



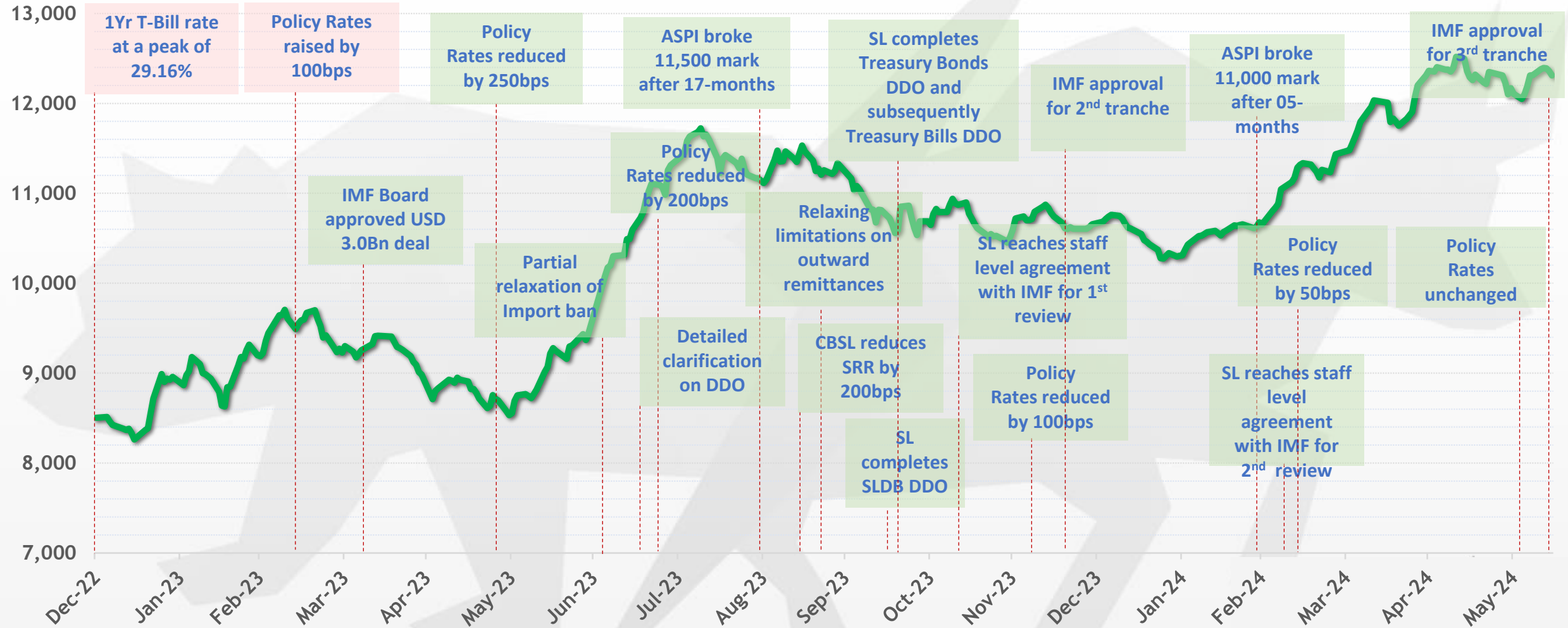
First Capital
A Janashakthi Group Company

