



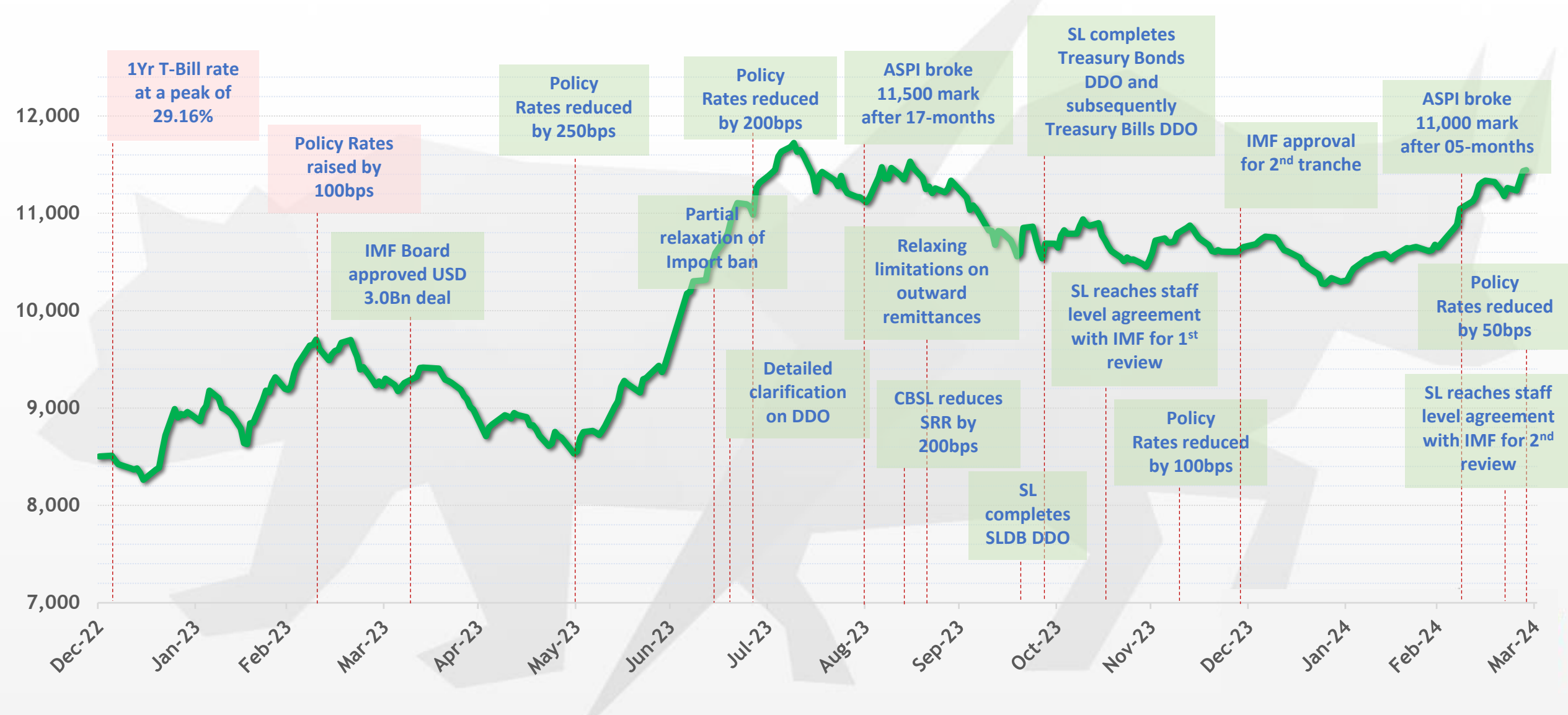
First Capital
A Janashakthi Group Company

