

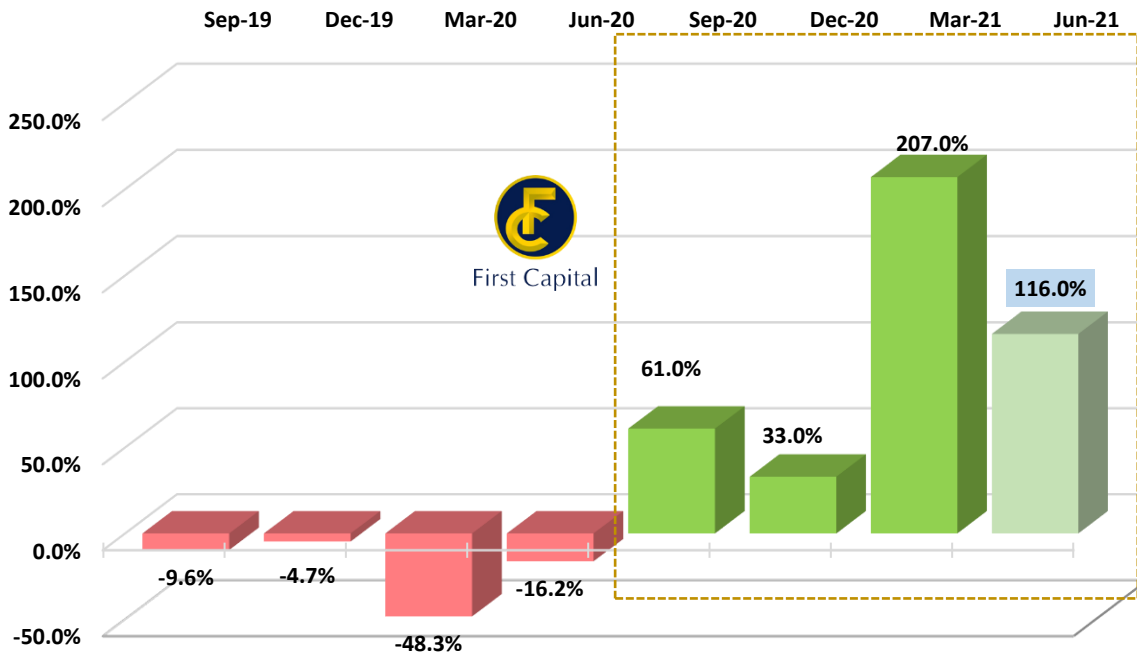


Quarterly Results Review

Quarter: Jun 2021

Qtr. earnings surge amidst healthy earnings in most sectors despite new COVID waves of disruption

Market Earnings YoY Growth (%) for all listed entities



Jun 2021 quarter earnings surged by 116%YoY for 262 companies: Jun quarter earnings surged by 116%YoY to LKR 76.3Bn led by Capital Goods (255%YoY), Banks (65%YoY), Food, Beverage & Tobacco (94%YoY), Consumer Durable & Apparel (1869%YoY), Transportation (259%YoY) and Telecommunication (68%YoY) sectors. However, sluggish performance was witnessed in Diversified Financials (-50%YoY) and Insurance sector (-15%YoY) earnings. Most of the listed sectors saw a surge in profitability, due to lower base effect in the previous year equivalent quarter amidst the negative impact by the initial COVID-19 triggered lockdowns and also due to the rebound in economy in Jun 2021 quarter as normalcy recovers.

