



WEALTHTRUST SECURITIES LIMITED

SUBSCRIBE

IPO Price – LKR 7.00

Company Profile

WealthTrust Securities Limited (WTS) is a licensed Primary Dealer regulated by the Central Bank of Sri Lanka, specializing in trading, distribution, and market-making of government securities. The company participates in primary auctions, facilitates secondary market trading, and provides liquidity and execution services across T-Bills, T-Bonds, and Repurchase markets. WTS also engages in debt brokerage and dealer operations, supporting institutional and corporate investors within Sri Lanka's fixed income market. Established in 2010, WTS has developed into a performance-driven dealer institution backed by a management team with extensive market experience. The company employs in-house analytical tools, proprietary auction bidding systems, and disciplined risk management practices to guide its trading strategy. Through consistent participation in the government securities market, competitive pricing, and focused client servicing, WealthTrust Securities continues to strengthen its presence in the domestic fixed income landscape.

Financial Performance

WealthTrust Securities reported a steady performance for the quarter and six-month period ended 30-Sep-2025, reflecting the normalization of market conditions following the sharp yield adjustments of the prior year. Net Interest Income (NII) rose mildly to LKR 371.1Mn in 2QFY26, supported by a larger securities portfolio, though this was partly offset by higher interest expense driven by increased reliance on repo funding. Trading income remained resilient at LKR 359.1Mn, while Mark-To-Market (MTM) movements were comparatively muted as yield volatility eased. For 1HFY26, the company generated LKR 675.8Mn in NII and LKR 1.0Bn from trading activities, indicating healthy market engagement despite a stabilizing rate environment. MTM gains improved to LKR 364.9Mn during 1HFY26 (despite a loss of LKR 8.7Mn in 2QFY26), supported by favourable curve shifts, though the benefit was tempered by elevated funding costs. Consequently, profit for the period contracted relative to potential, with WTS recording LKR 437.1Mn, underscoring the impact of higher repo-driven interest expenses on overall earnings.

Future Outlook

Growth Opportunity from Sri Lanka's Capital Market Development: Sri Lanka's capital markets are gradually recovering, supported by macroeconomic stabilization efforts, regulatory reforms, and a modest pickup in investor activity.

Normalized but Stable Profitability: WealthTrust Securities is expected to deliver a more normalized earnings profile over the medium term as interest rates stabilize and market volatility moderates following the sharp yield shifts of the previous cycle. While the exceptional MTM gains experienced in FY24 are unlikely to recur in the same magnitude, the Company's enlarged securities portfolio and active participation in primary auctions position it to sustain healthy levels of Net Interest Income and realized trading gains. The shift from high-volatility income to more predictable spread-based earnings is likely to support steadier quarterly performance.

Capital Strength and Growth Capacity: Strong internal capital generation, combined with the capital infusion from the IPO, enhances WTS's capacity to expand its government securities portfolio in line with market opportunities. Higher equity provides room to increase leverage prudently while maintaining adequate buffers under the CBSL's capital adequacy framework. This expanded balance sheet capacity is expected to support higher auction participation, larger trading volumes, and improved scalability of core revenue streams. Over the medium term, WTS is well placed to strengthen profitability through a combination of disciplined risk-taking, balance sheet optimization, and improved cost-to-income dynamics.

Interest Rate Volatility Poses Risks to Earnings Stability: A significant share of WealthTrust's profitability is derived from realized trading gains and MTM movements, both of which depend on the level of market liquidity and the magnitude of rate adjustments. In periods of reduced volatility or flatter yield curves, trading opportunities naturally diminish, limiting the potential for outsized gains. Conversely, abrupt rate shocks may force the Company to unwind positions at unfavourable prices, potentially suppressing trading income in the short term.