QUARTERLY RESULTS REVIEW

OCTOBER - DECEMBER 2023

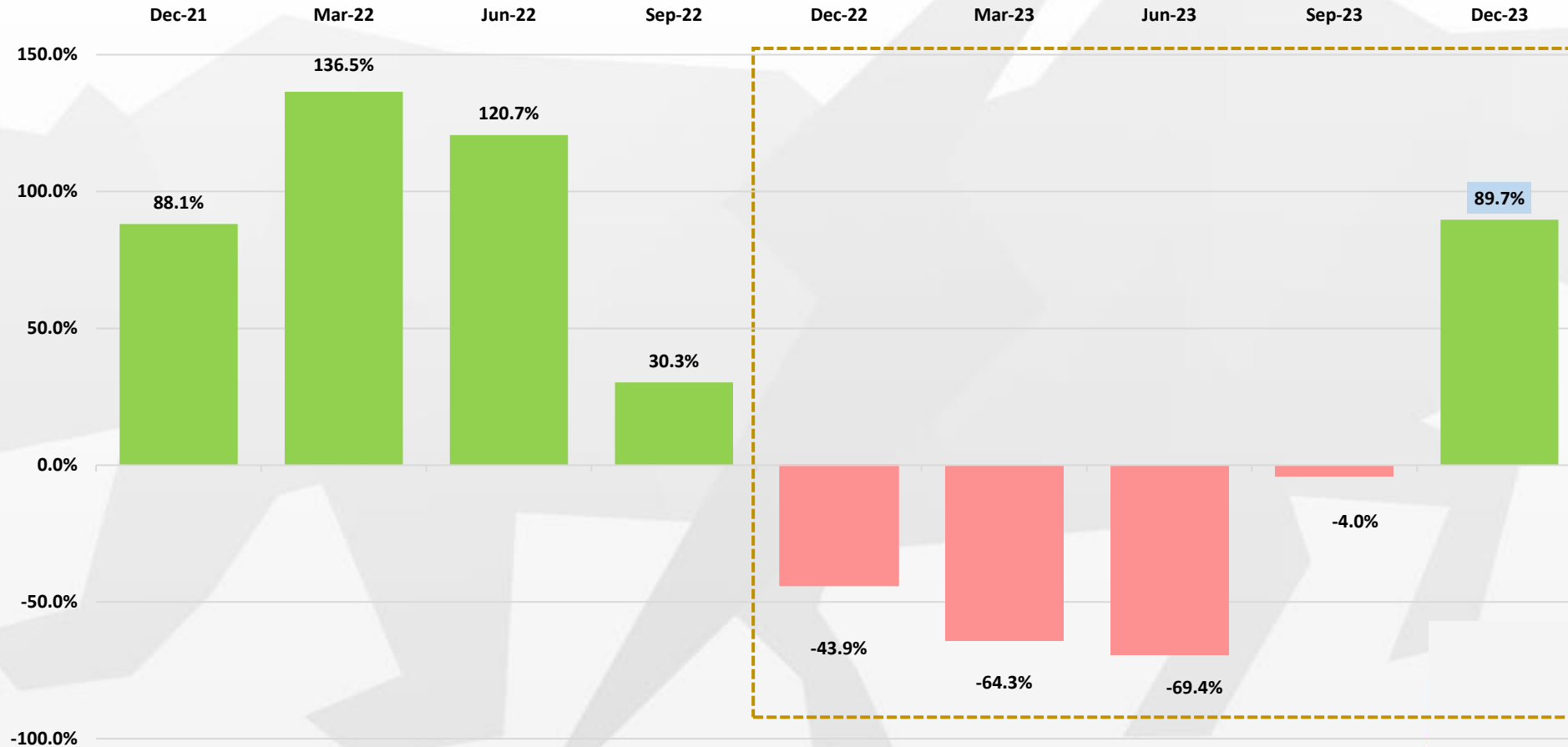


YTD ASPI performance and key highlights in 2024



Corporate earnings exhibited an uptick after recording four consecutive declines signaling the gradually materializing economic resurgence

YoY Earnings growth (%)



Dec 2023 quarter earnings inclined by 89.7%YoY for 277 companies:

- ✓ Dec-23, earnings surged by 89.7%YoY and 31.4%QoQ, marking a significant turnaround from four consecutive declines amidst economic challenges. This resurgence is fuelled by the improved economic sentiment. This can be primarily attributed to the following factors :
 1. **Food Beverage and Tobacco Sector (+95.5%YoY):** Reduction in overall finance cost and operating expenditure coupled with improved consumer buying patterns aided to the sector's profitability.
 2. **Diversified Financials Sector (+128.5%YoY):** The declining interest rate environment contributed to the sector's profitability.
 3. **Capital Goods Sector (+480.3%YoY):** Decline in inflation, improved cost structures and the higher influx of tourists arrivals contributed to the overall profitability.
- ✓ Conversely, below sectors contributed negatively for the quarterly earnings.
 1. **Energy sector (-78.6%YoY):** Increased selling and distributing expenses dampened the overall profitability of the sector.
 2. **Transportation sector (-272.3%YoY):** Trade protectionism, high energy prices and depressed freight rates resulted in uncertainty and reduced consumer spending ensuing low demand conditions.
 3. **Banking sector (-19.7%YoY):** The declining interest rate spread along side the tax reversal during 4Q2022, affected the overall profitability despite the reduction in impairment provision.

