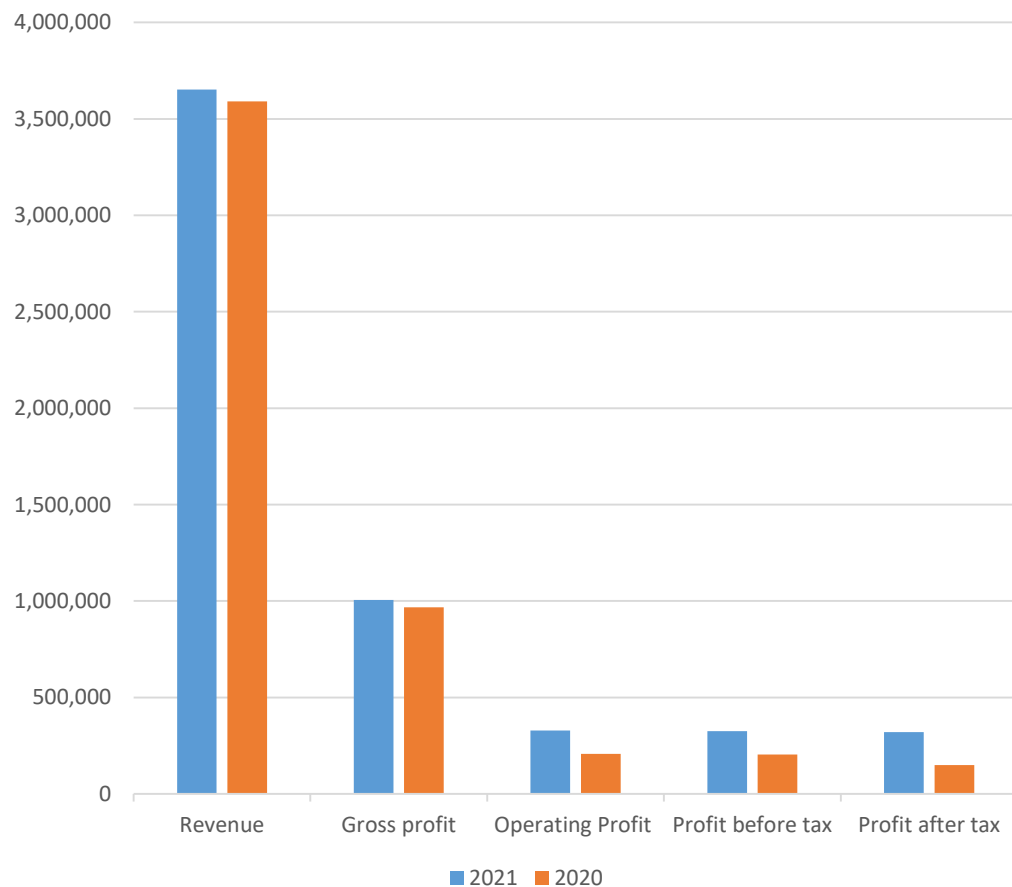
	Same store sales growth	Same store footfall growth	Average basket value growth	EBITDA (Rs. million)	EBITDA margin
■ Q1	(33.20)	(55.30)	49.70	308.00	3.10
■ Q2	1.90	17.20	18.50	1,070.00	7.50
■ Q3	1.10	33.90	49.70	1,367.00	8.50

