

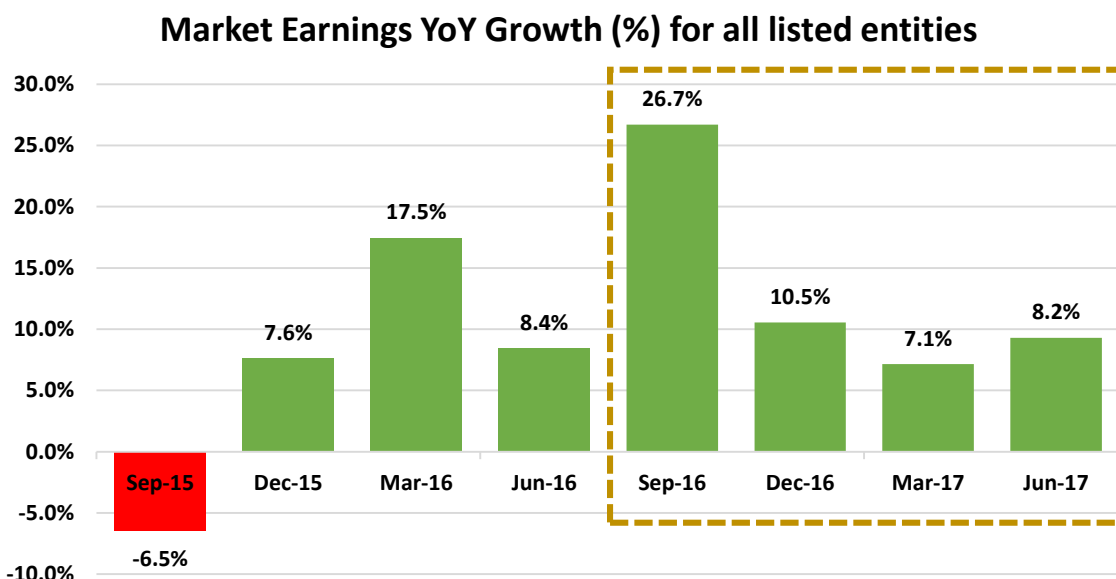


Quarterly Results Review

Quarter: June 2017

Banking Sector and Food and Beverage & Tobacco Sector drive earnings

Market Earnings YoY Growth (%) for all listed entities



Jun Quarter 2017 earnings up by 8%YoY for 279 Companies: June quarter earnings grew 8%YoY to LKR 54.9Bn dominated by healthy performance in Banks Sector (+23%YoY) and Food, Beverage & Tobacco Sector (+54%YoY). Capital Goods Sector (+23%YoY), Insurance Sector (+36%YoY) and Health Care Equipment & Services Sector (+22%YoY) also contributed to the positive earnings growth during the quarter. However, the earnings growth was partially offset by negative earnings in Consumer Services Sector (-707%YoY) Energy Sector (-129%YoY) and narrowed earnings in Materials Sector (-30%) with the overall slow growth in the economy, increase in commodity and energy prices and continued impact of the flood influencing the consumer spending.

Growth in earnings in Banks and Food, Beverage & Tobacco Sector: Banks Sector and Food, Beverage & Tobacco Sector were the largest contributors to earnings by achieving profits of LKR 15.6Bn (+23%YoY) and LKR 12.02Bn (+57 %YoY) during the quarter. COMB (+18%YoY), SAMP (+39%YoY) and HNB (+2%YoY) continued to jointly represent 70% of the sector earnings. One off gains in Browns Capital PLC due to disposal of an investment, loss reversal in The Lion Brewery and turnaround in plantation companies' earnings connected to increase in tea prices led to the growth in Food, Beverage & Tobacco Sector earnings.

Adverse earnings in Consumer services, Energy and Materials sector: Market earnings growth was partially offset by Consumer services and Energy sectors posting losses of LKR 917 (-707%YoY) and LKR 591 (-129%YoY) respectively while Materials sector profits slowed to LKR 1,718 (-30%YoY). Consumer services was impacted with the overall negative performance in leisure segment connected to slow growth in tourist arrivals while Energy sector earnings were influenced by surge in global LPG prices. The drop in earnings in Materials sector was caused by reduced volumes in Chevron Lubricants and increase in commodity prices including industrial metals.

Annexure 1 – Market Earnings Sector Summary



First Capital

Results Update

June 2017

Thursday, August 31, 2017

Company	Quarter Earnings LKR 'mn					4 Qtr Trailing	
	4QFY17	4QFY16	YoY%	3QFY17	QoQ%	PER (x)	PBV (x)
	1Q2017	1Q2016	YoY%	4Q2016	QoQ%		
	2HFY17	2HFY16	YoY%	1HFY17	HoH%		
<i>Consumer Durables & Apparel Sector Earnings</i>	404	690	-41%	693	-42%	15.4x	1.4x
<i>Retailing Sector Earnings</i>	893	1,199	-26%	924	-3%	6.6x	0.9x
<i>Consumer Services Sector Earnings</i>	-917	-114	-707%	3,243	-128%	48.1x	1.8x
<i>Automobiles & Components Sector Earnings</i>	94	253	-63%	126	-25%	8.3x	0.9x
<i>Food, Beverage & Tobacco Sector Earnings</i>	12,077	7,716	57%	11,723	3%	N/A	2.3x
<i>Food & Staples Retailing Sector Earnings</i>	1,300	1,303	0%	495	162%	19.0x	2.0x
<i>Household & Personal Products Sector Earnings</i>	66	59	12%	98	-33%	53.6x	2.3x
<i>Energy Sector Earnings</i>	-591	2,024	-129%	-1,400	58%	N/A	1.0x
<i>Diversified Financials Sector Earnings</i>	9,669	9,135	6%	17,261	-44%	5.8x	1.0x
<i>Banks Sector Earnings</i>	15,637	12,725	23%	14,356	9%	7.3x	1.0x
<i>Insurance Sector Earnings</i>	1,810	1,330	36%	2,495	-27%	6.8x	1.4x
<i>Health Care Equipment & Services Sector Earnings</i>	831	680	22%	600	38%	19.7x	2.2x
<i>Pharmaceuticals, Biotechnology & Life Sciences Sector Earnings</i>	119	103	15%	178	-33%	6.0x	1.0x
<i>Capital Goods Sector Earnings</i>	6,940	5,619	23%	15,966	-57%	12.2x	1.0x
<i>Commercial & Professional Services Sector Earnings</i>	9	22	-61%	101	-91%	109.5x	1.0x
<i>Transportation Sector Earnings</i>	-204	-46	-344%	-133	-53%	N/A	N/A
<i>Materials Sector Earnings</i>	1,718	2,463	-30%	3,222	-47%	9.4x	1.7x
<i>Real Estate Sector Earnings</i>	1,362	1,680	-19%	2,765	-51%	7.8x	0.7x
<i>Telecommunications Sector Earnings</i>	3,397	3,385	0%	2,998	13%	11.9x	1.2x
<i>Utilities Sector Earnings</i>	222	425	-48%	-75	398%	44.9x	1.9x
<i>Closed End Funds Sector Earnings</i>	23	65	-65%	-18	227%	10.1x	0.7x
Market Valuations						15.0x	1.3x
Market Earnings - June 2017	54,902	50,731	8%	75,880	-28%	279	
Market Earnings - March 2017	75,897	64,665	17%	3,972	1811%	278	

Research Disclosure

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