

## Bird Feathers

Empowered with vibrant wings built on precision and structural resilience, we are engineered to rise to new heights of excellence.



## PROJECTS & ENGINEERING

Hayleys Fentons is Sri Lanka's leading solar Engineering, Procurement, and Construction (EPC) company and integrated engineering services provider, offering a range of MEP, ICT, Security and communication, and Facility Management (among other) services.



Insights from Sector  
Managing Director  
Scan to view

# Projects & Engineering

## HIGHLIGHTS OF 2024/25



**Revenue**  
26.62 bn  
(34%)



**Profit Before Tax**  
Rs. 3.33 bn  
(-23%)



**Profit After Tax**  
Rs. 2.37 bn  
(-37%)



**Assets**  
Rs. 27.38 bn  
(+3%)



**Liabilities**  
Rs.20.42 bn  
(+4%)



**Employees**  
1,880  
(26%)



**Carbon Footprint**  
(Scope 1,2,3)\*  
21,448 tCO<sub>2</sub>e

### INTEGRATED PERFORMANCE



### STAKEHOLDER VALUE CREATION



\*The carbon footprint for 2024/25 represents an expanded coverage of Scope 3 emissions compared to the previous year

### KEY DEVELOPMENTS IN 2024/25

Maintained market leadership status in the Solar EPC segment

Secured contract to develop a 50 MW wind power plant in Mannar, along with 37 ground-mounted solar projects amounting to 149 MW

Partnered with BYD, the global leader in Battery Energy Storage systems, to launch advanced energy storage and inverter solutions in Sri Lanka

Expanded into new technology-driven service areas with the launch of managed IT services, advanced email and collaboration platforms, and a 24/7 Network Operations Centre

Increased diversification of key business verticals, including strategic expansion into emerging sectors such as e-mobility

Like biofluorescent life that amplifies ambient energy, Hayleys Fentons leads the green transition by actively generating and enhancing sustainable power, thereby illuminating the path towards a cleaner, more resilient energy future.

#### DRIVING SRI LANKA'S GREEN ENERGY AMBITIONS

- **300MW** of solar power installations, avoiding a carbon footprint of approximately **294,557.19 tCO<sub>2</sub>e**

#### INNOVATION-LED DIVERSIFICATION

- Entry into battery energy storage and inverter solutions segment
- Thermal imaging solutions for solar panel installations
- Advanced 3D and visualisation technology

#### VALUE CHAIN IMPACTS

1,421 sub-contractors supported through access to market, capacity development and technology transfer

861 projects to commercial customers facilitated across verticals

Rs. 4.92 bn tax contribution during the year

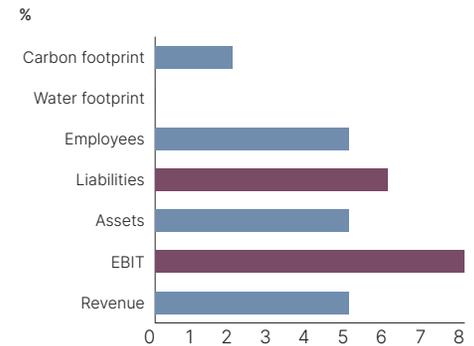
# Projects & Engineering



## SECTOR OVERVIEW

Hayleys Fentons is Sri Lanka's leading engineering services company, offering an unparalleled array of end-to-end, integrated services for the industrial, commercial and residential segments. Over an illustrious history spanning over a century, Hayleys Fentons has established itself as one of Sri Lanka's most trusted engineering brands, founded on a strong reputation for quality, service excellence and innovation. Through its partnerships with globally renowned principals, Hayleys Fentons offers the Sri Lankan consumer access to an array of world-class products and services with the latest technology, driving the growth of diverse industries and uplifting living standards and quality of life across the island.