QUARTERLY RESULTS REVIEW

JANUARY - MARCH 2024

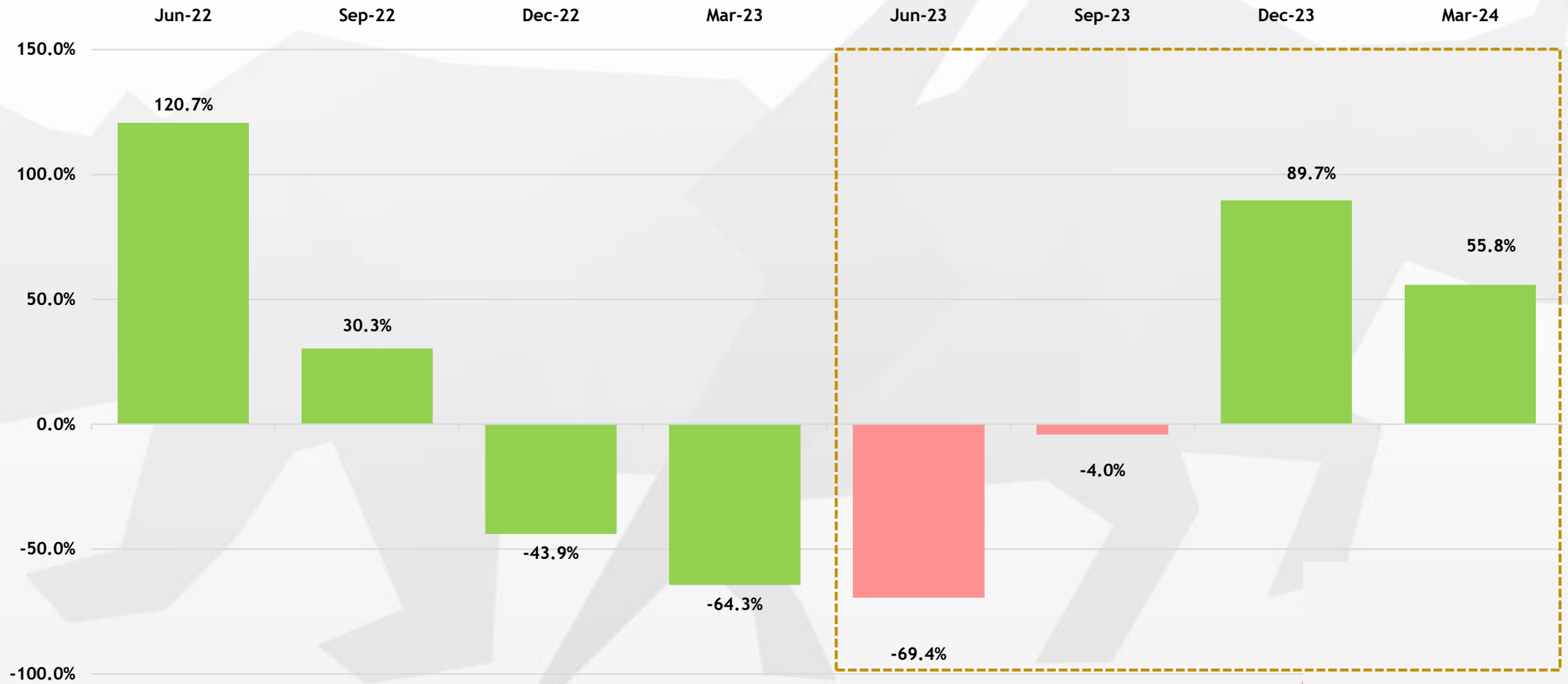


YTD ASPI performance and key highlights in 2024



Corporate earnings rises again, marking two straight wins and signaling a steady economic comeback

YoY Earnings growth (%)



Mar 2024 quarter earnings inclined by 55.8%YoY for 278 companies:

- ✓ In Mar-24, earnings surged by 55.8%YoY, marking the 2nd consecutive period of growth and indicating a steady economic progress fueled by improving economic sentiment. However, earnings declined by 29.5%QoQ, despite showing a significant recovery in Dec-23 after four consecutive quarterly declines. The growth in earnings for Mar-24 can be primarily attributed to the following factors:
 1. **Food, Beverage and Tobacco Sector (+123.4%YoY):** Reduction in overall finance cost and operating expenditure coupled with improved consumer sentiment aided the sector's profitability.
 2. **Banking Sector (+51.9%YoY):** The significant decline in impairment costs contributed to the sector's profitability, despite the prevailing low-interest rate environment.
 3. **Consumer Durables and Apparel Sector (+392.3%YoY):** Sustained recovery in consumer demand due to improving market conditions contributed to the overall sector's profitability.
- ✓ Conversely, below sectors contributed negatively for the quarterly earnings.
 1. **Telecommunications Sector (-69.7%YoY):** Tariff hike, intense competition from new-gen technologies and LKR appreciation dampened the overall profitability of the sector.
 2. **Energy Sector (-66.7%YoY):** Margin contraction exacerbated by price reductions, global geopolitical tensions, and currency fluctuations weakened the profitability of the sector.
 3. **Transportation Sector (-352.6%YoY):** Trade protectionism, high energy prices, geopolitical tensions, persistent inflation and tightening global monetary policies reduced imports and dampened consumer demand resulting in decreased air and ocean freight volumes, which impacted the sector's profitability.