Market Earnings Sector Summary – Dec 2023



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Results Update

Dec 2023

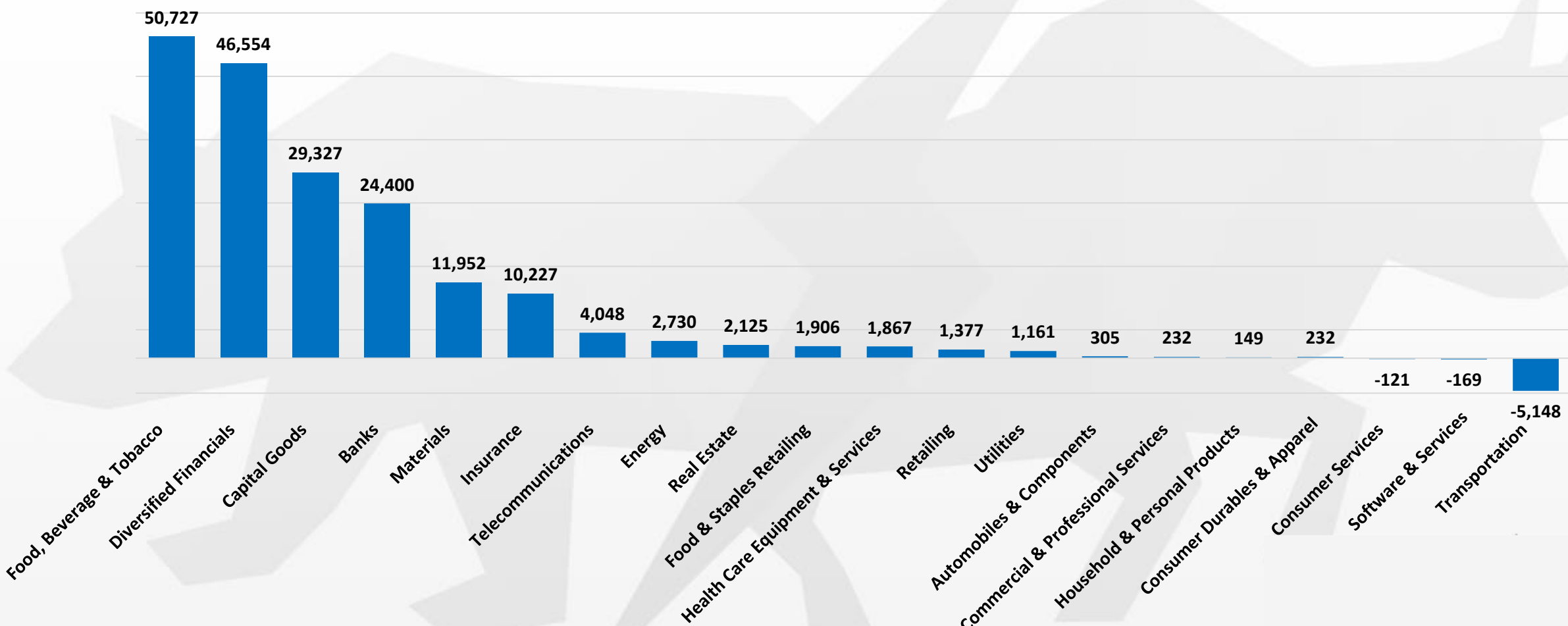
Thursday, March 21, 2024

Company	Quarter Earnings LKR 'Mn					4 Qtr Trailing	
	3QFY24	3QFY23	YoY%	2QFY24	QoQ%	PER (x)	PBV (x)
	4Q2023	4Q2022	YoY%	3Q2023	QoQ%		
<i>Consumer Durables & Apparel Earnings</i>	232	-3,541	107%	2,152	-89%	165.2x	1.1x
<i>Retailing Sector Earnings</i>	1,377	-1,742	179%	-1,556	189%	N/A	0.6x
<i>Consumer Services Sector Earnings</i>	-121	-5,030	98%	-4,126	97%	N/A	1.0x
<i>Automobiles & Components Sector Earnings</i>	305	-214	243%	267	14%	5.1x	0.8x
<i>Food, Beverage & Tobacco Sector Earnings</i>	50,727	25,950	95%	39,615	28%	8.2x	1.5x
<i>Food & Staples Retailing Sector Earnings</i>	1,906	1,274	50%	2,837	-33%	14.7x	2.8x
<i>Household & Personal Products Sector Earnings</i>	149	-25	684%	163	-9%	19.0x	1.5x
<i>Energy Sector Earnings</i>	2,730	12,728	-79%	6,043	-55%	4.1x	1.0x
<i>Diversified Financials Sector Earnings</i>	46,554	20,374	129%	35,246	32%	5.5x	0.7x
<i>Banks Sector Earnings</i>	24,400	30,389	-20%	34,371	-29%	4.6x	0.5x