Multiple sectors post impressive earnings: In Jun 2021 quarter, Capital Goods, Banks, Food, Beverage & Tobacco, Consumer Durable & Apparel, Transportation sector and Telecommunication sectors witnessed exceptional results. Capital Goods recorded an impressive growth of 255%YoY owing to the rebound in performance in many counters. JKH witnessed a surge in earnings by LKR 3.2Bn led by all segments except for Consumer Foods while the handover process of the residential apartment units at 'Cinnamon Life' commenced, causing the recognition of revenue and profits from sales for the first time in the project resulting in property segment EBITDA increasing by 1978%YoY. HAYL's profitability rose by LKR 2.5Bn mainly led by the improvement in revenue by 46.4%YoY across strong performance in most of the sectors and reduction in net finance cost by 21.7%YoY to LKR 2.4Bn. In the Banking sector, three largest banks COMB, HNB and SAMP registered enhanced profitability due to improved Net Interest Income despite increase in impairment provision and conservative loan book growth. Food, Beverage & Tobacco earnings recorded an increase led by the rebound in consumer recovery while Consumer Durable & Apparel sector profitability surge was led by GREG due to the capital gain from the sale of South Asia Textiles. Transportation sector earnings improved dominated by EXPO while Telecommunication sector earnings rose with the strong performance in DIAL and SLTL due to robust performance in data segment with the working from home arrangements.

Diversified Financials and Insurance sectors illustrate lackluster performance: Diversified Financials sector earnings recorded a decline of 50%YoY led by LOLC due to the higher base effect in 1QFY21 as a result of gain of LKR 42.9Bn with the disposal of 49% stake in PRASAC Microfinance in Cambodia. Moreover, insurance sector earnings declined by 15%YoY led by higher provision to Life insurance fund amidst prevailed lower interest rate environment.



Annexure 1 – Market Earnings Sector Summary



First Capital

Results Update

Jun 2021

Tuesday, August 31, 2021

Company	Quarter Earnings LKR 'mn					4 Qtr Trailing	
	1QFY22	1QFY21	YoY%	4QFY21	QoQ%	PER (x)	PBV (x)
	2Q2021	2Q2020	YoY%	1Q2021	QoQ%		
	1H2021	1H2020	YoY%	2H2020	HoH%		
Consumer Durables & Apparel Earnings	4,294	-243	1869%	-132	3356%	18.7x	2.2x
Retailing Sector Earnings	389	-410	195%	1,153	-66%	13.0x	0.7x
Consumer Services Sector Earnings	-5,402	-7,693	30%	-4,669	-16%	N/A	0.7x
Automobiles & Components Sector Earnings	184	81	125%	268	-31%	6.3x	1.1x
Food, Beverage & Tobacco Sector Earnings	13,879	7,161	94%	16,747	-17%	13.7x	2.1x
Food & Staples Retailing Sector Earnings	788	198	298%	3,286	-76%	14.9x	2.0x
Household & Personal Products Sector Earnings	88	119	-26%	134	-35%	16.5x	2.4x
Energy Sector Earnings	-631	-978	35%	3	-23518%	28.4x	0.9x
Diversified Financials Sector Earnings	8,816	17,691	-50%	21,718	-59%	13.4x	1.7x
Banks Sector Earnings	18,948	11,504	65%	24,881	-24%	4.8x	0.5x
Insurance Sector Earnings	2,773	3,270	-15%	2,885	-4%	6.6x	0.9x
Health Care Equipment & Services Sector Earnings	1,653	-848	295%	2,325	-29%	9.9x	2.0x
Capital Goods Sector Earnings	9,367	-6,049	255%	21,454	-56%	12.3x	1.0x
Commercial & Professional Services Sector Earnings	92	43	117%	307	-70%	7.2x	1.2x
Transportation Sector Earnings	6,275	1,747	259%	3,999	57%	14.9x	12.4x
Materials Sector Earnings	4,047	2,968	36%	7,956	-49%	7.1x	1.7x
Real Estate Sector Earnings	705	595	19%	1,692	-58%	16.9x	0.5x
Telecommunications Sector Earnings	8,422	5,016	68%	4,592	83%	6.2x	0.9x
Utilities Sector Earnings	1,566	1,119	75%	487	221%	13.3x	1.4x
Market Valuations						11.5x	1.2x
Market Earnings - Jun 2021	76,251	35,294	116%	110,833	-31%		262
Market Earnings -Mar 2021	110,833	36,146	207%	88,614	25%		253



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