

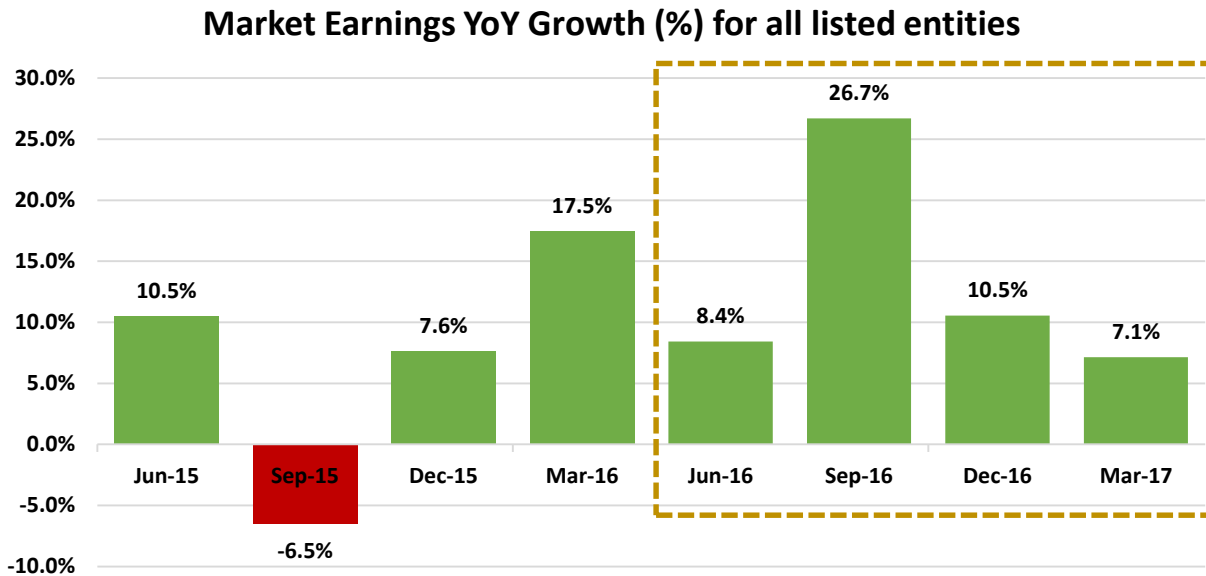


Quarterly Results Review

Quarter: March 2017

Banking Sector and Diversified Financial Sector drive earnings

Market Earnings YoY Growth (%) for all listed entities



Mar Quarter 2017 earnings up by 7.1%YoY for 278 Companies (large one off gains of LOLC excluded):

March quarter earnings grew 16.1%YoY to LKR 75.9Bn which includes material one-off gains arising from LOLC amounting to approximately LKR 10.4Bn. Excluding the large one-off gains in LOLC, overall market earnings grew only by 7.1%YoY to LKR 65.5Bn and 0.2%QoQ, dominated by healthy performance in Banks Sector (+21%YoY) and Diversified Financial sector (+194%YoY) with higher margins and one-off gains from LOLC Group. Food Beverages & Tobacco Sector (+28%YoY) and Capital Goods Sector (+42%YoY) was positively affected by healthy consumer spending. However, the earnings growth was partially offset by Telecommunication Sector (-32%YoY) and Real Estate Sector (-59%YoY).

Interest rates spread boosted banking and diversified financials earnings: Banks Sector and Diversified Financial sector continued to remain as largest contributor to earnings by achieving a profit of LKR 14.36Bn (+21%YoY) and LKR 17.42Bn (+194%YoY) primarily led by expanding in margins and one-off gains from LOLC Group. Big Banks led by SAMP (+30%YoY), COMB (+17%YoY) and HNB (+16%YoY) jointly represented 70% of the sector earnings. Improved consumer demand, increased volumes and commodity price volatility led to boost in profitability in Food, Beverage & Tobacco and Staple Food Sectors by +28%YoY.

Adverse earnings Telecommunication and Real Estate sector: Market earnings growth was partially offset by lower earnings in the Telecommunication Sector and Real Estate Sector. Telecommunication sector recorded earnings of LKR 2.99Bn (-32%YoY) driven by DIAL (-42%YoY) and SLTL (-16%YoY) as a result of foreign exchange losses reported during the quarter. The drop in earnings in real estate primarily caused by RIL which posted a profit of LKR 930.0Mn (-81%YoY) as a result of fair value adjustment made in FY15/16.

Annexure 1 – Market Earnings Sector Summary



First Capital

Results Update

March 2017

Tuesday, June 27, 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>	693	1,168	-41%	841	-18%	14.4x	1.4x
<i>Retailing Sector Earnings</i>	924	1,343	-31%	4,345	-79%	6.6x	1.0x
<i>Consumer Services Sector Earnings</i>	3,353	4,593	-27%	1,863	80%	45.9x	1.8x
<i>Automobiles & Components Sector Earnings</i>	126	161	-22%	91	39%	7.1x	1.1x
<i>Food, Beverage & Tobacco Sector Earnings</i>	11,723	9,154	28%	-52,354	122%	N/A	2.5x
<i>Food & Staples Retailing Sector Earnings</i>	511	1,066	-52%	1,105	-54%	19.4x	2.2x
<i>Household & Personal Products Sector Earnings</i>	98	133	-26%	-37	368%	203.1x	2.4x
<i>Energy Sector Earnings</i>	-1,400	1,680	-183%	72	-2049%	11.0x	0.9x
<i>Diversified Financials Sector Earnings</i>	17,424	5,920	194%	7,814	123%	5.9x	1.1x
<i>Banks Sector Earnings</i>	14,356	11,868	21%	15,159	-5%	7.4x	1.1x
<i>Insurance Sector Earnings</i>	2,495	1,719	45%	5,870	-57%	7.6x	1.6x
<i>Health Care Equipment & Services Sector Earnings</i>	600	585	3%	796	-25%	20.9x	2.2x
<i>Pharmaceuticals, Biotechnology & Life Sciences Sector Earnings</i>	178	70	154%	126	42%	6.1x	1.0x
<i>Capital Goods Sector Earnings</i>	15,966	11,244	42%	12,655	26%	12.8x	1.1x
<i>Commercial & Professional Services Sector Earnings</i>	101	45	124%	-126	181%	71.6x	1.1x
<i>Transportation Sector Earnings</i>	-133	-57	-132%	-114	-16%	N/A	N/A
<i>Materials Sector Earnings</i>	3,222	3,064	5%	2,845	13%	9.7x	1.8x
<i>Real Estate Sector Earnings</i>	2,766	6,747	-59%	1,764	57%	7.7x	0.7x
<i>Telecommunications Sector Earnings</i>	2,998	4,395	-32%	1,375	118%	12.5x	1.2x
<i>Utilities Sector Earnings</i>	-75	-71	-6%	-14	-429%	26.4x	2.0x
<i>Closed End Funds Sector Earnings</i>	-18	-160	89%	-81	78%	9.8x	0.8x
Market Valuations						15.8x	1.4x
Market Earnings - March 2017	75,897	64,665	17%	3,972	1811%	278	
Market Earnings - December 2016	850	56,832	-99%	60,342	-99%	277	

Research Disclosure

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