■ Q1 ■ Q2 ■ Q3

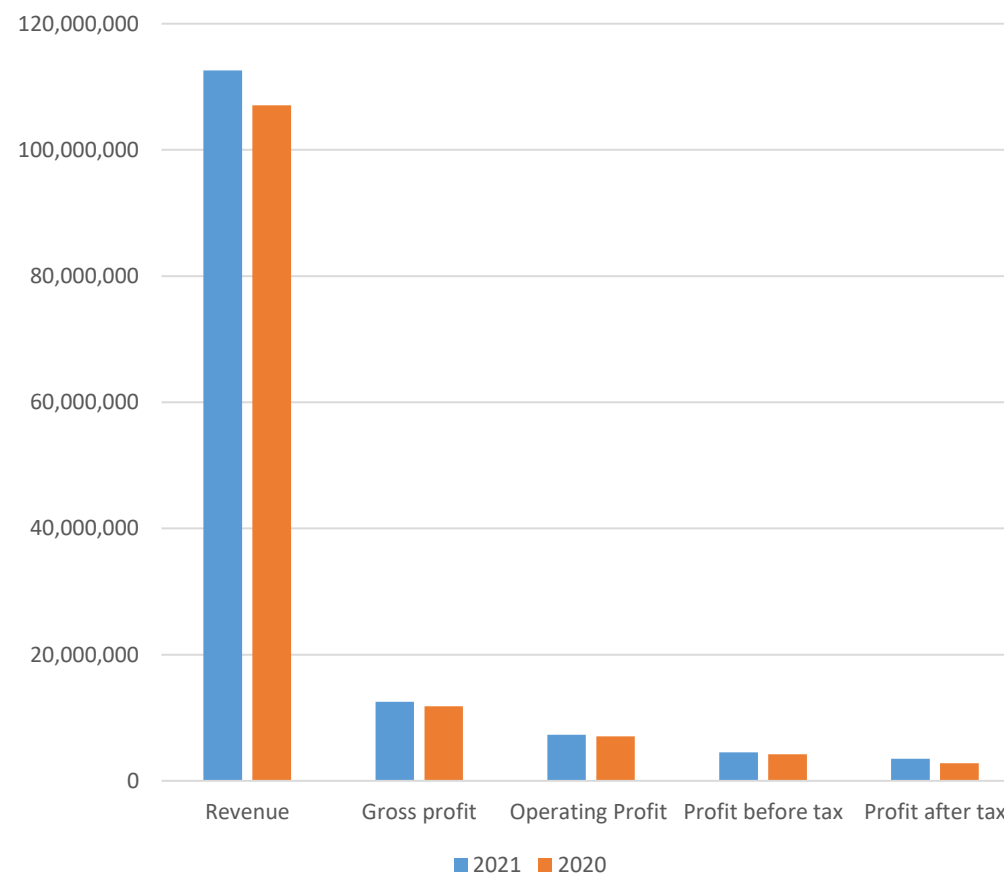
- keels increase their **earnings before interest, taxes, depreciation and amortization** by considerable amount within 3 quarters of 2021. EBITDA is a helpful formula for companies with long-term growth potential looking for investors, and it's also an accurate way to compare one business to another.