Valuation

P/E 31 March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Earnings (LKR 'Mn)							
Net Interest Income	312	2,172	3,127	1,337	2,085	2,523	3,413
Income from Trading Activities	55	3,315	10,148	2,573	2,800	3,077	3,829
Net Operating Income	(34)	2,454	7,384	1,797	1,351	1,345	1,495
Profit/(Loss) before tax	(48)	2,317	7,374	1,785	1,341	1,336	1,487
Profit/(Loss) for the Year	(43)	1,705	4,907	1,194	939	935	1,041
Adjusted Basic EPS (LKR)	(0.0)	1.4	4.0	1.0	0.8	0.8	0.8
YoY % Growth	-107%	4052%	188%	-76%	-21%	0%	11%
Valuations							
PER (x)	N/A	5.0	1.7	7.2	9.1	9.2	8.2
PBV (x)	3.1	1.9	1.3	1.5	1.3	1.2	1.1
Adjusted NAVPS	2.3	3.6	5.4	4.8	5.5	5.8	6.2
Adjusted DPS (LKR)	-	0.7	1.6	-	0.4	0.4	0.5
Payout Ratio	0%	47%	41%	0%	55%	55%	55%
ROE	-2%	38%	74%	21%	14%	13%	14%

Comparison of Listed Proxies

Listed Proxies	Share Price 05.12.2025 (LKR)	Market Capitalization 05.12.2025 (LKR Mn)	TTM EPS (LKR)	NAVPS Sep 2025 (LKR)	P/E (x)	P/BV (x)
Direct Peers						
CALT	49.1	16,174	15.0	45.5	3.3	1.1
FCT	30.5	18,776	6.6	17.4	4.7	1.8
Market Capitalization Weighted Average					4.0	1.4
*Wealth Trust Securities - Post-IPO	7.0	8,575	0.8	5.5	9.1	1.3

*Note - WTS valuations based on FY26E estimates

Relative Valuation Summary	FY26E
WTS IPO Share Price	7.0
NAVPS	5.5
Peer Average P/BV	1.4
Fair Value	7.9
Fair Value Rounded Off	8.0

Valuation Outlook

The WTS IPO, which is offered at LKR 7.00 per share, implies a Price-to-Book Value (PBV) of 1.3x based on Sep-2025 book value. This valuation is broadly in line with the market capitalization-weighted average sector PBV of 1.4x, suggesting the issue is fairly priced relative to listed financial sector peers.

Following an assessment of direct local peers who also fall under the non-bank primary dealer category, we believe that a PBV multiple of 1.4x is appropriate in valuing WTS. Applying the 1.4x PBV multiple to the expected book value for FY26E, we derive a fair value estimate of LKR 8.00 per share, indicating an upside potential of approximately 14.3% from the IPO price. WTS also intends to maintain a payout ratio of 55% for the current financial year, given its track record of consistent dividends (despite FY25 due to management decision of increasing payout post-IPO), underscoring its appeal to dividend-oriented clientele as well. [SUBSCRIBE](#)

IPO Details

Issue Price	:	LKR 7.00
Amount to be Raised	:	LKR 500.8Mn (Offer for subscription)
Total No. of Shares Offered	:	71,548,244 ordinary voting shares (To be listed on the Diri Savi board)
Issue Open Date	:	Dec 17, 2025

No underwriting arrangements have been made for this Share Issue

Purpose of the Issue

Strengthening the core capital of the company

- WTS maintains a core capital of LKR 6.26Bn, well above current and upcoming CBSL requirements of LKR 2.5Bn, 4.0Bn (2026) and 5.0Bn (2027) and, despite already exceeding these thresholds, plans to raise LKR 500.8Mn via the IPO to further strengthen its capital buffer, enhance resilience to market and interest-rate risks, improve risk-weighted capital adequacy, and support sustained shareholder value creation.

