



First Capital
A Janashakti Group Company

EQUITY | SRI LANKA | MATERIALS

EARNINGS UPDATE | 18 NOV 2025

JAT HOLDINGS PLC [JAT.N0000]

DOWNGRADE TO SELL AND DISCONTINUE COVERAGE

"FAIR VALUE ACHIEVED; TIME TO BOOK PROFITS"

Fair Value: FY27E - LKR 46.0

Previous Report in Aug-25 - MAINTAIN HOLD

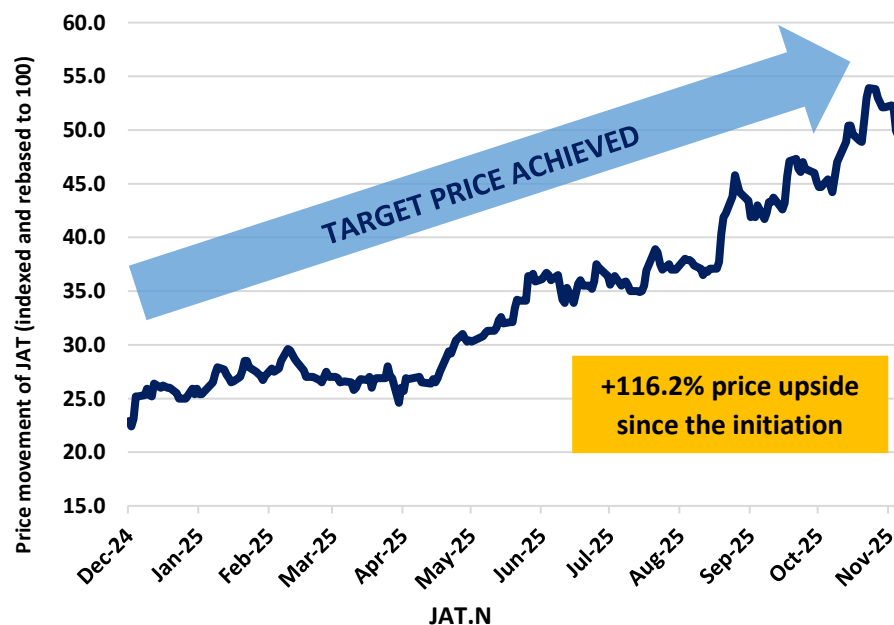
In our previous earnings report, we maintained our recurring earnings forecasts for JAT at LKR 1.7Bn for FY26E and LKR 2.2Bn for FY27E and our target price at LKR 46.0 per share for FY27E.

JAT's 2QFY26 quarterly results are well below FCR's expectations

JAT reported earnings of LKR 248.5Mn, underperforming our forecasts by 46.0%. The underperformance was primarily driven by an EBIT margin contraction of 356bps YoY and a net margin contraction of 795bps YoY. This was largely due to a 48.6%YoY increase in selling and distribution expenses, reflecting investments in market development activities; a 76.6%YoY rise in administrative expenses stemming from intensified R&D initiatives and EV charger related overheads; and a 149.1%YoY surge in tax expenses.

FCR's target prices of LKR 40.0 for FY26E and LKR 46.0 for FY27E have been achieved

JAT has achieved our target prices of LKR 40.0 for FY26E and LKR 46.0 for FY27E. Looking ahead, the company is expected to continue delivering strong performance across all operating segments, trends that have already been reflected in our earnings forecasts and valuations. Accordingly, we project JAT's recurring bottom line to reach LKR 1.7Bn in FY26E and LKR 2.2Bn in FY27E. Recently, JAT acquired a New Zealand based wood-coating company, "Mirotone", which currently generates a bottom line of approximately LKR 45.0Mn. Based on JAT's strategic plans, we anticipate the full financial impact of this acquisition to materialize by FY28E. However, since the acquisition has been primarily financed through debt, we expect higher interest costs to weigh on earnings. As a result, we do not foresee a substantial increase in the company's bottom line in the near term. This has already been incorporated into our conservative valuations, and therefore, we do not see significant further upside potential in the share price. Since the publication of our first report on 9th Dec 2024, JAT has appreciated by +116.2%, rising from LKR 22.9 to current levels. Since our FY26E and FY27E target price has already been met, we have revised our recommendation to **DOWNGRADE TO SELL AND DISCONTINUE COVERAGE**, from the previously maintained **HOLD**.



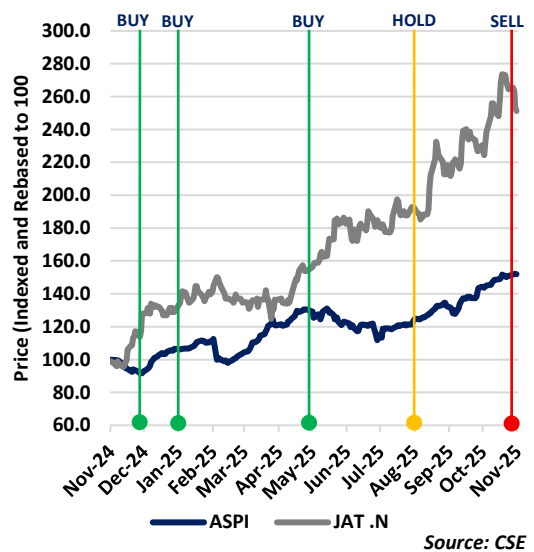
FIRST CAPITAL RESEARCH

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Price Performance (%)	1 mth	3 mths	12 mths
JAT	10.2%	32.4%	153.8%
ASPI	4.9%	16.0%	77.8%

Price movement of JAT vs ASPI (indexed and rebased to 100)



Minimum Return for BUY:

Buy Below FY27E - [AER of 17% with DPS]: LKR 46.0
JAT categorized as 'Grade B' counter

Disclosure on Shareholding:

First Capital Group or the covering analyst did not hold 1% or more of the total outstanding share capital of LLUB during the five trading days prior to the issuance of this document.



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