



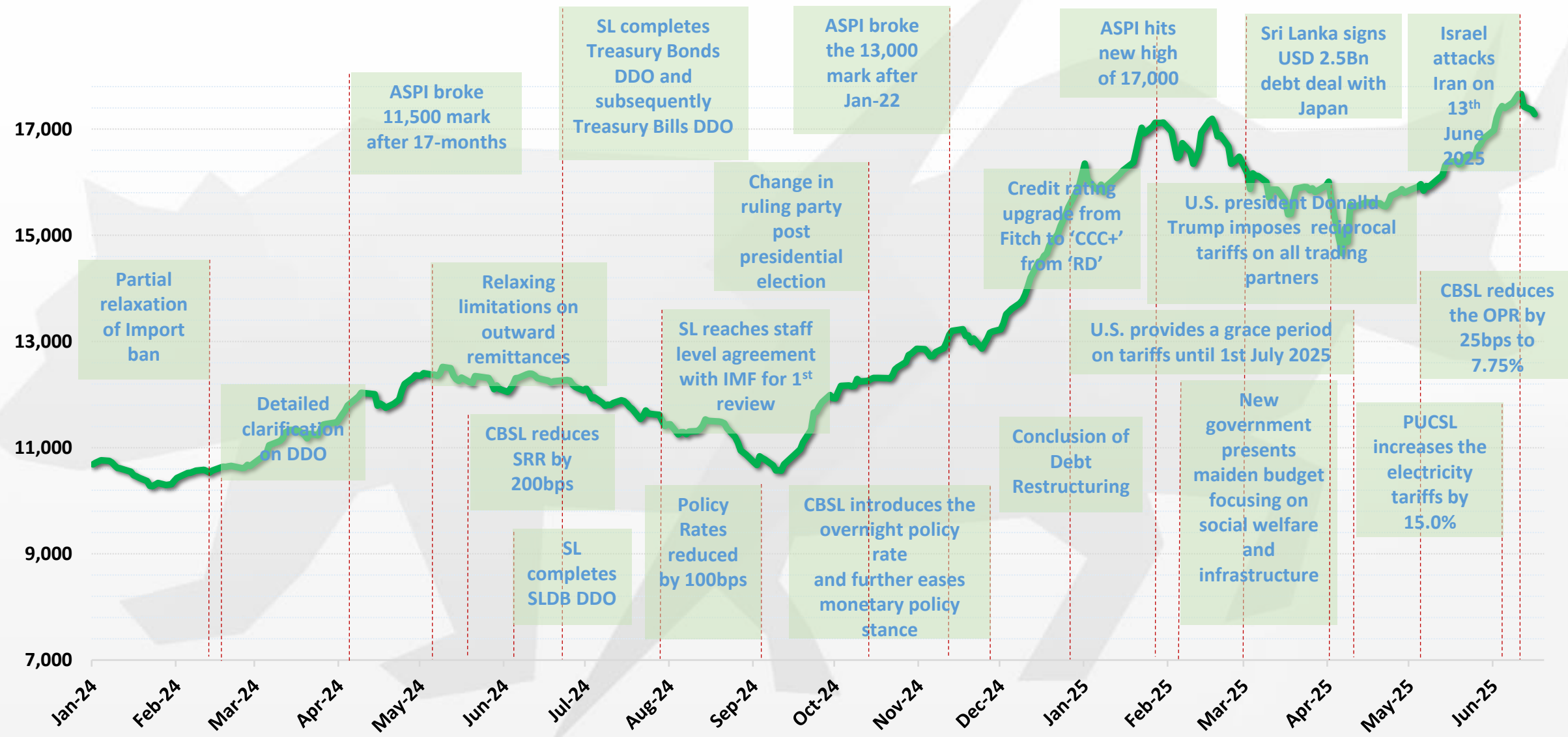
First Capital
A Janashakthi Group Company