Market Earnings Sector Summary – Mar 2024



Results Update

Mar 2024

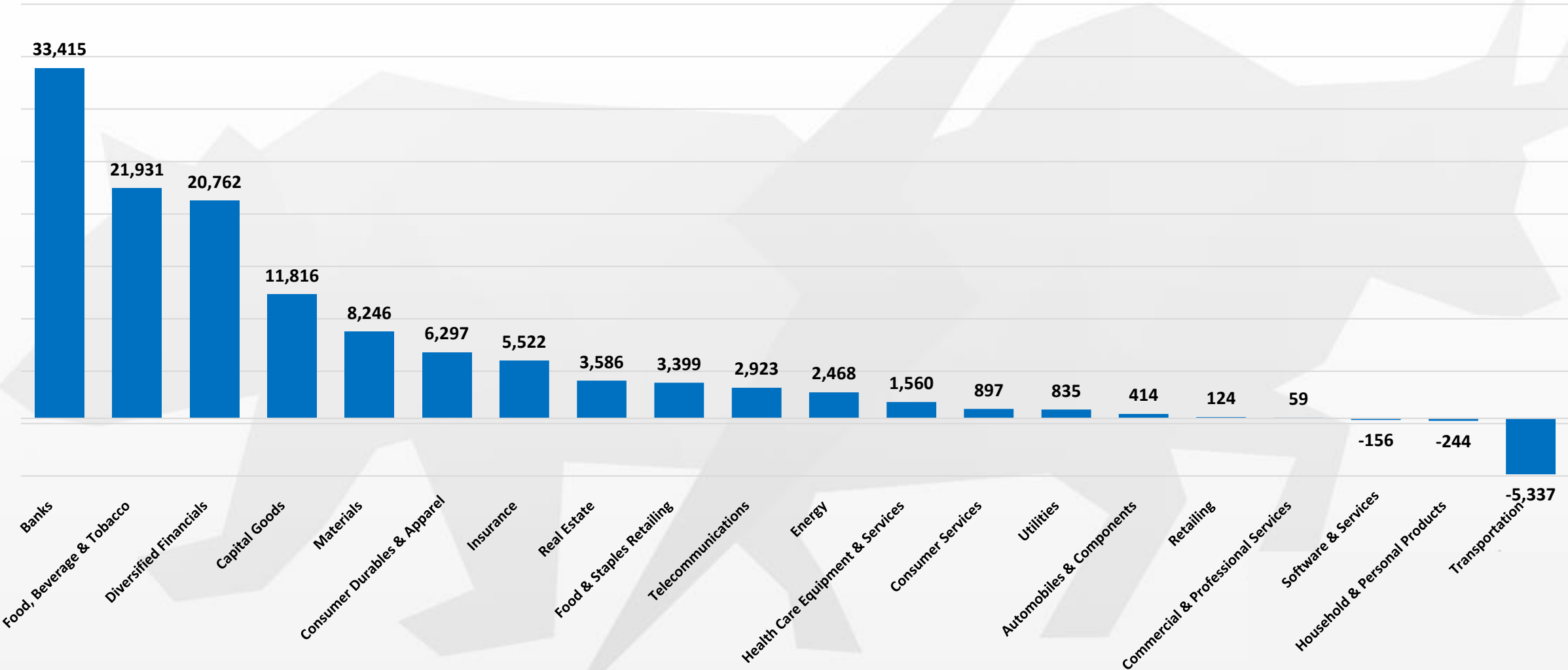
Tuesday, June 18, 2024

| Company | Quarter Earnings LKR 'Mn | | | | | 4 Qtr Trailing | |
|--|--------------------------|--------|-------|---------|--------|----------------|-------------|
| | 4QFY24 | 4QFY23 | YoY% | 3QFY24 | QoQ% | PER (x) | PBV (x) |
| | 1Q2024 | 1Q2023 | YoY% | 4Q2023 | QoQ% | | |
| Consumer Durables & Apparel Earnings | 6,297 | -2,154 | 392% | 29 | 21535% | 13.4x | 1.3x |
| Retailing Sector Earnings | 124 | -504 | 125% | 1,377 | -91% | N/A | 1.1x |
| Consumer Services Sector Earnings | 897 | -1,441 | 162% | -121 | 839% | N/A | 1.1x |
| Automobiles & Components Sector Earnings | 414 | 445 | -7% | 305 | 35% | 6.4x | 0.9x |
| Food, Beverage & Tobacco Sector Earnings | 21,931 | 9,818 | 123% | 50,727 | -57% | 8.2x | 1.6x |
| Food & Staples Retailing Sector Earnings | 3,399 | 3,112 | 9% | 1,906 | 78% | 15.0x | 2.4x |
| Household & Personal Products Sector Earnings | -244 | 39 | -728% | 149 | -264% | 52.2x | 1.4x |
| Energy Sector Earnings | 2,468 | 7,422 | -67% | 2,730 | -10% | 6.4x | 1.1x |
| Diversified Financials Sector Earnings | 20,762 | 12,899 | 61% | 46,554 | -55% | 6.2x | 0.9x |