## RELEVANCE TO GROUP



## SECTOR OPERATIONS

Sub-Sector	Contribution to Sector (%)	
	Revenue	PBT
<b>Renewable Energy</b> Sri Lanka's largest solar EPC services provider	50%	78%
<b>Systems Integrated Solutions</b> Offers system-integrated solutions, including ICT solutions, Security and communication, Audio-visual integration, Uninterrupted Power Supply (UPS) and Battery Solutions, among others	12%	-9%
<b>Engineering Services</b> Largest integrated engineering services provider, including MEP, facility management and architectural drawing and 3D visualisation solutions.	17%	12%
<b>Equipment Renting</b> Provides industrial equipment on rent-basis to a larger spectrum of customers.	1%	2%
<b>Equipment Trading</b> Supplier of cutting-edge construction equipment, including electrical, instrumentation, material handling, combustion, and HVAC products	20%	17%

**Market leader in solar**

Sri Lanka's **leading solar EPC company**, having installed over 300 MWp of rooftop solar power systems since 2011

**Operational excellence**

Receipt of over **70 awards** during the year for excellence across multiple aspects of operations

**Strength in MEP**

Leading **mechanical, electrical and plumbing (MEP)** contractor in Sri Lanka, powered by a team of highly skilled professionals

**Quality focus**

Compliance to a range of **domestic and international environmental, quality and health and safety certifications**. The first and only ISO-certified Facility Management Service provider in the country and network operation centre is also ISO certified.

## OPERATING ENVIRONMENT

Sri Lanka's construction industry posted signs of recovery during the year, supported by improved sentiments resulting from macro-economic stabilisation, favourable interest rates as well as government-led liquidity injections through the settlement of contractors across the construction sector value chains. Meanwhile, demand for solar energy was stable during the year, ranging from residential, commercial and large-scale facilities/projects. The total installed capacity for solar increased by 50% during the year. The global prices of solar panels declined by approximately 60% during the year, reflecting a capacity buildup in China and global geopolitical issues. Meanwhile, competitive intensity in the solar segment escalated significantly during the year, with an influx of new entrants entering the market. Operators also faced considerable delays in obtaining regulatory approval for new projects stemming from grid capacity constraints.

	<b>CONSTRUCTION INDUSTRY</b> <b>19%</b> Growth in 2024	<b>GROWTH IN DEMAND FOR SOLAR</b> <b>1 in 30</b> Residential solar installations <b>50%</b> Increase in installed capacity	<b>SRI LANKA NATIONAL CLIMATE AMBITIONS</b> <b>70%</b> Renewable energy target	<b>TARIFF RATE</b> <b>61%</b> average reduction since 2023
<b>Description</b>	Growth was driven by the gradual improvement in residential demand, supported by more favourable interest rates and a stabilisation of macro-economic fundamentals	Solar generation accounted for 20% of the total non-conventional renewable energy (NCRE) generation during the year, with a near 50% increase in installed capacity supported by conducive government policies, technological improvements and increased environmental awareness and potential for earnings generation. With it, solar accounted for 10% of electricity generation in the country	As a signatory to the Paris Agreement, Sri Lanka has committed to achieving carbon neutrality by 2050. This commitment entails a 70% reliance on renewable energy for power generation by 2030 and the gradual phasing out of fossil fuel subsidies	The Government revised the solar feed-in tariffs downwards to reflect the reduction in global solar panel costs, a stronger Sri Lankan Rupee and lower interest costs, with the aim of balancing profitability of solar operators with manageable generation costs for the Ceylon Electricity Board.
<b>Impact</b>	<b>M</b>	<b>H</b>	<b>M</b>	<b>H</b>
<b>Implications</b>	+ Improved demand for across MEP and other integrated engineering services	+ Strong potential for increased demand for solar	+ Potential increase in demand for solar given access to concessionary schemes and other incentives to drive the country's energy transition	- Reduced profitability margins

H-High, M-Medium, L-Low / Blue circle represents adverse effect while green circle represents positive effect

### RISK LANDSCAPE

#### Policy and regulatory risks

Potential reduction in feed-in solar tariffs is a key short-to-medium term risk which directly impacts profitability margins

##### Ⓞ Strategic response

→ Ongoing engagement with the policy makers

#### Policy and regulatory risks

Government policy on renewable energy will determine the demand for solar projects

##### Ⓞ Strategic response

→ Diversification of revenue profile

#### Market risks

Global prices of solar panels have declined in view of overcapacity, trade policies and shifts in demand

##### Ⓞ Strategic response

→ Diversification of supplier network

#### Sustainability-related risks

The projected increase in solar trash over the long-term, coupled with limited restructuring infrastructure

##### Ⓞ Strategic response

→ Exploring avenues for responsible disposal of waste



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## Sustainability-related opportunities

### SRRO 8

Sri Lanka's decarbonisation agenda includes a commitment to increase contribution of renewable energy to 70%

#### Ⓞ Strategic response

→ Strengthen market position in solar EPC and expand into renewable energy investments