QUARTERLY RESULTS REVIEW

JAN – MAR 2025

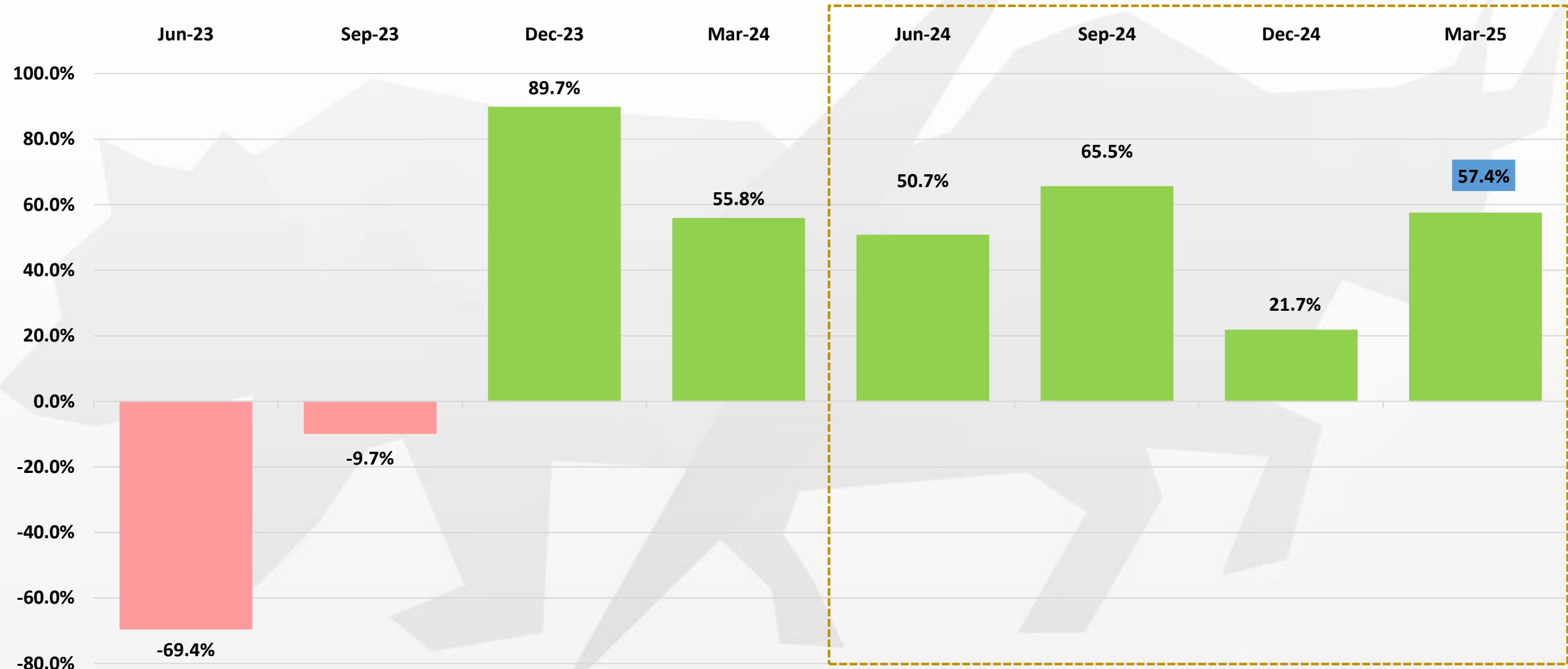


ASPI performance and key highlights from Jan-24 to Jun-25



Corporate earnings rise again, marking sixth straight win in line with improving economic landscape

YoY Earnings growth (%)



March 2025 quarter earnings inclined by 57.4%YoY for 275 companies:

✓ In Mar-25, market earnings rose by 57.4%YoY marking the sixth straight quarter of growth. The increase in total earnings was primarily driven by a surge in total operating income from banks mainly due to an increase in net interest income, along with a decline in finance costs across most companies, attributed to lower lending rates and topline surge in selected counters. The normalized quarterly earnings excluding the non-recurring inflow, reported a YoY incline of 1.6%. The diluted YoY growth is primarily attributed to the removal of significant one-off gains from BIL, BRWN, and LOLC, totaling LKR 73.4Bn. On a QoQ basis, reported earnings declined by 19.7% whilst normalized earnings excluding one-off items, increased by 4.3%, primarily due to the impact of one-off SLISB reversals that reduced earnings in 3QFY25. The growth in earnings for Mar-25 can be primarily attributed to the following factors:

1. **Banking Sector (+43.5.0%YoY):** The growth in earnings was primarily driven by key banks namely, COMB, HNB, SAMP, NTB, NDB, SEYB, and PABC, which collectively recorded a remarkable 52.9%YoY surge in earnings. The growth was supported by an increase in net interest income, higher net fee and commission income, and a reduction in impairment charges.
2. **Food, Beverage and Tobacco Sector (+174.8%YoY):** The growth in earnings is driven by strong revenue growth, margin expansions, and reduced finance costs.

Conversely, below sectors contributed negatively to the quarterly earnings:

1. **Consumer Durables and Apparel Sector (-206.6%YoY):** The sharp decline in sector earnings is primarily driven by the weak performance of HELA and DPL, which dragged down the total earnings of the sector by 251.5%. In absolute terms, HELA reported a loss of LKR 8.7Bn, compared to a profit of LKR 6.0Bn in the same quarter of the previous year, significantly dragging down the sector's overall earnings.
2. **Real Estate Sector (-26.0%YoY):** The drop in earnings was primarily driven by a 44.7%YoY decrease in earnings from OSEA and a 73.3%YoY decline from CTLD.