Shareholding - Pre and Post IPO

Shareholders	No. of Shares	Pre IPO %	No. of Shares	Post IPO %
Finco Holdings (Private) Limited	333,102,945	28.88%	333,102,945	27.19%
Safe Holdings (Private) Limited	132,383,370	11.48%	132,383,370	10.81%
Iconic Trust (Private) Limited	110,476,800	9.58%	110,476,800	9.02%
Genesis Software (Pvt) Ltd	109,102,980	9.46%	109,102,980	8.91%
Sinar Maju Company Limited	95,045,300	8.24%	95,045,300	7.76%
Mr. Wickrema Senaka Weerasooria	84,358,435	7.31%	84,358,435	6.89%
Mr. Nilkamal Milinda Weerasooria	84,358,400	7.31%	84,358,400	6.89%
Ms. Anakali Moonesinghe	68,495,000	5.94%	68,495,000	5.59%
Dr. Duke Rollo Ebenezer	56,000,000	4.85%	56,000,000	4.57%
Ms. Shirani Nimalika Boyagoda	23,554,230	2.04%	23,554,230	1.92%
Wealth Lanka Management (Private) Limited	17,500,000	1.52%	17,500,000	1.43%
Mr. Ekanayake Mudiyanselage Arsir Indika Boyagoda	17,500,000	1.52%	17,500,000	1.43%
Dr. Sumitha Anura Bandara Ekanayake	14,000,000	1.21%	14,000,000	1.14%
Dr. Ishani Fernando	4,760,000	0.41%	4,760,000	0.39%
Mr. Kuruppu Achchige Heshana Kuruppu	2,867,200	0.25%	2,867,200	0.23%
Mr. Ekanayake Mudiyanselage Mangala Boyagoda	35	0.00%	35	0.00%
Shareholding from IPO	-	0.00%	71,548,244.00	5.84%
	1,153,504,695	100.00%	1,225,052,939	100.00%

Issue Allotment Structure

Applicant Category	Allocation of IPO (%)
Retail Individual	40.0%
Unit Trusts	10.0%
Employees and Directors	10.0%
Non-Retail	40.0%
	100.0%

'Unit Trust Investors' as defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01), shall mean growth and balanced Unit Trusts operated by managing companies licensed under the SEC to operate such Unit Trusts, where such Unit Trusts comprises of not less than 500 Unit Holders resident in Sri Lanka, who together hold at least 50% of that Unit Trust.



First Capital
A Janashakthi Group Company

First Capital Research

Appendix 1 Summarized Audited and Forecasted Statement of Financial Position

Statement of Financial Position	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
As at 31st March (LKR 'Mn)							
ASSETS							
Balance with Central Bank of Sri Lanka	0	0	1	0	0	0	0
Cash at Banks & in Hand	2	3	1	5	8	11	12
Derivative Financial Instruments	1	298	18	6	6	6	6
Securities purchased under Resale Agreements	953	2,032	2,472	1,195	1,613	1,936	2,207
Financial assets recognised through profit or loss / held for trading	10,570	34,511	23,881	21,556	23,496	25,610	28,684
Financial assets - measured at amortised cost	74	-	-	-	-	-	-
Property, Plant and Equipment	15	15	14	19	19	19	19
Intangible Assets	3	8	5	3	3	3	3
Right-of-use Assets	13	8	4	22	22	22	22
Income Tax	6	-	-	-	-	-	-
Deferred Tax Assets	2	9	9	10	10	10	10
Other Assets	60	62	154	130	137	143	151
Total Assets	11,698	36,946	26,557	22,946	25,314	27,761	31,113
LIABILITIES							
Bank Overdraft	499	1,363	1,452	596	596	596	596
Derivative Financial Instruments	7	-	14	-	-	-	-
Securities sold under Repurchase Agreements	8,405	29,902	14,790	15,648	17,072	19,078	21,940
Income Tax	-	551	1,707	430	430	430	430
Post Employment Benefit Obligations	3	24	27	30	30	30	30
Lease Liabilities	15	10	5	24	24	24	24
Other Liabilities	4	626	1,937	400	420	441	463
Total Liabilities	8,933	32,476	19,931	17,127	18,571	20,598	23,482
EQUITY							
Stated Capital	330	330	330	330	830	830	830
Special Risk Reserve	494	664	1,155	1,274	1,368	1,461	1,565
General Reserve	411	454	-	-	-	-	-
Retained Earnings	1,531	3,022	5,142	4,216	4,544	4,871	5,236
Total Shareholders' Funds	2,765	4,470	6,626	5,819	6,743	7,163	7,631
Total Liabilities and Equity	11,698	36,946	26,557	22,946	25,314	27,761	31,113
NAVPS	2.3	3.6	5.4	4.8	5.5	5.8	6.2