## OPPORTUNITIES

### Construction sector recovery

Policy developments and a stabilisation of macro-economic conditions is expected to drive recovery of the construction sector

#### Ⓞ Strategic response

→ Increased opportunity for growth in the engineering services and MEP segments



## STRATEGY AND RESOURCE ALLOCATION

The Sector's strategy is articulated through the SPIDER Framework, which centres on the six pillars of Speed to finish, Positive bottom line, Improve cash flows, Develop talent, Enhance performance tracking and Relationship building. While the strategic initiatives of each cluster reflect the unique dynamics of their respective industries, all are broadly aligned with the six priority areas outlined in the SPIDER Framework.

### Strategic KPIs/ Pre-financials

#### CONSOLIDATE MARKET LEADERSHIP IN SOLAR

**How we performed:** Significant investments directed towards market interventions, promotions and branding, which as the category leader in the industry contributed towards expanding the entire industry.

**20%**  
market share in Solar

#### About this KPI and why we use it:

This KPI demonstrates the effectiveness of the Sector's marketing, promotional and customer engagement strategies.

#### Resource allocation

Strength of solar business development team: **286**

#### EFFICIENCY, QUALITY AND PROJECT MANAGEMENT

**How we performed:** Restructuring of several key divisions and ongoing focus on cost efficiencies and productivity improvements

KPI	FY 2024/25
Debtor days	107
Stock days	80
Creditor Days	125
Contract Liability Days	13
Cash flow Working Cycle	49

#### About this KPI and why we use it:

These measures is critical in building trust which translates to higher retention ratios and enhancing overall market position

#### Resource allocation

Total certifications: **07**

#### EXPANSION OF PRODUCTS AND SERVICES

**How we performed:** Expanded the product proposition the SIS cluster, architectural drawings and 3D visualisations, equipment renting and trading as well as renewable energy

#### New services



#### About this KPI and why we use it:

The new services added reflects the organisation's innovation, responsiveness and breadth of product/service portfolio

#### Resource allocation

Investments in renewable energy over the past 3 years: **Rs. 3.12 bn**

## INTEGRATED PERFORMANCE REVIEW

**Resilient financial performance:** The Sector demonstrated resilience in a year challenged by intense competition in the Renewable Energy cluster and a global decline in solar panel prices. Revenue growth of 34% to Rs.26.62 bn was underpinned by commendable volume growth in the Renewable Energy cluster as the Sector leveraged its strong reputation and track to retain its market leadership status. EBIT, however, declined by 19% to Rs. 3.67 bn mainly due to narrower margins in the Renewable Energy cluster. Overall, the Sector generated a PBT of Rs. 3.33 bn during the year, a reduction of 23% compared to the previous year.

**Renewable Energy:** The cluster retained its position as the market leader in the rooftop solar PV segment, surpassing 300 MW of installation and commanding a market share of 20%. During the year, the cluster commissioned several landmark projects which included the country's largest rooftop solar PV system with a capacity of 7MW. In a major achievement during the year, Hayleys Solar also secured a 50MW wind power project in Mannar and 37 ground-mounted solar projects totalling 149 MW, Hayleys Solar also partnered with global renewable energy leader BYD to launch advanced energy storage and inverter solutions to the Sri Lankan market, which is a critical prerequisite in securing the country's energy security and independence. The Clusters' strong brand enabled it to capitalise on favourable demand conditions, achieving a volume growth of 50% during the year.

**Engineering Services:** The cluster delivered a year of strong growth with Revenue and PBT expanding by 34% and 21% respectively, reflecting an uptick in demand from the construction sector and strong growth in MEP. Strategic emphasis on restructuring and optimising the operating model paid dividends during the year as the cluster sought to establish multi-disciplinary integrated teams to serve as profit centres, which in turn enabled both horizontal and lateral business expansion. Delays in the materialisation of key projects affected the profitability of the Facilities Management sub-cluster, although the outlook for this

business line remains promising, given the anticipated recommencement of several major projects. The Architectural Drawings and 3D Visualisations sub-cluster generated positive contributions for the year, helping to offset accumulated losses and improve its negative equity position., supported by the acquisition of a major turn-key project and several overseas customers.