Market Earnings Sector Summary – Mar 2025



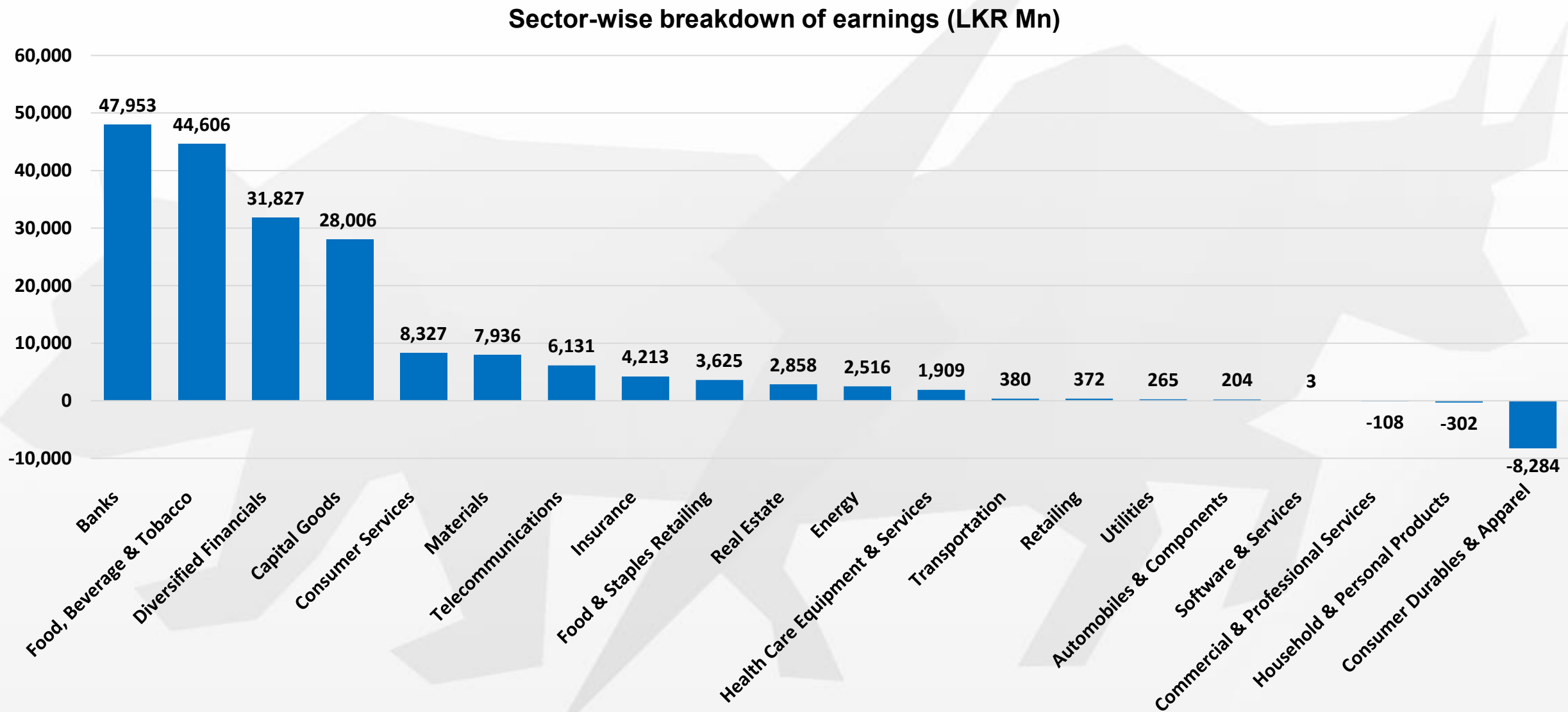
Results Update

Mar 2025

Wednesday, June 18, 2025

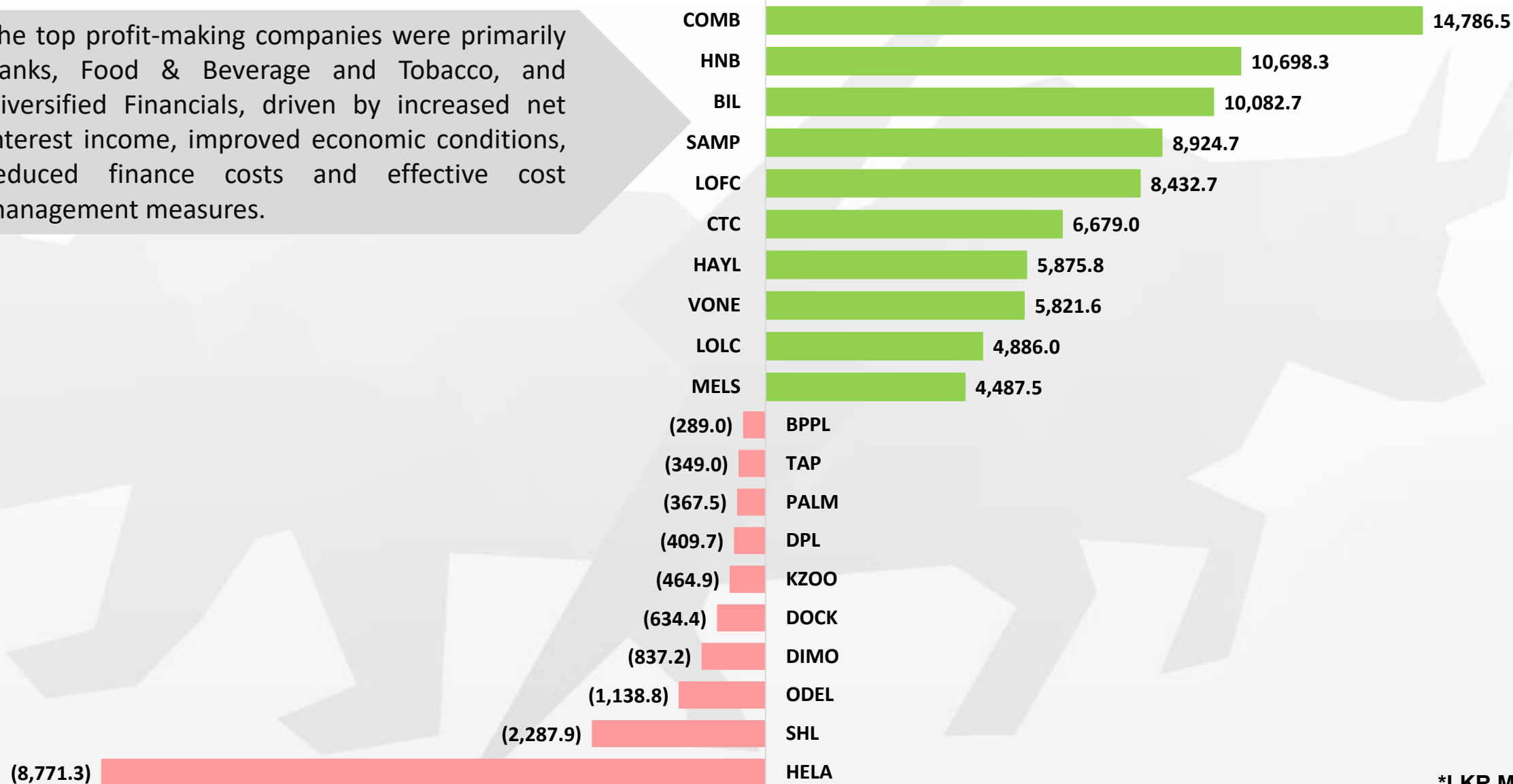
Company	Quarter Earnings LKR 'Mn					4 Qtr Trailing	
	4QFY25	4QFY24	YoY%	3QFY25	QoQ%	PER (x)	PBV (x)
	1Q2025	1Q2024	YoY%	4Q2024	QoQ%		
Consumer Durables & Apparel Earnings	-8,284	7,768	-207%	771	<-1000%	N/A	1.8x
Retailing Sector Earnings	372	-862	143%	1,560	-76%	92.1x	1.2x
Consumer Services Sector Earnings	8,327	1,398	496%	514	>1000%	172.2x	1.1x
Automobiles & Components Sector Earnings	204	371	-45%	166	23%	9.4x	0.9x
Food, Beverage & Tobacco Sector Earnings	44,606	16,234	175%	48,198	-7%	7.4x	1.8x
Food & Staples Retailing Sector Earnings	3,625	3,402	7%	2,645	37%	19.5x	3.5x
Household & Personal Products Sector Earnings	-302	-134	-125%	75	-506%	15.7x	1.2x
Energy Sector Earnings	2,516	2,468	2%	1,204	109%	9.2x	1.0x
Diversified Financials Sector Earnings	31,827	15,539	105%	42,531	-25%	6.7x	1.0x