| Banks Sector Earnings | 33,415 | 22,005 | 52% | 24,400 | 37% | 4.8x | 0.6x |
| Insurance Sector Earnings | 5,522 | 3,955 | 40% | 10,227 | -46% | 6.1x | 0.9x |
| Health Care Equipment & Services Sector Earnings | 1,560 | -190 | 920% | 1,867 | -16% | 12.2x | 1.3x |
| Capital Goods Sector Earnings | 11,816 | 3,536 | 234% | 27,085 | -56% | 22.2x | 0.9x |
| Commercial & Professional Services Sector Earnings | 59 | 79 | -24% | 231 | -74% | 10.1x | 0.6x |
| Transportation Sector Earnings | -5,337 | -1,179 | -353% | -5,148 | -4% | N/A | 2.6x |
| Materials Sector Earnings | 8,246 | 6,330 | 30% | 11,952 | -31% | 6.8x | 1.1x |
| Real Estate Sector Earnings | 3,586 | 3,108 | 15% | 2,125 | 69% | 7.3x | 0.5x |
| Software & Services | -156 | -102 | -52% | -169 | 8% | N/A | 2.1x |
| Telecommunications Sector Earnings | 2,923 | 9,648 | -70% | -9,582 | 131% | N/A | 1.6x |
| Utilities Sector Earnings | 835 | -745 | 51% | 1,161 | -28% | 13.0x | 1.2x |
| Market Valuations | | | | | | 10.4x | 1.0x |
| Market Earnings - Mar 2024 | 118,518 | 76,078 | 56% | 168,015 | -29% | 278 | |
| Market Earnings - Dec 2023 | 183,874 | 96,903 | 90% | 139,894 | 31% | 277 | |