Statement of financial position has been forecasted considering the IPO funds

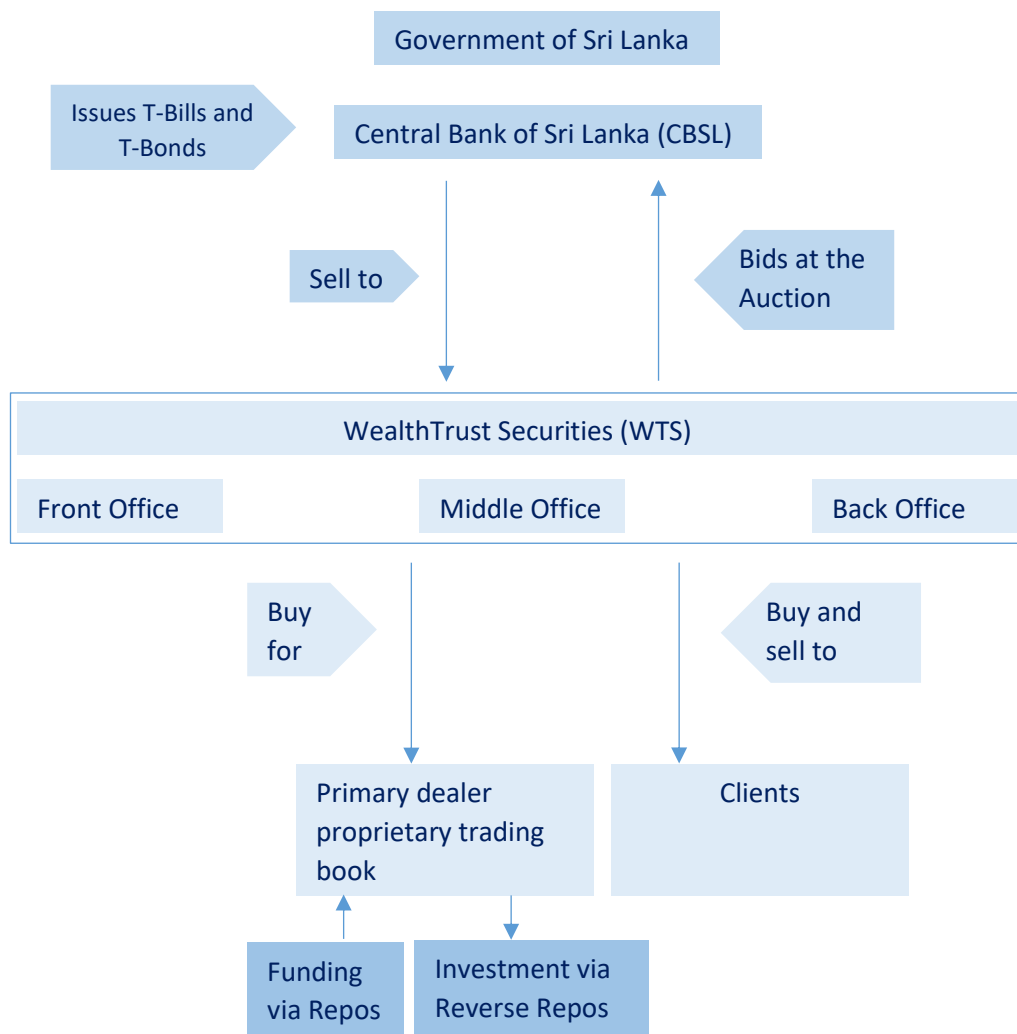
Appendix 2 Summarized Audited and Forecasted Income Statement