Banks Sector Earnings	47,953	33,414	44%	72,881	-34%	4.2x	0.7x
Insurance Sector Earnings	4,213	5,533	-24%	10,798	-61%	7.7x	1.0x
Health Care Equipment & Services Sector Earnings	1,909	1,663	15%	1,430	33%	12.3x	1.2x
Capital Goods Sector Earnings	28,006	13,889	102%	21,748	29%	11.8x	1.0x
Commercial & Professional Services Sector Earnings	-108	9	<-1000%	-114	5%	N/A	0.8x
Transportation Sector Earnings	380	212	79%	301	26%	27.5x	9.5x
Materials Sector Earnings	7,936	7,848	1%	9,452	-16%	10.1x	1.4x
Real Estate Sector Earnings	2,858	3,857	-26%	2,881	-1%	8.1x	0.6x
Software & Services Sector Earnings	3	-126	103%	-100	103%	N/A	3.0x
Telecommunications Sector Earnings	6,131	2,923	110%	9,114	-33%	15.0x	1.6x
Utilities Sector Earnings	265	501	-6%	1,142	-77%	13.9x	1.7x
Market Valuations						8.3x	1.2x
Market Earnings - Mar 2025	182,437	115,908	57%	227,199	-20%	276	
Market Earnings - Dec 2024	227,199	186,665	22%	221,862	2%	273	