Financial Performance

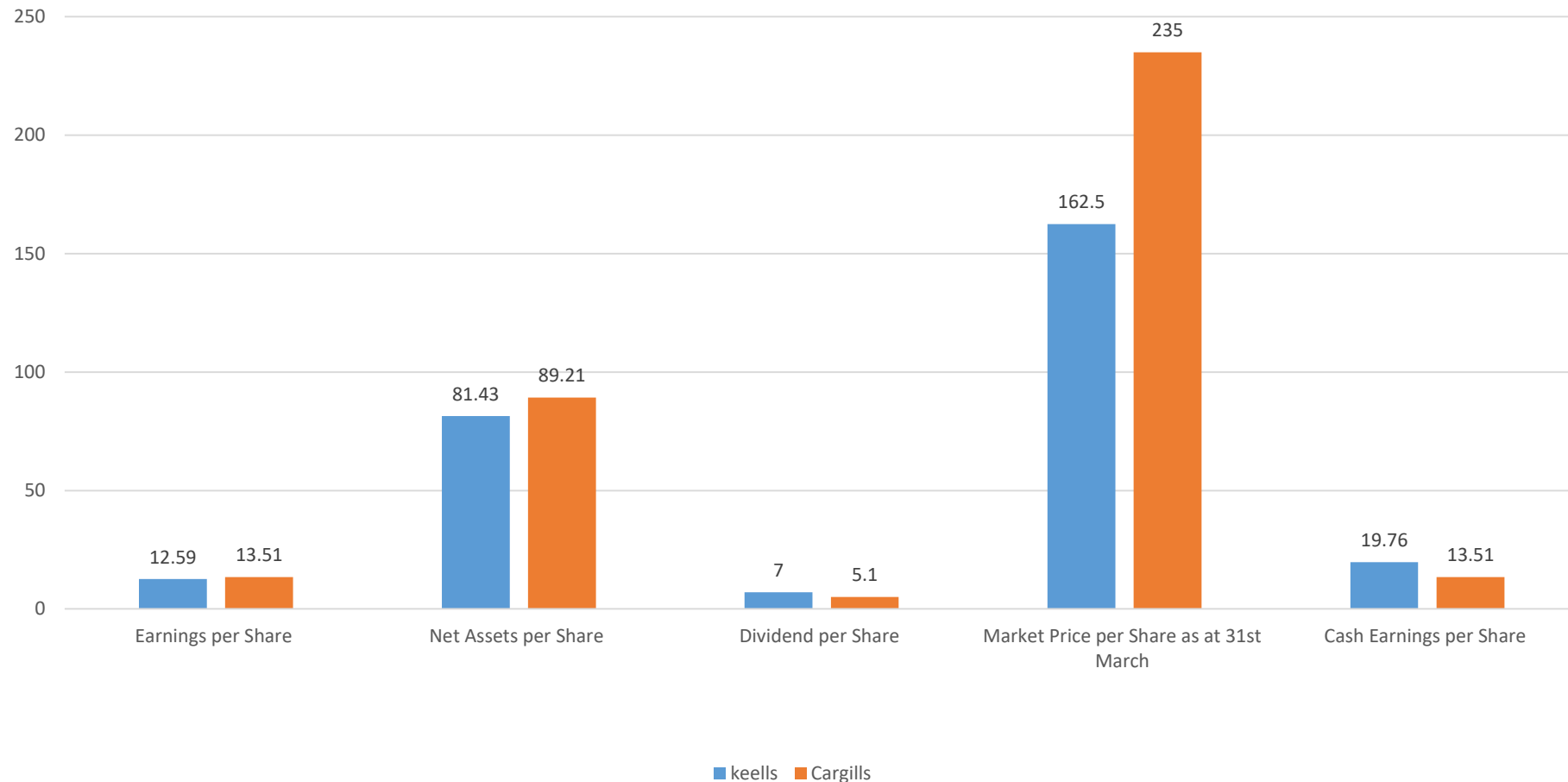
Financial Performance - Keells



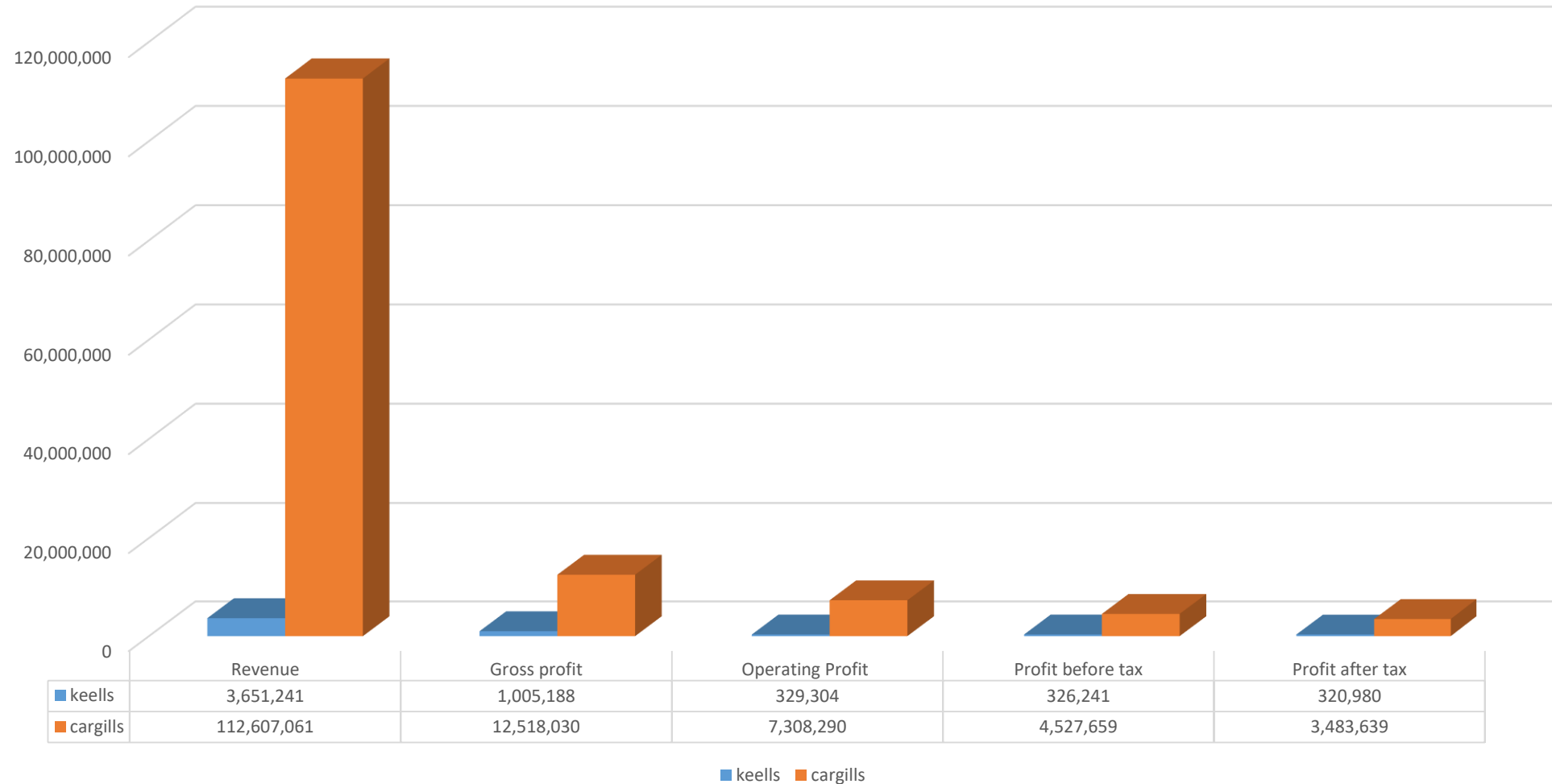
Financial Performance - Cargills



Overall performance of Keells & Cargills

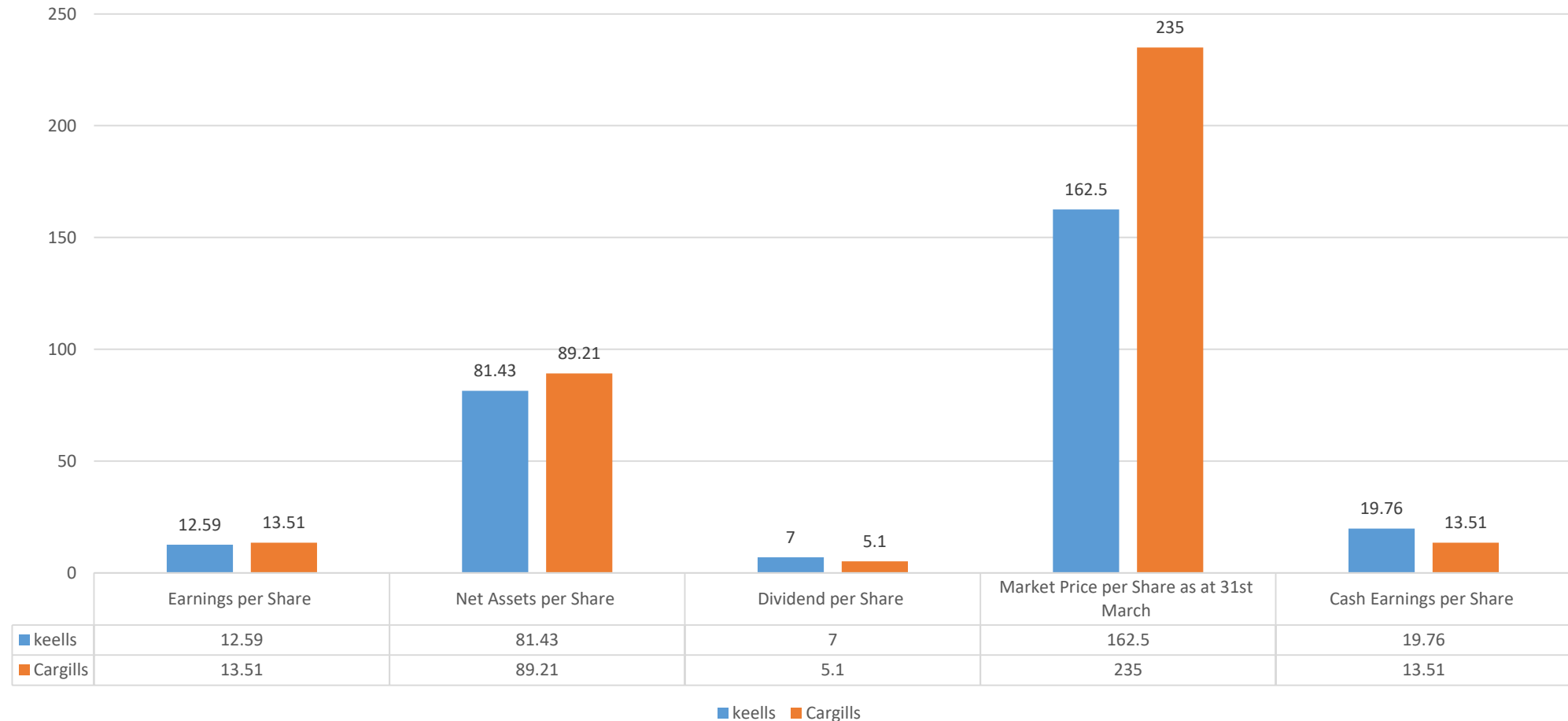


Financial Performance - 2021



- By analyzing overall performance of these 2 companies Cargills was a major player of retail industry.
- When analyzing revenue of these companies the Cargills has the larger revenue (3,651,241) awhile Keells has 112,607,061 revenue.
- Also Cargills has the greatest revenue (112,607,061) when comparing with Keells(3,651,241)

INVESTOR RATIOS - 2021



References

- <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=KFP.N0000>
- <https://www.cargill.com/doc/1432194192294/2021-cargill-annual-report.pdf>
- <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CARG.N0000>
- <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2021>
- <https://keells.com/retail>