<i>Insurance Sector Earnings</i>	10,227	8,321	23%	4,823	112%	6.3x	0.8x
<i>Health Care Equipment & Services Sector Earnings</i>	1,867	651	187%	1,383	35%	18.0x	1.4x
<i>Capital Goods Sector Earnings</i>	29,317	5,052	480%	10,865	170%	14.5x	0.1x
<i>Commercial & Professional Services Sector Earnings</i>	231	162	43%	224	3%	9.9x	0.6x
<i>Transportation Sector Earnings</i>	-5,148	2,988	-272%	-1,504	-242%	N/A	2.3x
<i>Materials Sector Earnings</i>	11,952	6,740	77%	5,855	104%	6.6x	1.0x
<i>Real Estate Sector Earnings</i>	2,125	-52	4175%	70	2956%	8.7x	0.5x
<i>Software & Services</i>	-169	288	-159%	-15	-1035%	N/A	1.8x
<i>Telecommunications Sector Earnings</i>	4,048	-9,582	142%	1,519	167%	102.2x	1.7x
<i>Utilities Sector Earnings</i>	1,161	2,183	-1961%	1,660	-30%	14.4x	1.1x
Market Valuations						9.8x	0.4x
Market Earnings - Dec 2023	183,874	96,903	90%	139,894	31%	277	
Market Earnings - Sep 2023	139,516	144,965	-4%	92,506	-65%	279	



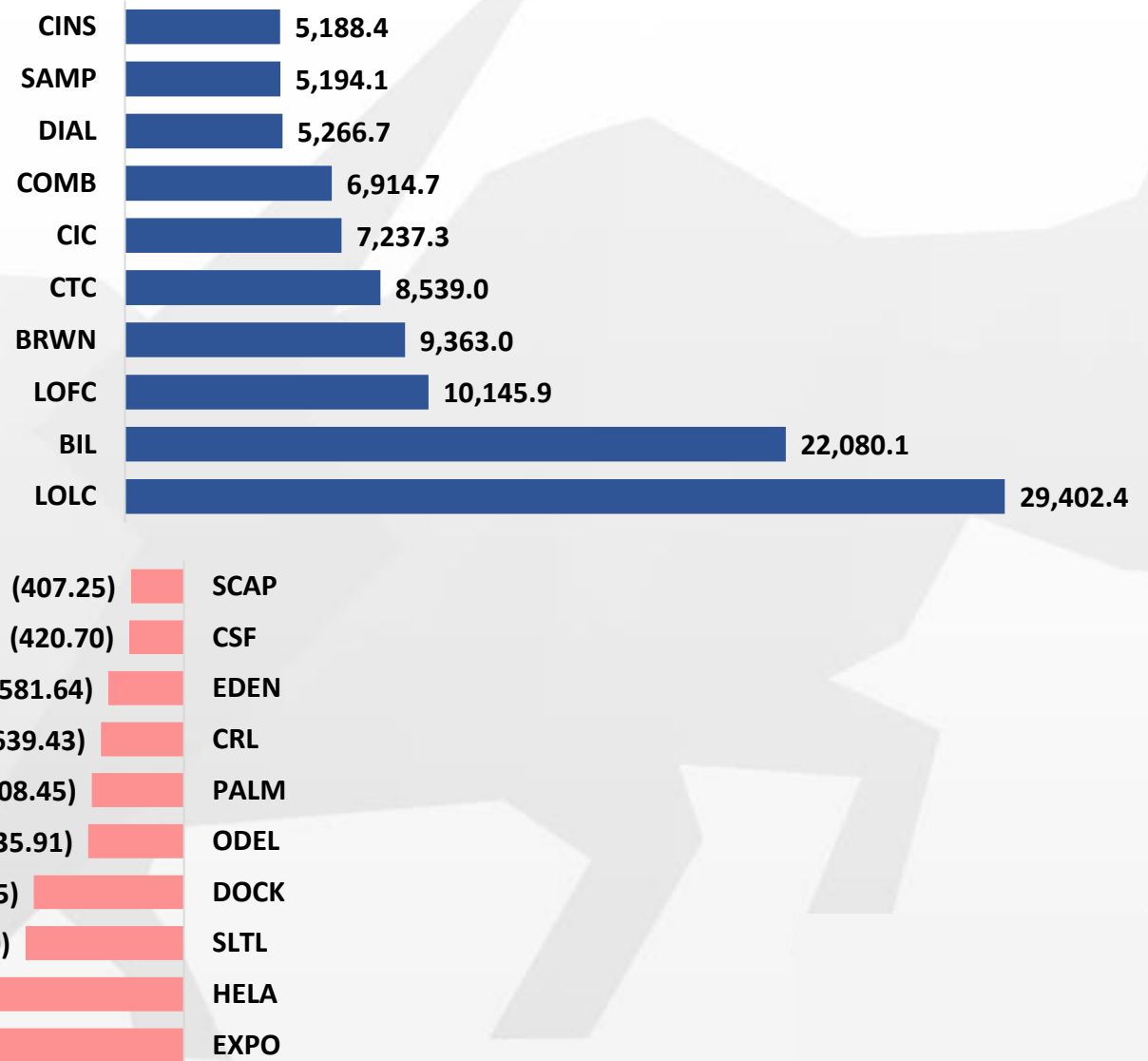
Earnings for majority of the sectors recorded gains, whilst others recovered from previous losses made