Earnings for majority of the sectors recorded gains, whilst only three sectors made losses



Top 10 Profit- and Loss-making companies in 1Q2025/4QFY25

The top profit-making companies were primarily Banks, Food & Beverage and Tobacco, and Diversified Financials, driven by increased net interest income, improved economic conditions, reduced finance costs and effective cost management measures.



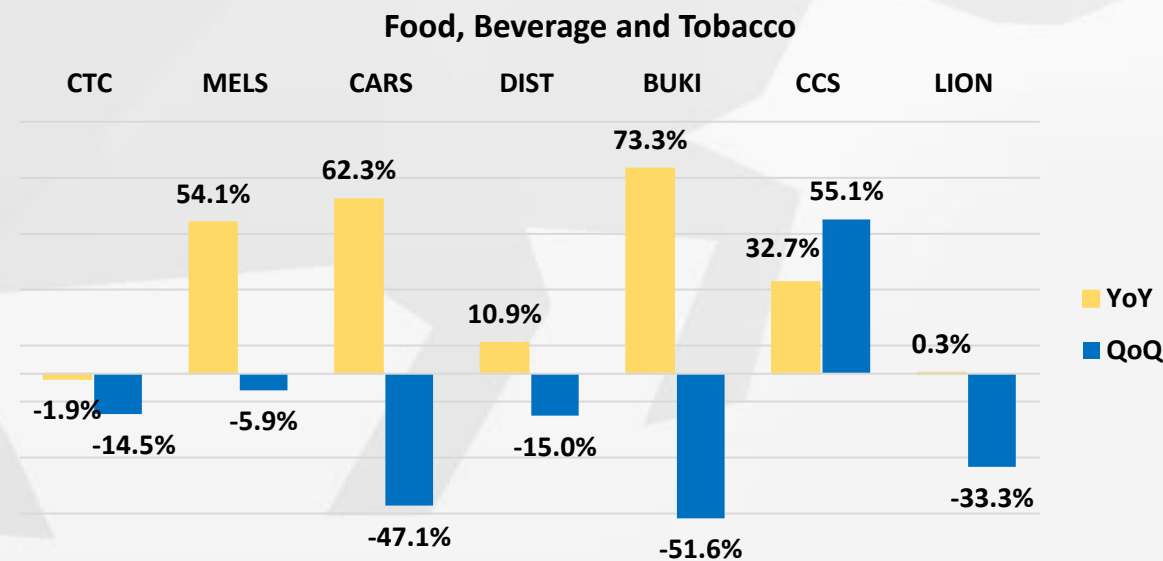
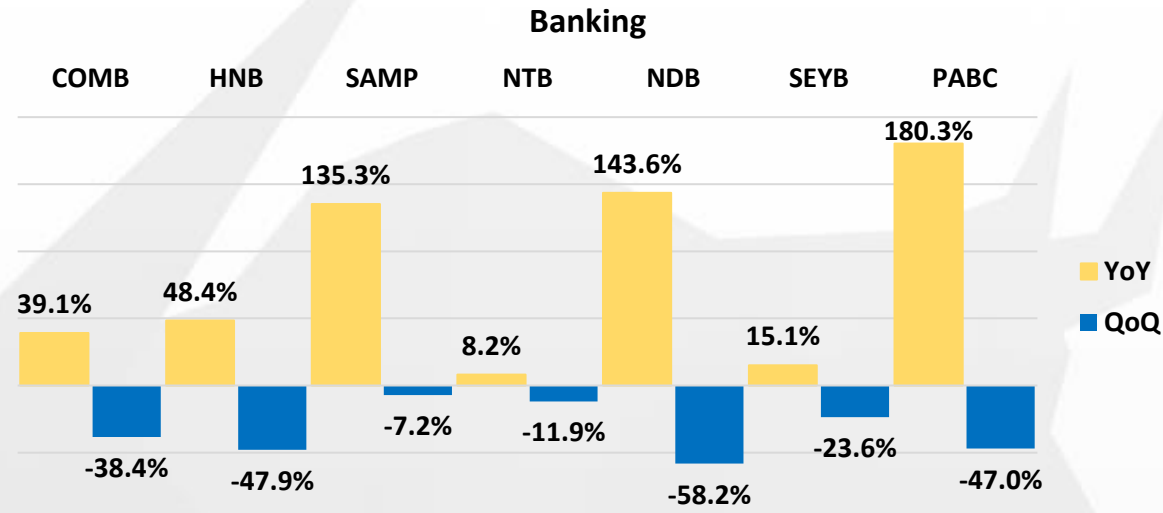
*LKR Mn