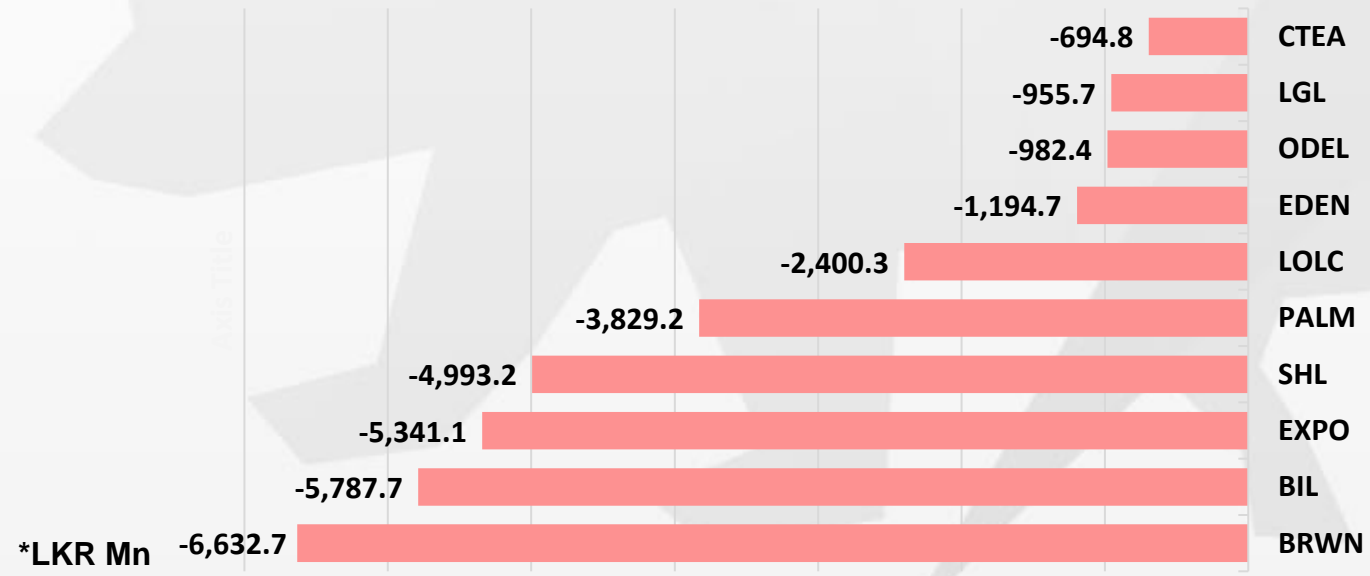
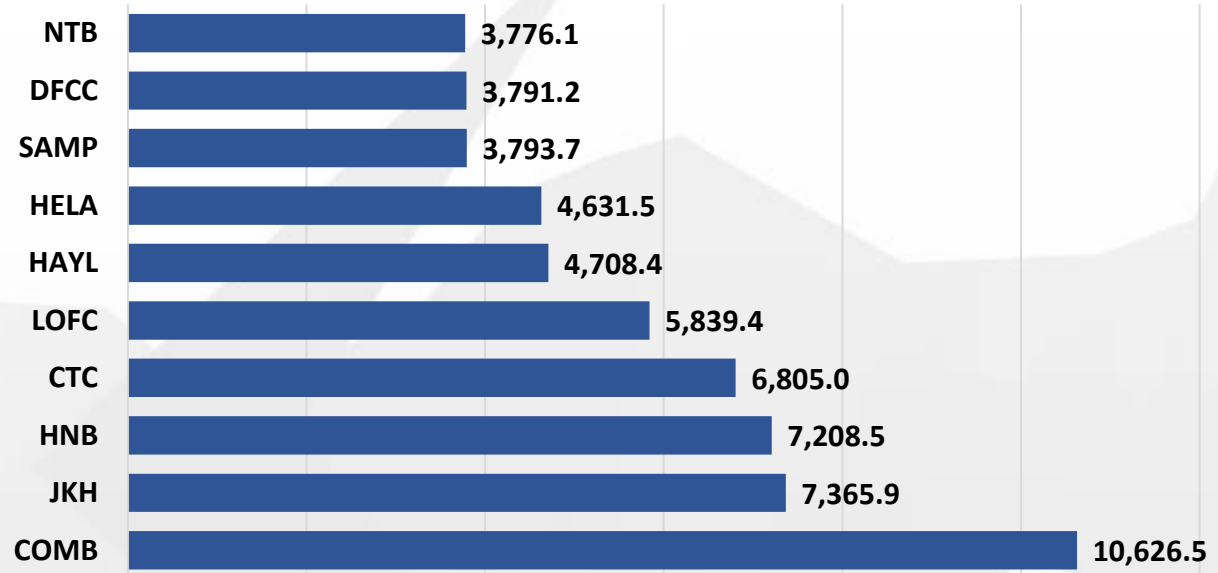
Earnings for majority of the sectors recorded gains, whilst others recovered from previous losses made