Sector-wise breakdown of earnings (LKR Mn)



Top 10 Profit and Loss making companies in 4Q2023/3QFY24

The top profit-making companies were mainly banks, financial institutions and manufacturing companies, capitalizing on the transition from previously elevated interest rates to lower ones coupled with the improved economic sentiment.



*LKR Mn

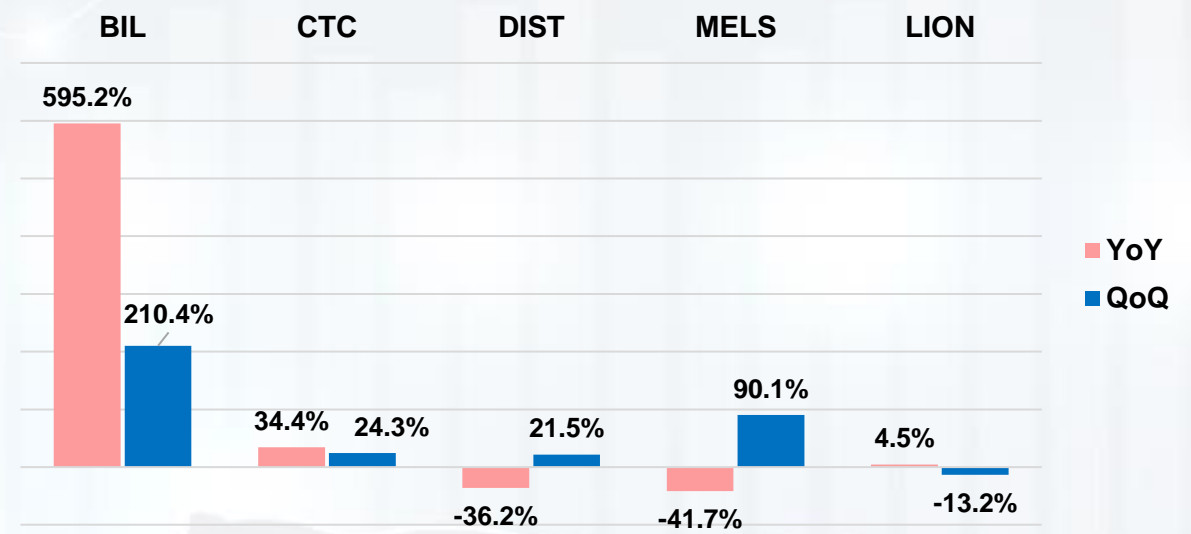
Earnings insight – Sector wise

Food, Beverage and Tobacco sector emerged as a significant contributor to market earnings, experiencing a noteworthy growth of 95.5%YoY. BIL played a pivotal role in driving the sector's performance, recording a growth of 595.2% in earnings attributed by the reduction in finance cost and a notable gain from bargain purchases. CTC recorded 34.4%YoY growth along side DIST which recorded a 21.5%QoQ growth despite the headwinds on a YoY basis. The strong influx of tourists arrivals, economic growth coupled with the lower inflation environment which strengthened the purchasing power of the consumer aided to the overall profitability of the sector earnings.