Earnings insight – Sector wise

Banking sector emerged as a major contributor to market earnings, posting an impressive 43.5%YoY growth. The growth in earnings was primarily driven by key banks namely, COMB, HNB, SAMP, NTB, NDB, SEYB, and PABC, which collectively recorded a remarkable 52.9%YoY surge in earnings. The growth was supported by an increase in net interest income, higher net fee and commission income, and a reduction in impairment charges. Despite a YoY decline in interest income across most of the banks due to a lower interest rate environment, the sector benefited from a corresponding drop in interest expenses. This resulted in improved net interest income for most banks. Additionally, the rise in digital, credit, and debit card transactions contributed to higher fee and commission income whilst improved customer credit quality also led to reduced impairment charges. However, the sector faced headwinds from rising operating expenses. Furthermore, a few banks including DFCC, SDB, and HDFC reported declines in their bottom-line.

Food, Beverage, and Tobacco sector reported a significant 174.8%YoY growth in earnings for the quarter ending Mar-25, driven by strong revenue growth, margin expansions, and reduced finance costs. Key contributors to this performance includes CTC, MELS, CARS, DIST, BUKI, CCS, and LION which collectively accounted for 63.4% of the sector's total earnings. The surge in topline performance was largely attributed to increased disposable incomes amid improving macroeconomic conditions. Additionally, lower raw material costs, currency appreciation, and a reduction in operational expenses contributed to stronger margins. The low-interest rate environment further supported bottom-line growth by easing finance costs across the sector.