Sector-wise breakdown of earnings (LKR Mn)



Top 10 Profit- and Loss-making companies in 1Q2024/4QFY24

The top profit-making companies predominantly included banks, capital goods, food & beverage, diversified financials, and apparel companies.



*LKR Mn

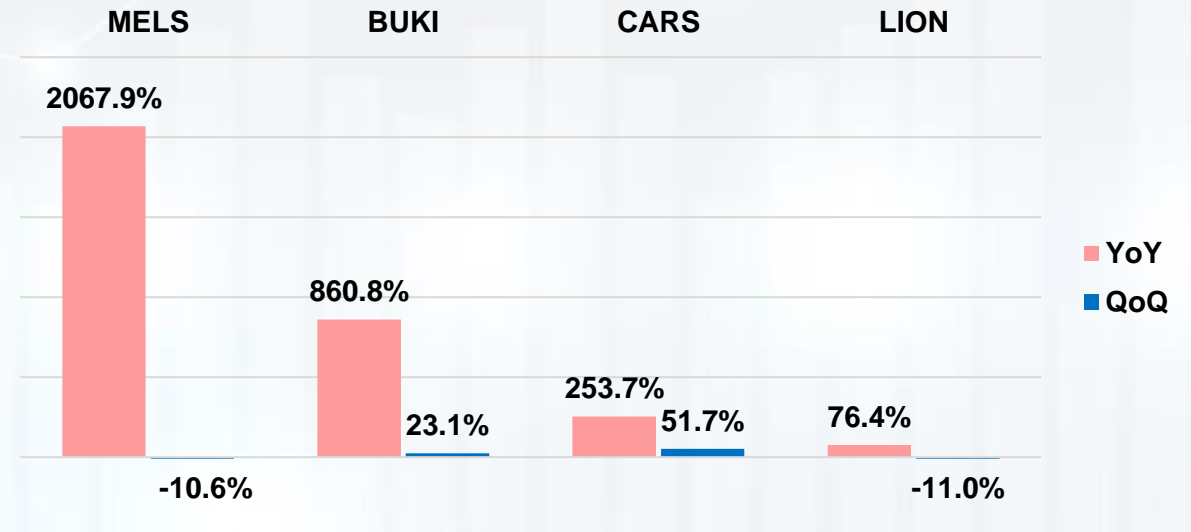
Earnings insight – Sector wise

Food, Beverage and Tobacco sector emerged as a significant contributor to market earnings, experiencing a noteworthy growth of 123.4%YoY. MELS played a pivotal role in driving the sector's performance, experiencing a 2,067.9%YoY increase in earnings attributed to an increase in finance income. Conversely, BUKI saw an 860.8%YoY growth in earnings driven by margin expansion and reduced finance costs. However, the sector benefited from a strong influx of tourist arrivals, improved economic growth coupled with improved consumer sentiment which collectively boosted the overall sector's profitability.