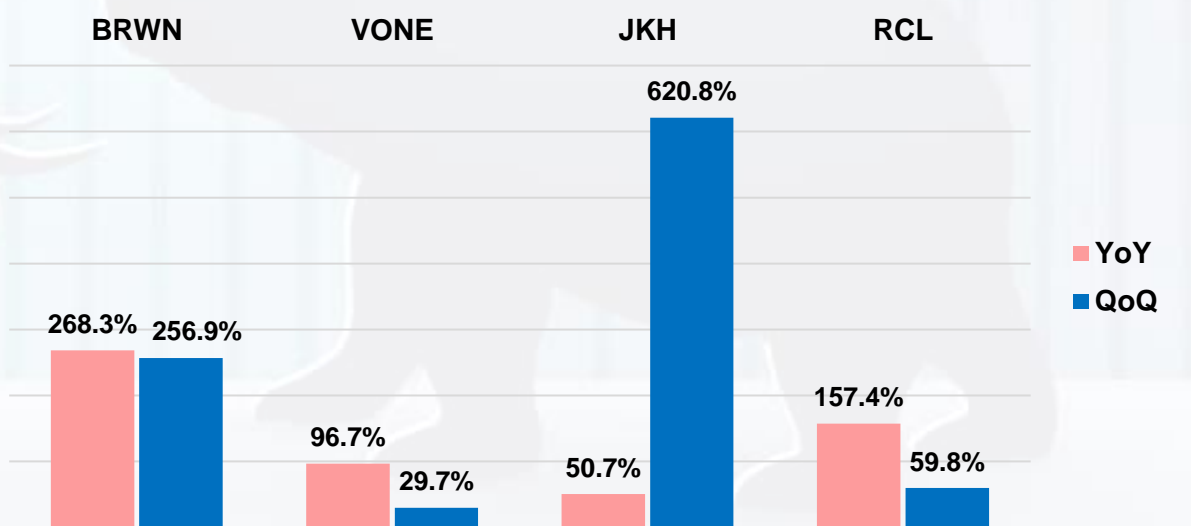
Capital Goods sector displayed a substantial upswing in earnings for Dec-23 by 480.3%YoY, thereby significantly influencing the overall market earnings. Companies demonstrated resilience in their performance amidst the gradual increase for demand for Sri Lankan exports and the uptick in tourists' arrivals coupled with the gradual pickup in consumer demand due to the low inflation environment. BRWN displayed an uptick in earnings by 268.3%YoY, whilst VONE and JKH recorded gains by 96.7% and 50.7% respectively.