**Systems Integrated Solutions:** While the Cluster's performance was below expectations reflecting subdued demand from the security solutions segment, targeted interventions were undertaken to re-strategise and build capabilities, with the objective of driving recovery over the short to medium term. The Audio-Visual Solutions sub-segment recorded commendable growth, supported by the acquisition of several key projects. The IT Solutions sub-segment widened its product proposition through a strategic partnership with global communication solutions provider IceWarp, providing affordable, scalable and secure business communication platforms to local businesses.

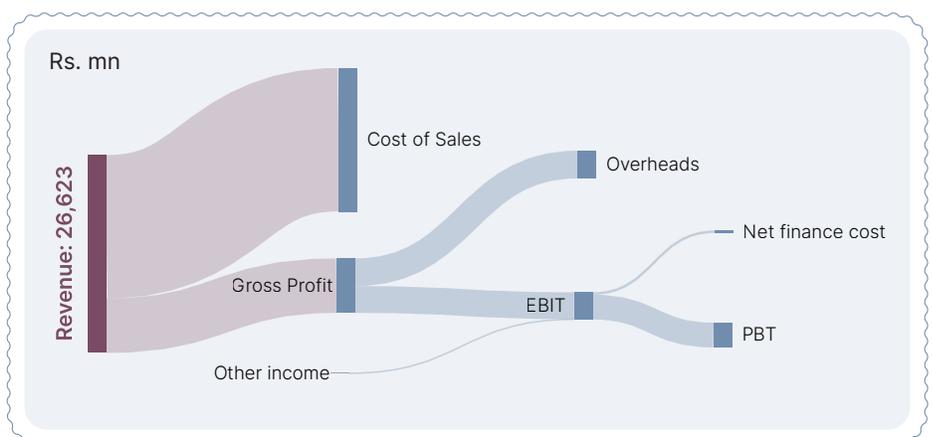
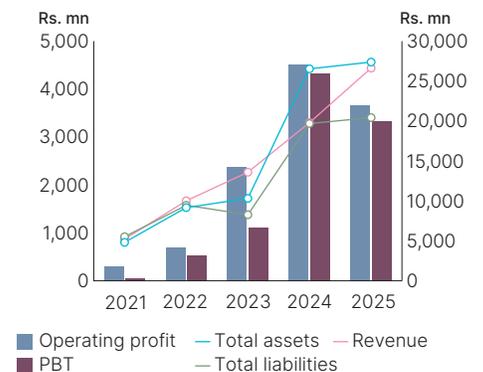
**Equipment Trading and Renting:** The cluster recorded turnaround, with revenue from new projects materialising during the year. The trading arm in Singapore generated positive contributions in its first full-year of operations and shows considerable potential for growth.

**Customer Experience:** In a major milestone, Hayleys Fentons opened doors to an Experiential Centre offering an

immersive, hands-on experience of the Group's cutting-edge solutions across all verticals including MEP, ICT, Solar power, Security and communication and Architectural drawings among others. The Centre features interactive product demonstrations, visually dynamic installations and dedicated spaces for training and collaboration.

Managing environmental and social impacts: The Sector has established a systematic and structured process for managing environmental impacts of projects, which includes a comprehensive environmental assessment of every site. This includes evaluating the potential risks such as ecological and biodiversity impacts, waste and effluent generation, emissions and the use of hazardous chemicals among others. Meanwhile, the Sector is required to align with the stringent guidelines of the parent company's Bribery and Anti-Corruption policy.

## SECTOR FINANCIAL PERFORMANCE



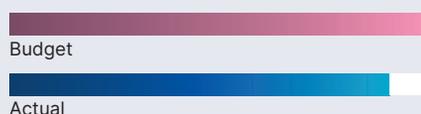
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## PERFORMANCE HIGHLIGHTS

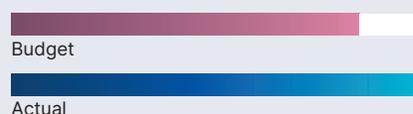
FINANCIAL METRICS	2025	2024	%	2023
Revenue	26,623	19,796	34	13,592
Earnings before interest and tax	3,667	4,513	(19)	2,375
Net finance income/(cost)	(334)	(180)	86	(1,264)
Profit before tax	3,333	4,333	(23)	1,111
Profit after tax	2,369	3,784	(37)	1,139
Assets	27,379	26,530	3	10,315
Liabilities	20,424	19,684	4	8,273
Operating cash flow	866	1,484	(42)	1,334
OPERATIONAL HIGHLIGHTS				
Number of active projects	21,886	28,203	(22)	N/A
Number of commissioned projects	17,624	14,773	19	N/A