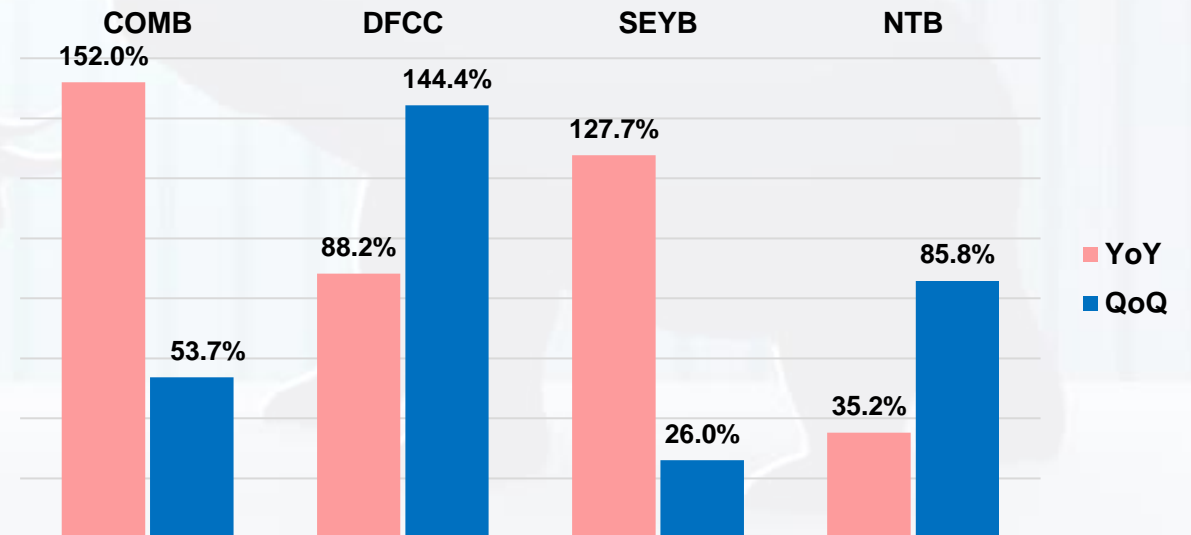
Banking sector displayed a substantial upswing in earnings for Mar-24 by 51.9%YoY, thereby significantly influencing the overall market earnings. Despite a low-interest rate environment, banks demonstrated resilience in their performance due to reduced impairment costs, benefiting from the reduction in provisions for foreign currency denominated ISB investments. COMB emerged as one of the leading performers within the sector, achieving a remarkable 152.0%YoY increase (+53.7%QoQ) in earnings. Furthermore, DFCC also contributed to the sector's robust performance, recording a substantial 88.2%YoY surge (+144.4%QoQ) in earnings.

