



# PEOPLE'S LEASING & FINANCE PLC [PLC.N0000]

## DOWNGRADE TO HOLD

### FLASHNOTE

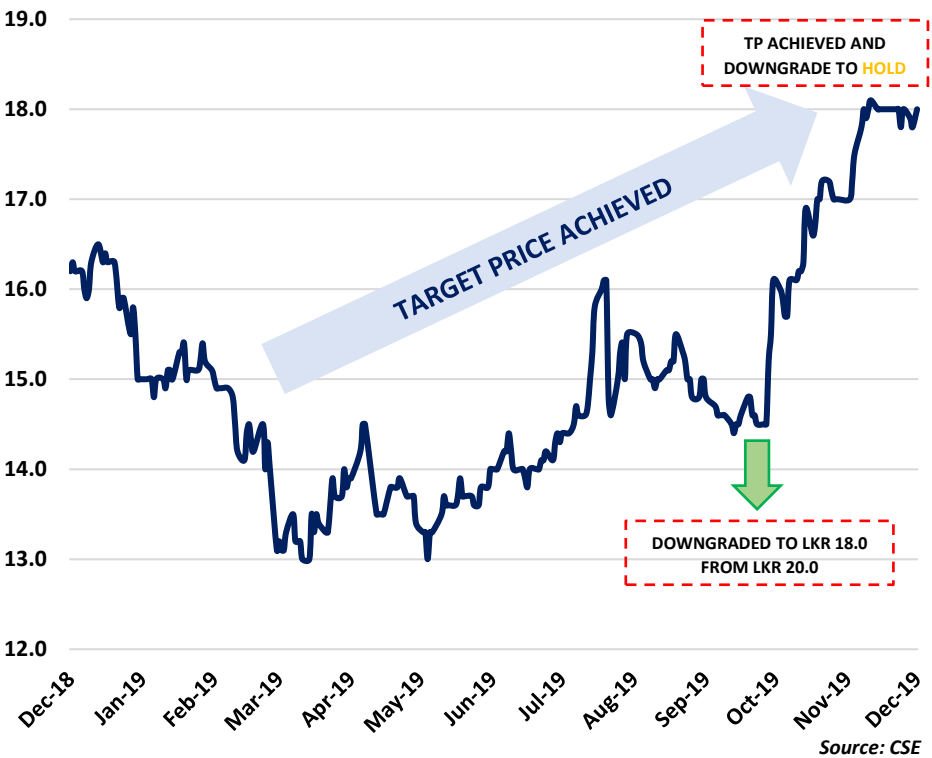
Fair Value [FY21E]: LKR 20.0 [11%]

Previous Report in Oct 2019 - **MAINTAIN BUY**

PLC's earnings for 2QFY20 was in line with expectations on the back of lower impairment charges, mainly led by impairments peaking in 1QFY20 coupled with the efforts of the debt collecting team. Despite loan book growth on a downward trajectory of 1.6%YTD, NIMs improved to 11.1% benefitting from the repricing of high yielding deposits. With our earnings update published on 29<sup>th</sup> Oct 2019, we maintained our target price at LKR 18.0 with a recommendation to **MAINTAIN BUY**.

### PLC REACHES TP OF LKR 18.0 for FY20E; TP LKR 20.0 for FY21E; HOLD

PLC reached First Capital Research TP of LKR 18.0 on 19<sup>th</sup> Nov 2019 and has remained at the same level since then. The counter outperformed the market since our last report on 29<sup>th</sup> Oct 2019, while gaining by +8% from LKR 16.6 while the benchmark ASPI index appreciated by +3%. Comparably, PLC's share price appreciated by +10% over a 52-week period while ASPI appreciated by a marginal +1%. Furthermore, with impairments peaking in 1QFY20 we expect the recovery in non-performing loans to continue during 2HFY20E with the expectation of a gradual rise in business activity post presidential election. Thereby, we rollover valuation for FY21E with a target price of LKR 20.0 and total return of 15% (AER of 12%). **DOWNGRADE TO HOLD**

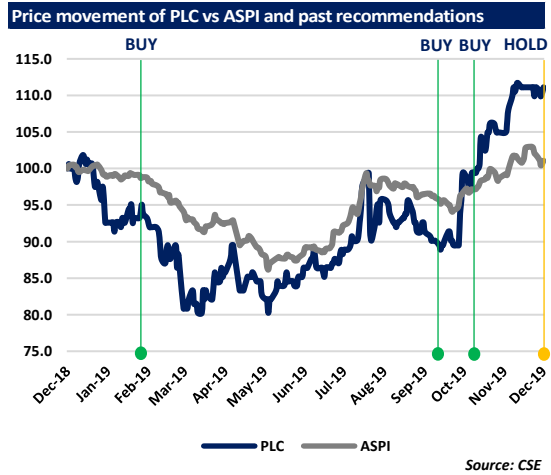


### FIRST CAPITAL RESEARCH

Nisansala Kuruppumudali +94 11 263 9866  
[nisansalat@firstcapital.lk](mailto:nisansalat@firstcapital.lk)

KEY DATA	
CSE Ticker	PLC.N0000
Bloomberg Ticker	PLC SL
Share Price (LKR)	18.0
52w High (LKR)	18.1
52w Low (LKR)	13.0
Avg. Daily Volume (Shares)	135,997
Avg. Daily Turnover (LKR)	2,134,487
Issued Share Capital (Shares 'Mn)	1,627.7
Market Cap (LKR 'Mn)	29,299
Market Cap (USD 'Mn)	163
*1 USD = LKR 180	

Price Performance (%)	1mth	3mths	12mths
PLC	6%	22%	10%
ASPI	2%	5%	1%



**Disclosure on Shareholding:**  
 First Capital Group holds 1,348,986 shares in PLC. And will not trade in this share 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

<b>CEO</b>	Jaliya Wijeratne	+94 70 2910 042	<b>Negombo</b>	
			Priyanka Anuruddha	+94 70 2910 035
<b>Colombo</b>			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

<b>Kandy</b>	<b>Kurunegala</b>	<b>Matara</b>	<b>Negombo</b>
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.
<b>Manager: Salinda Samarakoon</b>	<b>Manager:</b>	<b>Manager: Rohana Jayakody</b>	<b>Manager:</b>
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.