### PERFORMANCE AGAINST TARGETS

#### Revenue



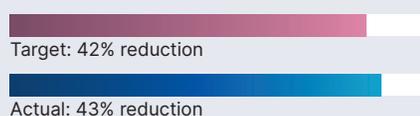
#### Profit before tax



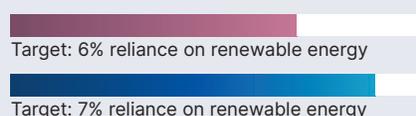
ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	8,299	4,479	85	16,466
	Energy intensity (GJ/Revenue USD mn)	93	72	30	436
	Carbon footprint (tCO <sub>2</sub> e)- Scope 1 & 2	4,190	762	450	1,242
	Emission intensity (tCO <sub>2</sub> e/Revenue USD mn)	47	12	284	33
	Water withdrawn (m <sup>3</sup> )	11,671	8,643	35	2,936
	Water intensity (m <sup>3</sup> /Revenue USD mn)	130	138	(6)	78
Relevant SASB metrics	Incidents of non-compliance related to project development	Nil	Nil	-	Nil
	Structural integrity- amount of defect and safety-related rework	Nil	Nil	-	Nil
	Amount of backlog for renewable energy projects (Rs.mn)	8,180	15,944	(49)	6,134

### PERFORMANCE AGAINST TARGETS

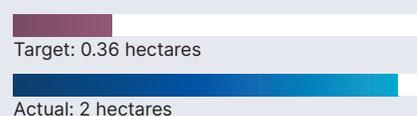
#### Electricity intensity reduction

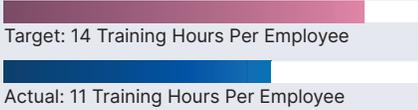


#### Renewable Energy



#### Biodiversity



SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	1,880	1,492	26	1,053
	Revenue per employee (Rs. mn)	14	13	7	13
	Remuneration per employee (Rs.mn)	0.7	0.9	(23)	1
	Investment in CSR (Rs.mn)	3	1	248	1
SASB metrics	Workforce health and safety				
	- Total recordable incident rate (%)	0.2344	N/A	-	N/A
	- Fatality rate (%)	0%	N/A	-	N/A
	Monetary losses due to charges related to bribery				
PERFORMANCE AGAINST TARGETS					
<b>Training hours</b> 			<b>Renewable energy</b> 		

\*The Environmental and Social metrics disclosed above represent the Sector's most material impact areas, long-term ESG commitments and topics prescribed by the SASB Standard- Engineering and Construction Services Standard.

## Long-term ESG commitments

### Accelerate climate action

- Hayleys Solar is at the forefront of the country's low-carbon transition, having installed nearly 300 MW of rooftop solar capacity
  - 135 MW residences powered
  - 165 MW commercial projects
- Widened Scope 3 emission reporting to include 13 categories

### Restore and regenerate nature

- Planted 1,000 trees under the 'Roots of Resilience' mangrove conservation programme

### Optimise resource footprint

- 25.7 MT of e-waste collected recycled through approved recyclers

### Responsible work place

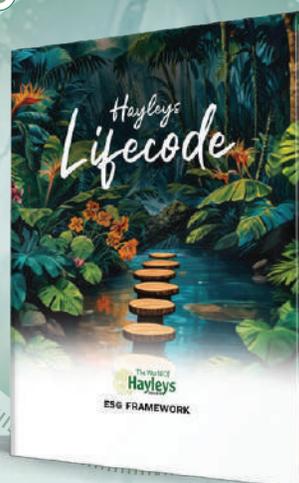
- Rs. 10.18 mn investment training and development of employees
- Book distribution to all employees' children

### Partner progress

- Indirect employment of 1421 sub-contractors through access to market, capacity development and technology transfer
- QHSE induction for all sub-contractors which includes DEI and Human rights training

### Responsible and responsive corporate citizenry

- Compliance to a range of environmental, quality and health and safety certifications
- Formulation of a procedure manual for ESG information
- Implement of Information Reporting Management System