Counters with the most significant growth in earnings

Food, Beverage and Tobacco Sector



Banking Sector

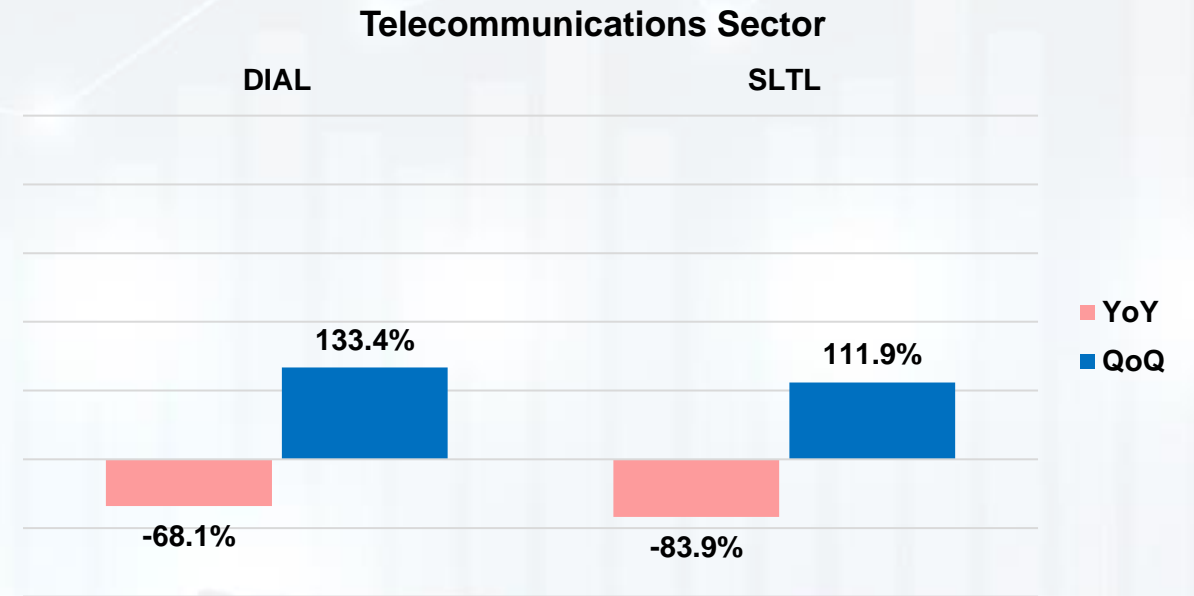


Earnings insight – Sector wise

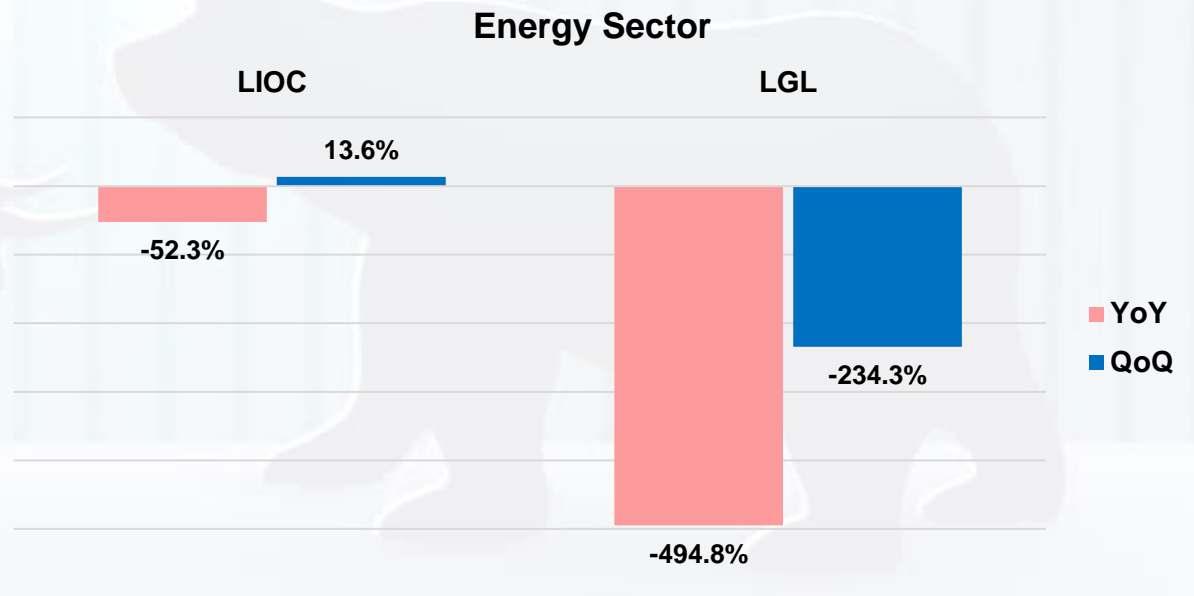
Telecommunications sector recorded a 69.7%YoY dip in quarterly earnings as at Mar-24 led by DIAL which displayed a contraction of 68.1%YoY in earnings primarily due to weaker performance in fixed telephony and broadband operations. This could be partly attributed to the tariff hike corresponding to the 3.0% rise in VAT since Jan-24, intense competition from new-gen technologies, and a sharp reduction in foreign exchange gains due to LKR appreciation. Furthermore, the previously high inflation suppressed consumer spending on telecommunication services, while elevated costs limited margin expansion.



Counters with the most significant decline in earnings



Energy sector recorded a 66.7%YoY decline in earnings for Mar-24. This downturn was spearheaded by LIOC, which recorded a 52.3%YoY decline in earnings, primarily attributed to margin contraction exacerbated by price reductions. Furthermore, global geopolitical tensions and currency fluctuations further impacted the earnings. Moreover, LGL incurred a loss of LKR 955.7Mn due to higher cost of sales, possibly influenced by inflationary pressures.





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Thank you!

*“SUCCESSFUL INVESTMENTS IS ABOUT
MANAGING RISKS”*

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