

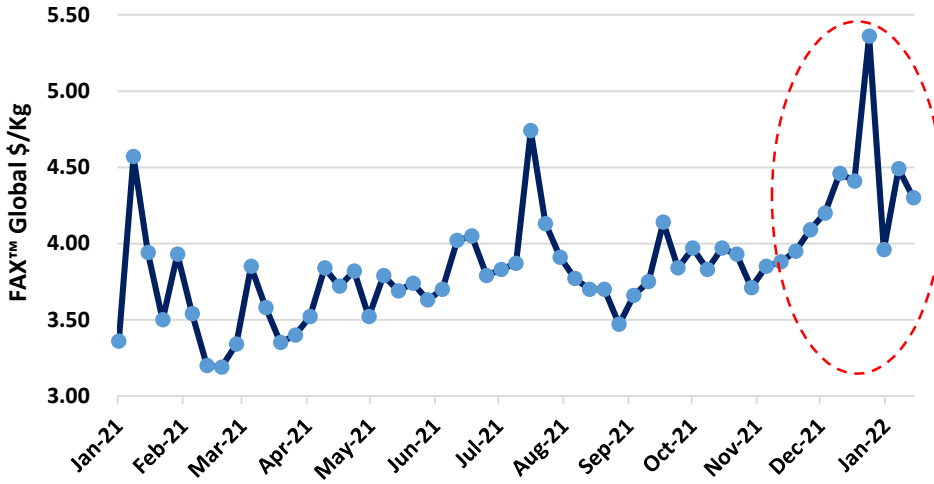


# EXPOLANKA HOLDINGS PLC [EXPO.N0000]

## FLASH NOTE

### EARNINGS TO RECORD ALL-TIME HIGH

Freightos Air Freight Index 2021/2022



#### FIRST CAPITAL RESEARCH

Tharusha Ashokgar +94 11 263 9866  
[tharushaash@firstcapital.lk](mailto:tharushaash@firstcapital.lk)

#### Disclosure on Shareholding:

First Capital Group or the covering analyst did not hold 1% or more of the total outstanding share capital of EXPO during the five trading days prior to the issuance of this document.

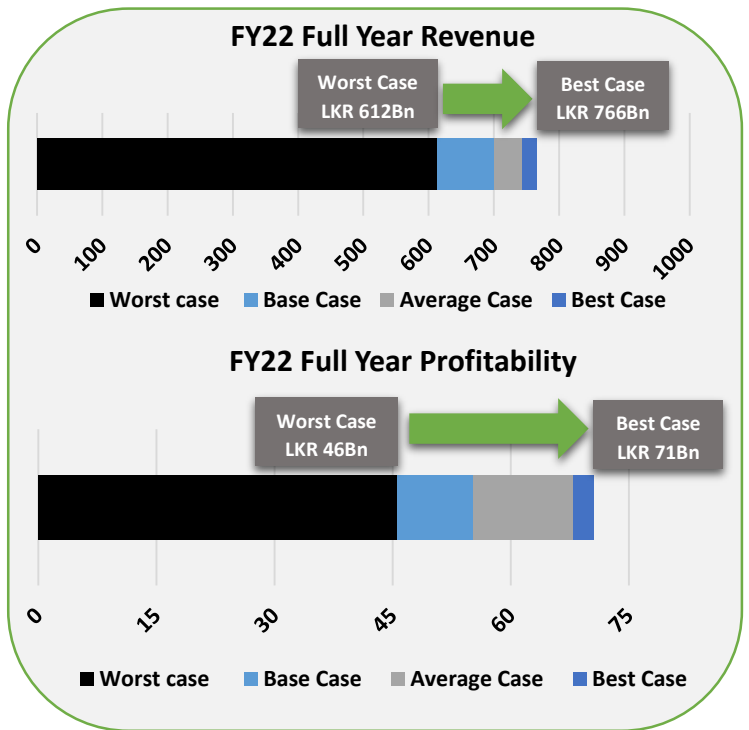
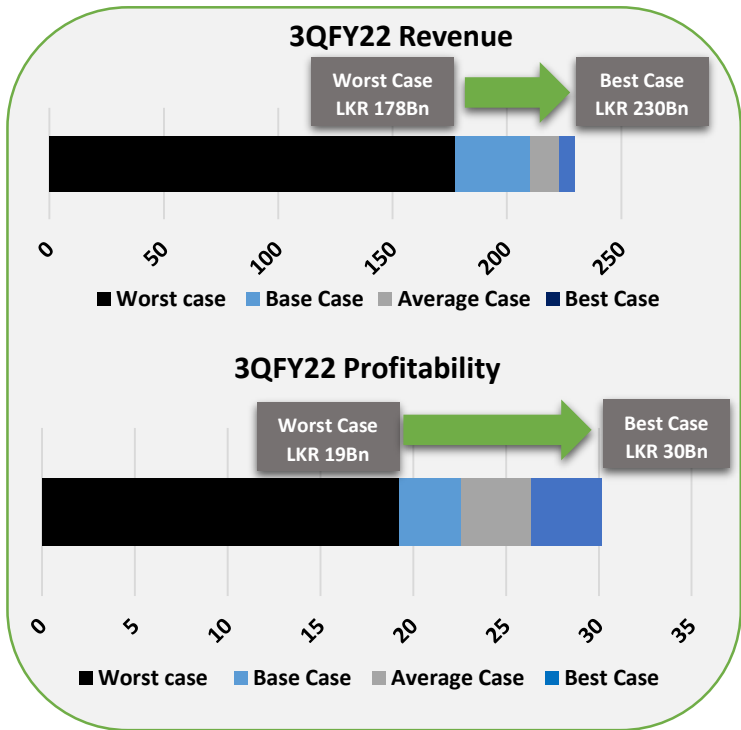
Source: [fbx.freightos.com](http://fbx.freightos.com)

