



SINGER (SRI LANKA) PLC [SINS.N0000]

FLASH NOTE

AMALGAMATION OF REGNIS & SINGER INDUSTRIES WITH SINGER PLC

FIRST CAPITAL RESEARCH

SINS Fair Value [FY25E]: LKR 16.1 [+15%]

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In an announcement dated 8th November 2023, Board of Directors of Singer (Sri Lanka) PLC decided to amalgamate Regnis (Lanka) PLC and Singer Industries (Ceylon) PLC with Singer (Sri Lanka) PLC. The proposed amalgamation subjected to relevant regulatory and shareholder approval whilst the effective date of amalgamation will be 31st January 2024.

The proposed amalgamation will be carried out with minority shareholders of REG.N and SINI.N issued new shares of SINS.N on following basis.

- The minority shareholders of REG.N will be allocated 3.6544877 new ordinary shares in SINS.N for every 1 share held in REG.N
- The minority shareholders of SINI.N will be allocated 2.6735504 new ordinary shares of SINS.N for every 1 share held in SINI.N

The proposed amalgamation is expected to offer following benefits.

1. Eliminating undue value leakages in optimizing cost synergies, hereby enhancing profitability of the Singer group of companies and returns of the shareholders.
2. Minimizing duplication of management functions, thereby ensuring operational efficiency
3. Benefit from stronger financial strength with an increased asset base

Pre-amalgamation

Company Name	Ticker	Net asset value (LKR)			Ownership %	NAVPS
		Mn	# shares			
Singer Sri Lanka	SINS.N0000	8,613.8	1,126.9		NA	7.64
Singer Industries	SINI.N0000	175.6	20.0		12.27%	8.78
Regnis (Lanka)	REG.N0000	602.7	22.5		41.71%	26.75

Post Amalgamation

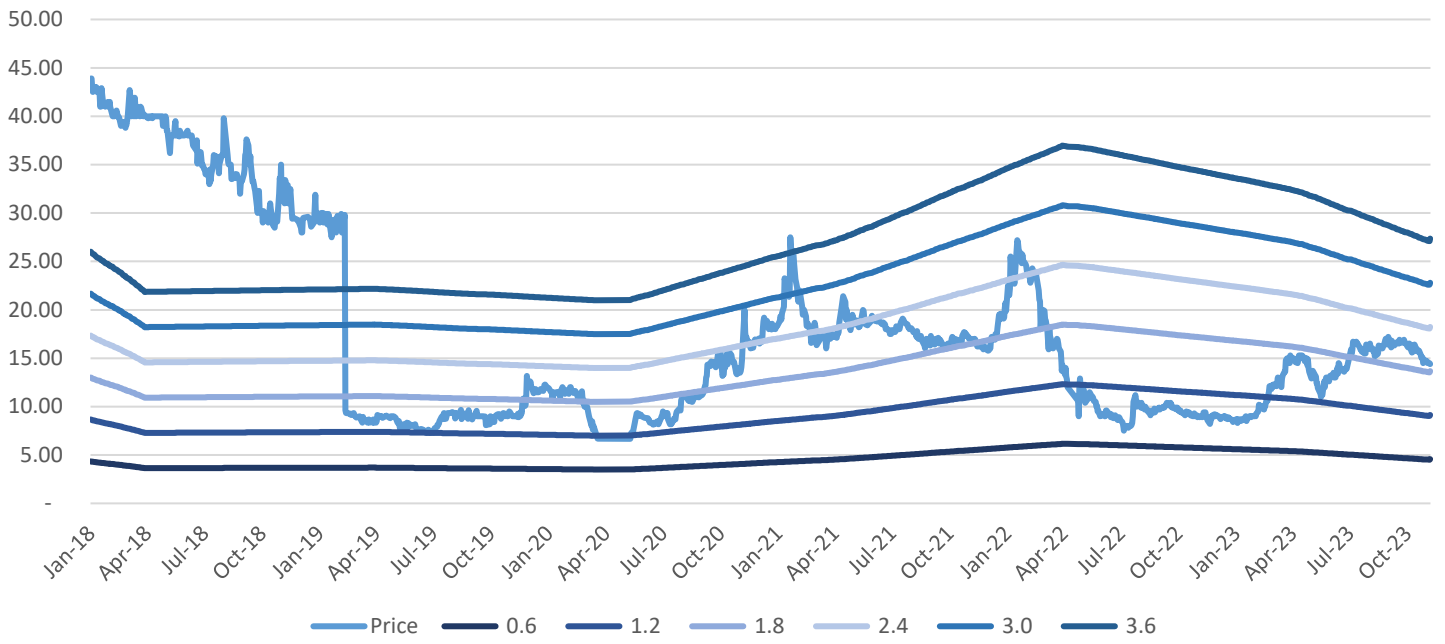
Company Name	Ticker	Net asset value (LKR)		
		Mn	# shares	NAVPS
Singer Sri Lanka	SINS.N0000	9,392.1	1,167.8	8.04

Post Amalgamation Valuation of SINS

PBV based Valuation	FY25E	Return	FY25E
Book Value (LKR 'Mn)	9,392	Target Price	16.1
No. of Shares ('Mn)	1,168	Current Price	14.0
NAVPS	8.0	Capital Gain (LKR)	2.1
Expected PBV	2x	Dividends upto 31 Dec (LKR)	0.0
Price at 2x Book value	16.1	Capital Gain %	15%
		Dividend Yield %	0%
		Total Return %	15%
		Annualized Return %	11%



SINS PBV Ban





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