



ALUMEX PLC [ALUM.N0000]

DOWNGRADE TO SELL AND DISCONTINUE COVERAGE

FLASHNOTE

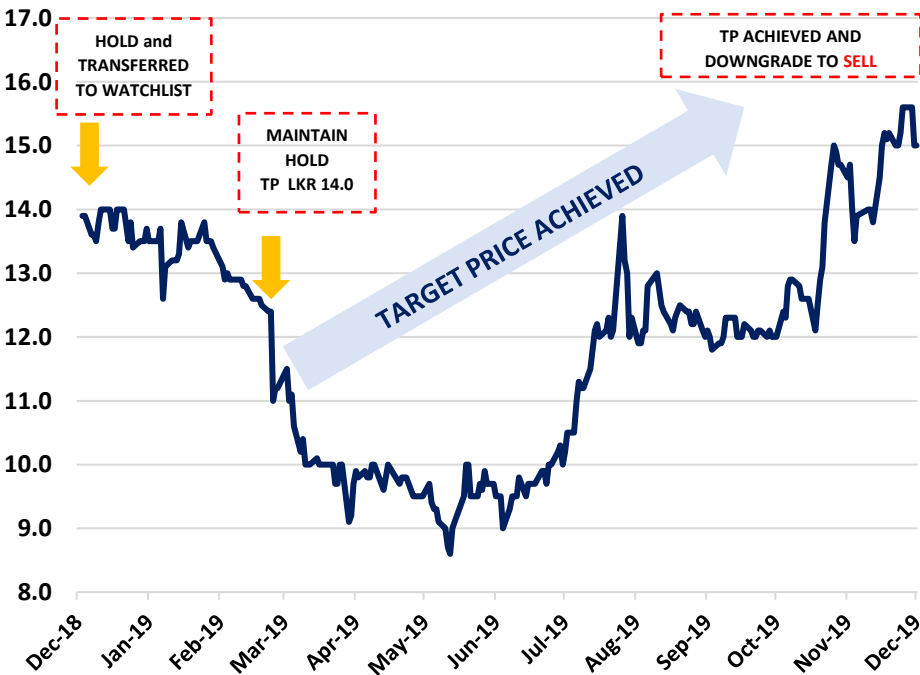
Fair Value [FY20E]: LKR 14.0 [-7%]

Previous Report in Feb 2019 - MAINTAIN HOLD

First Capital Research maintained HOLD on ALUM on the grounds of significant volatility in Aluminium prices coupled with the considerable slowdown in the construction sector, especially in the retail housing market. On 6th Dec 2018, despite FY20E TP of LKR 18.0 suggesting a BUY, with the risk associated in the industry amidst subdued construction activities and weak economic outlook, we downgraded ALUM to **HOLD and TRANSFERRED TO WATCHLIST**. With our earnings update published on 27th Feb 2019, we maintained **HOLD** and continued the counter in our **WATCH-LIST** with a revised TP of LKR 14.0 for FY20E

ALUM REACHES TP OF LKR 14.0; SELL

ALUM's earnings for 2QFY20 was less than our expectation due to higher finance cost. Thereby, we downgrade our earnings target to LKR 220Mn owing to the sluggish growth in the construction sector which we believe may recover towards 2HFY21. Since our last report published on 27th Feb 2019, ALUM has gained +36% from LKR 11.0 while the benchmark index appreciated by a +7%. However, ALUM appreciated by a mere +9% over a 52-week period while the index rose marginally by 3%. **DOWNGRADE TO SELL AND DISCONTINUE COVERAGE.**



FIRST CAPITAL RESEARCH

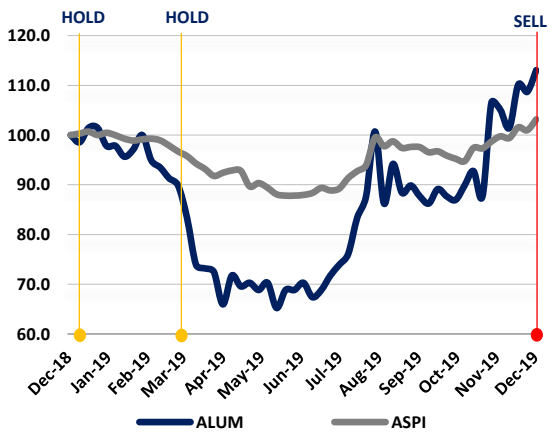
Atchuthan Srirangan +94 11 263 9863
atchuthan@firstcapital.lk

KEY DATA	
CSE Ticker	ALUM.N0000
Bloomberg Ticker	ALUM SL
Share Price (LKR)	15.0
52w High (LKR)	15.6
52w Low (LKR)	8.6
Avg. Daily Volume (Shares)	64,247
Avg. Daily Turnover (LKR)	801,725
Issued Share Capital (Shares 'Mn)	299
Market Cap (LKR 'Mn)	4,490
Market Cap (USD 'Mn)	25

*1 USD = LKR 180

Price Performance (%)	1 mth	3 mths	12mths
ALUM	3%	-5%	9%
ASPI	3%	1%	3%

Price Movement of ALUM vs ASPI and Past Recommendations



Source: CSE

Disclosure on Shareholding:

First Capital Group holds 170,600 shares in ALUM and will not trade in this shares for three trading days following the issue of this document.



First Capital

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000

Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Nisansala Kuruppumudali	+94 11 2639 866
Atchuthan Srirangan	+94 11 2639 863		
Hiruni Perera	+94 11 2639 864		

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Neminda Jayawardena	+94 76 6644 080
Anushka Dissanayake	+94 77 2220 021	Arun Kandasamy	+94 75 4861 506
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Sewwandi Kathriarachchi	+94 77 3461 734	Mahesh Amarasinghe	+94 77 0073 684
Nethalie De Mel	+94 11 2639 854	Dharshanie Vasanthajothy	+94 77 9159 878

EQUITY SALES

CEO	Jaliya Wijeratne	+94 70 2910 042	Negombo	
			Priyanka Anuruddha	+94 70 2910 035
Colombo			Priyantha Wijesiri	+94 70 2910 036
Nishantha Mudalige		+94 70 2910 041		
Isuru Jayawardana		+94 70 2910 034		
Ifadh Marikar		+94 77 9625 679		
Thushara Pathiraja		+94 70 2910 037		
Anushka Buddhika		+94 70 2910 030		

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Deepal Pathmaperuma	+94 77 9159 878
Imali Abeygunawardena	+94 77 1764 799		

BRANCHES

Kandy	Kurunegala	Matara	Negombo
2nd Floor, No.121 Kotugodella Veediya (E L Senanayake Veediya) Kandy 20000.	Ground Floor No. 42, Mihindu Mawatha, Kurunegala 60000.	2nd Floor, E.H. Cooray Building No: 24, 1/3, Anagarika Dharmapala Mawatha, Matara 81000.	1st Floor No: 163B, Colombo Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 2233 299

Disclaimer:

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the correctness, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or its principal, their respective Directors, or Employees may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.