Counters with the most significant growth in earnings

Food, Beverage and Tobacco Sector



Capital Goods Sector

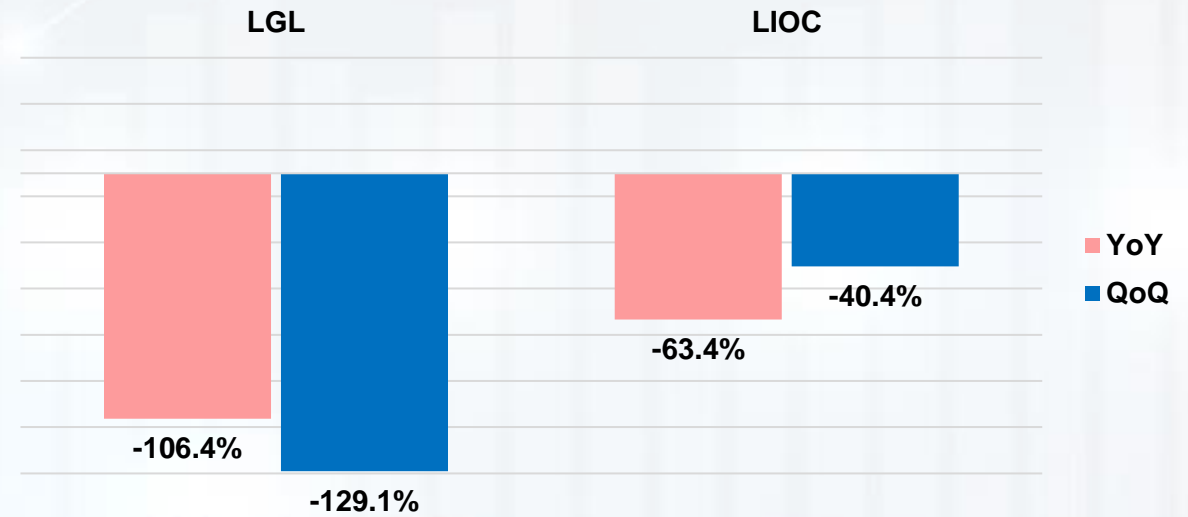


Earnings insight – Sector wise

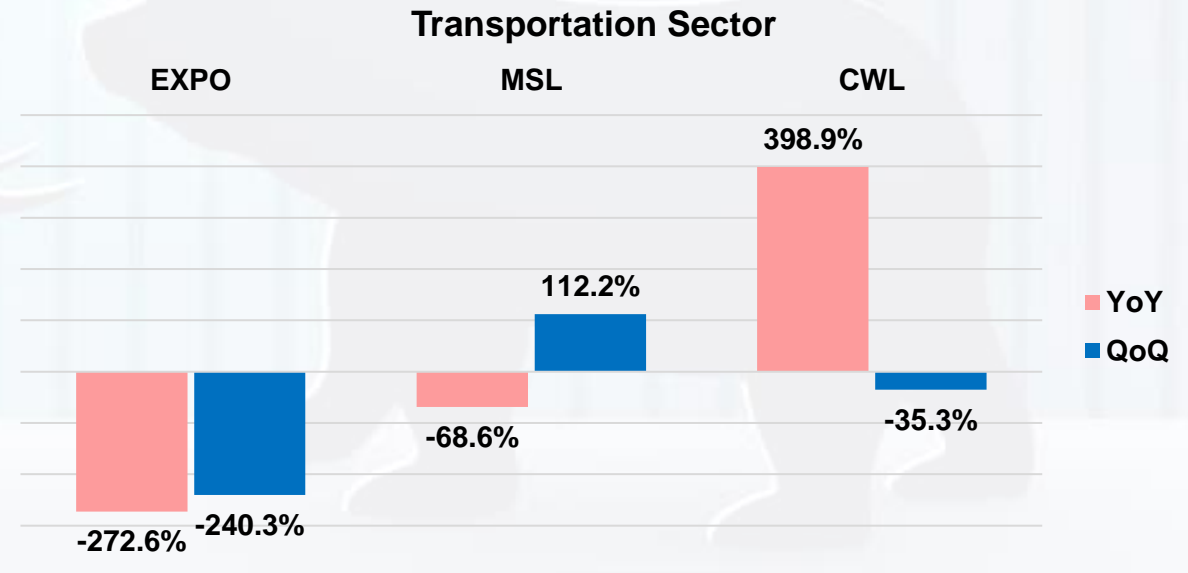
Energy sector recorded a 78.6%YoY dip in quarterly earnings as at Dec-23 led by LGL which displayed a contraction of 106.4%YoY in earnings primarily attributed to increased operating costs and selling and distribution expenses. Additionally, consumer demand was subdued due to elevated prices. However, despite the decrease in global and local fuel prices, LIOC's earnings fell by 63.4%YoY due to higher costs of sales, frequent price adjustments, and the implementation of excise duties. The sector's earnings were further impacted by global geopolitical tensions and currency fluctuations.



Counters with the most significant decline in earnings



Transportation sector recorded a 272.3%YoY decline in earnings for Dec-23. This downturn was spearheaded by the major player, EXPO, which incurred a loss of LKR 5.2Bn due to a weak top-line performance, exacerbated by freight rates dropping below pre-pandemic levels and a slowdown in global trade activities. However, on the flipside, earnings of CWL partly offset the negativity mounting on the sector as the company recorded a profit of LKR 10.5Mn amidst the improvement in margins aided by the upturn in topline.



Thank you!

*“SUCCESSFUL INVESTMENTS IS ABOUT
MANAGING RISKS”*

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