Counters with the most significant growth in earnings



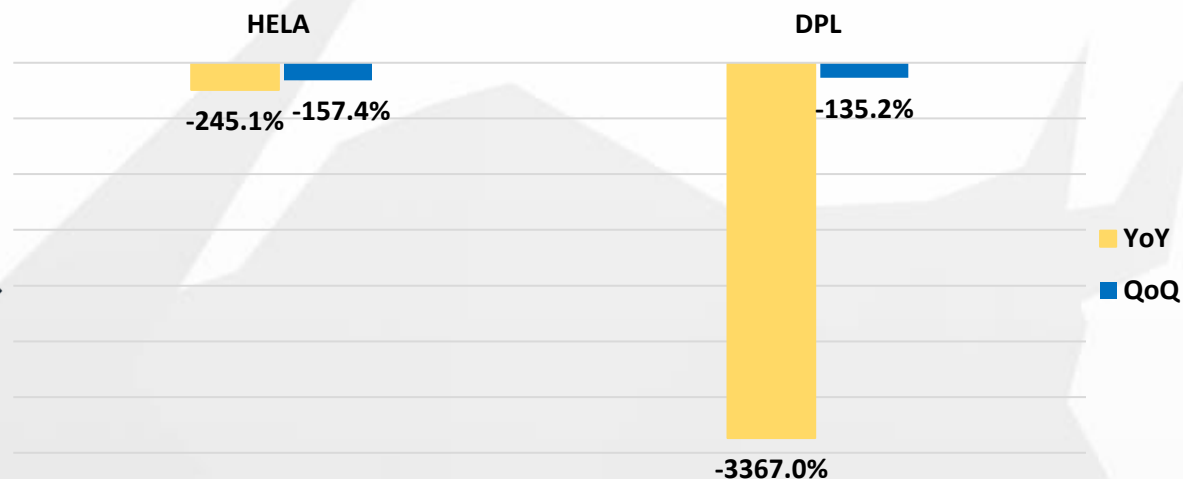
Earnings insight – Sector wise

Consumer Durables and Apparel sector recorded a sharp 206.6%YoY decline in earnings for the Mar-25 quarter, driven primarily by the weak performance of HELA and DPL. Collectively, these two companies saw a 251.5%YoY contraction in earnings. In absolute terms, HELA was the main contributor to this downturn, reporting a standalone loss of LKR 8.8Bn, a stark reversal from the LKR 6.0Bn profit posted in the same period last year, significantly dragging down the sector's overall earnings. This was mainly due to a reduction in gross margins, a significant rise in operational expenses, and impairment losses on financial assets and goodwill. DPL's negative profitability was attributed to a 31.0%YoY drop in revenue and a 113.0%YoY surge in selling and distribution expenses as the company attempted to remain competitive in a challenging market.

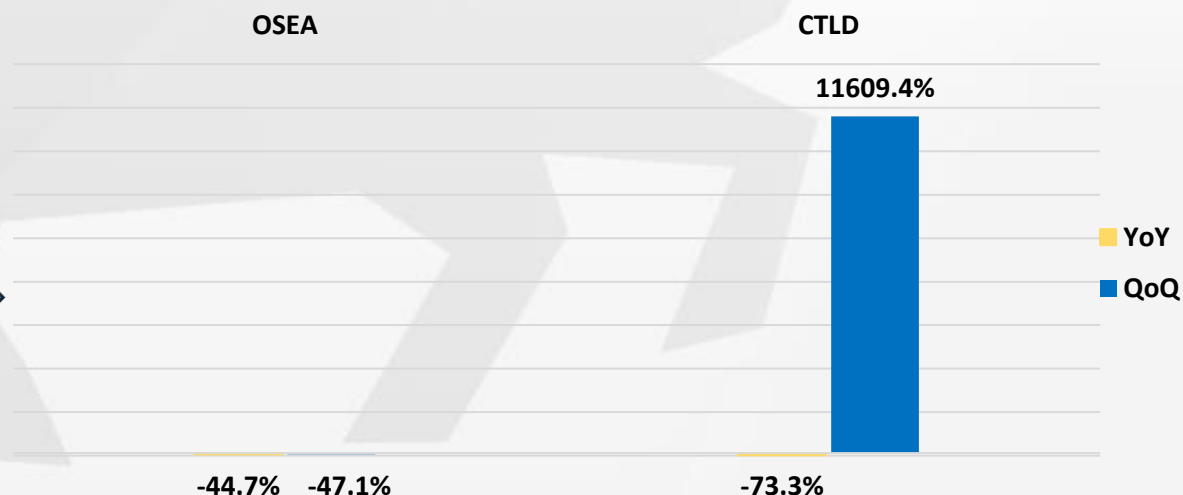
Real Estate sector reported a 26.0%YoY decline in earnings for the quarter ending March 2025. This drop was primarily driven by a 44.7%YoY decrease in earnings from OSEA and a 73.3%YoY decline from CTLD. OSEA's performance was negatively impacted by an exchange loss in 4QFY25, compared to an exchange gain in 4QFY24. Meanwhile, CTLD's earnings were reduced due to a lower change in the fair value of its investment properties.

Counters with the most significant decline in earnings

Consumer Durables and Apparel



Real Estate



Thank you!

*"SUCCESSFUL INVESTMENTS IS ABOUT
MANAGING RISKS"*

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