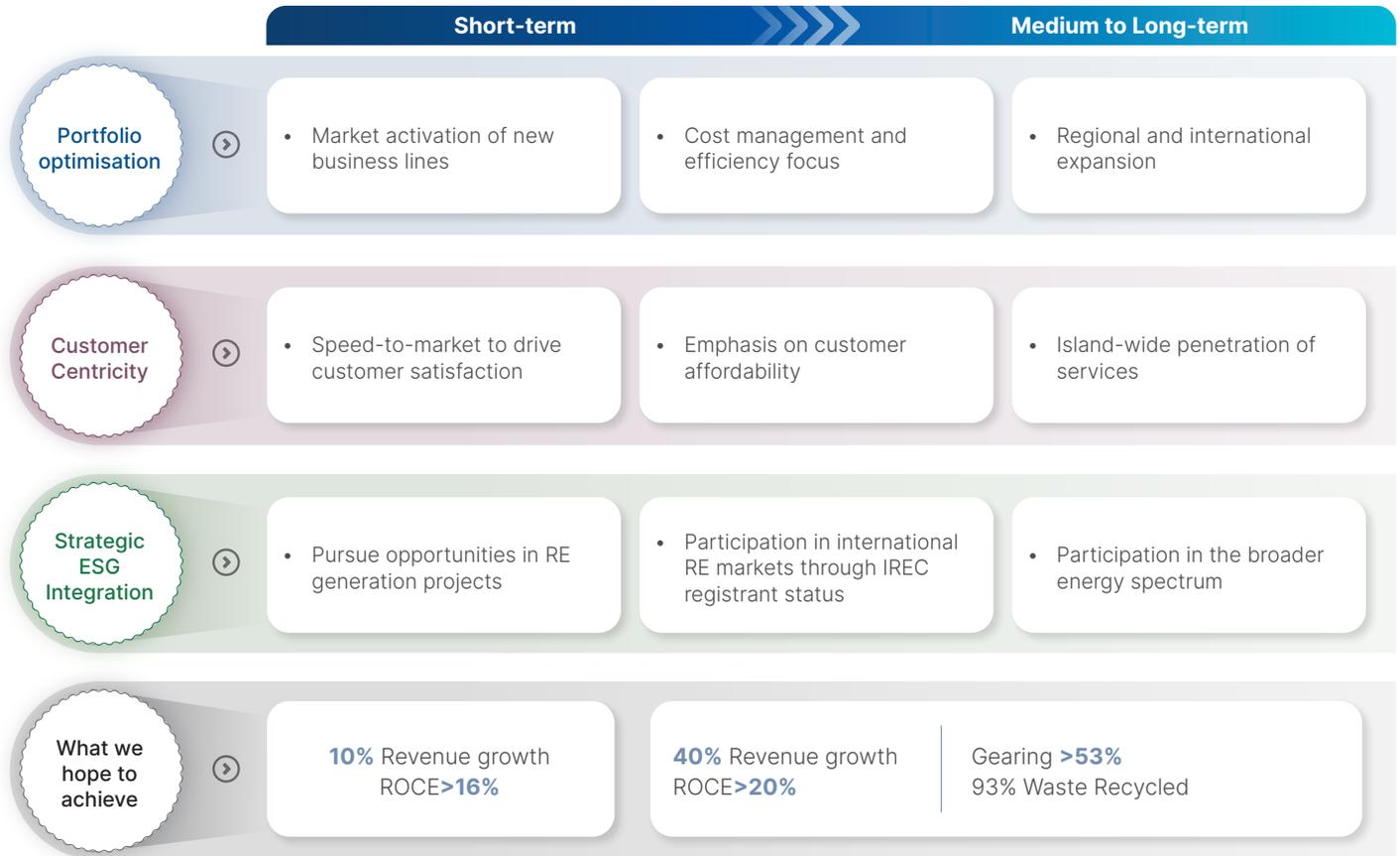


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## PROSPECTS AND PLANS

Over the short-to-medium term, the Sector's performance is expected to be driven by the Renewable Energy cluster, particularly following the Sector's entry into energy generation. This could however be tempered by further reductions in solar feed-in tariffs, which could deter investments in renewable energy. On the other hand, the Sector is aptly positioned to capitalise on the anticipated recovery of the country's construction sector, following recent strategic interventions to expand and optimise its portfolio of offerings. The Sector's future outlook is summarised in the infographic below:

### Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ Energy transition and stronger policy commitment towards achieving country's decarbonisation goals	→ Government policy on renewable energy and further reductions in solar feed-in tariffs
→ Recovery of Sri Lanka's construction and infrastructure development sector	→ Macro-economic stability and investor sentiments
→ Technology driven business transformation	