#### Elevation in freight rates positively falls on EXPO

EXPO's global logistics sector is generating outstanding earnings for the group due to the continuous rise in freight rates. Global air freight rates increased by 33.6%YoY to USD 4.49/kg in early Jan 2022 whereas the rate hit an all-time high of USD 5.36/kg in Dec 2021 during the festival season. Moreover, the global Ocean freight rates also elevated by 137.9%YoY to USD 9,167 per 40ft container in Jan 2022. USA total apparel imports are estimated to record a growth of 21.1%YoY to USD 77.7Bn in 2021 and is further expected to rise above the pre-pandemic level by 2023. As a result, EXPO has a great potential to expand its profitability since the revenue growth is mainly supported by the North American trade lanes. Being one of the preferred freight forwarders for apparel exporters, EXPO has recorded growth in earnings by 91.7%QoQ in 2QFY22. EXPO is likely to continue to record strong earnings growth for 3QFY22 since 60% - 70% of the revenue is likely to generate from air freight. Moreover, due to supply-side constraints and delays in sea freight the air freight rate hike is not anticipated to reverse any time soon.

#### Expansions beyond boundaries

Multiple acquisitions of EXPO (the Group) includes the purchase of US based companies namely, Seville Container Freight Station Inc., Seville Freight Systems Inc. and Seville Transfer Ltd in Mar 2021, the purchase of IDEA logistics LLC in Aug 2021 and the acquisition of Complete Transport System LLC in Sep 2021 which enables EXPO to strengthen its warehouse and expand its service offered to its customers by providing value-added logistics services. Considering the strong volumes mainly catered from the US and European markets and enhanced service offerings and expansion through several acquisitions, we expect EXPO to continue to expand its revenue and profit margins in FY22E and 1HFY23E.





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	Vidushika Perera	+94 11 2639 865
Hiruni Perera	+94 11 2639 864	Tharusha Ashokgar	+94 11 2639 866

## 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

Maheshi Jayasekera	+94 77 2337 144		
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## 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
Rasika Indra Kumara	+94 77 7072 698			
Ishuru Jayawardena	+94 76 7084 953			
Nishantha Mudalige	+94 70 2910 041			
Ifadh Marikar	+94 77 9625 679			
Anushka Buddhika	+94 71 4310 600			
Thushara Pathiraja	+94 70 2910 037			
Chandika Jayawardana	+94 77 3940 070			

## UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
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## BRANCHES

<b>Kandy</b>	<b>Kurunegala</b>	<b>Matara</b>	<b>Negombo</b>
CSE Branch Office, No. 88, Dalada Veediya, Kandy 20000.	No.174/B2, Negombo Road, Kurunegala. Kurunegala 60000.	CSE Branch Office, 1st Floor, E.H.Cooray Tower, No.24, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange Negombo Branch Office, No. 72 A, 2/1, Old Chilaw 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 4937 072

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