Income Statement	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Year ended 31st March (LKR 'Mn)							
Interest Income	638	5,329	6,118	3,295	4,134	4,621	5,607
Interest Expenses	(326)	(3,157)	(2,991)	(1,957)	(2,049)	(2,099)	(2,194)
Net Interest Income	312	2,172	3,127	1,337	2,085	2,523	3,413
Net gains/(losses) from financial assets recognised through P&L / held for trading	(253)	1,155	7,044	1,261	756	605	484
Brokerage Income on Dex trading	1	0	-	-	-	-	-
Direct Expenses	(4)	(13)	(23)	(25)	(42)	(50)	(68)
Income From Trading Activities	55	3,315	10,148	2,573	2,800	3,077	3,829
Other Income	5	6	10	7	7	7	7
Marketing Expenses	(1)	(2)	(9)	(14)	(21)	(27)	(37)
Administrative and General Expenses	(93)	(865)	(1,837)	(579)	(930)	(1,159)	(1,615)
Other Operating Expenses	-	-	(927)	(190)	(504)	(554)	(689)
Profit/(Loss) from Operating Activities	(34)	2,454	7,384	1,797	1,351	1,345	1,495
Finance Expenses	(13)	(138)	(11)	(12)	(11)	(10)	(9)
Profit/(Loss) Before Taxation	(48)	2,317	7,374	1,785	1,341	1,336	1,487
Income Tax (Expense)/Reversal	5	(612)	(2,467)	(592)	(402)	(401)	(446)
Net Profit/(Loss) for the Year	(43)	1,705	4,907	1,194	939	935	1,041
Adjusted EPS	(0.04)	1.39	4.01	0.97	0.77	0.76	0.85



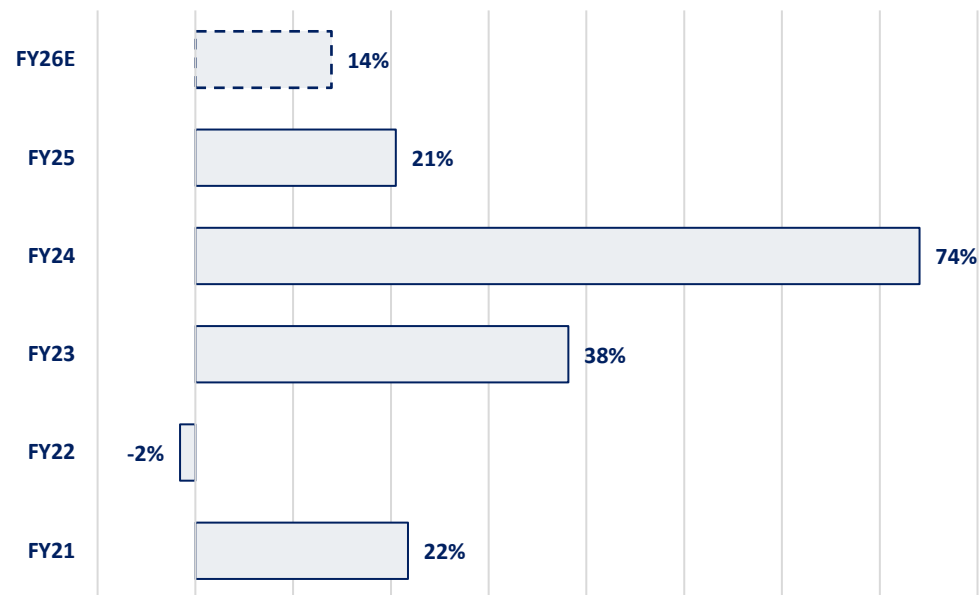
Appendix 3

Business Model



Appendix 4

Return on Equity (ROE) movement





First Capital
A Janashakthi Group Company

First Capital Holdings PLC

No. 02, Deal Place,
Colombo 03.

General: +94 11 2639 898
Fax: +94 11 5736 264

RESEARCH

Dimantha Mathew	+94 11 2639 853	Akna Tennakoon	+94 11 2639 866
Charith Gamage	+94 11 2639 863	Dilhari Dias	+94 11 2639 866
Ranjan Ranatunga	+94 11 2639 863	Imashi Sellapperuma	+94 11 2639 866
Shahana Kanagaratnam	+94 11 2639 866	Manusha Kandanaarachchi	+94 11 2639 866
		Salaama Sanoon	+94 11 2639 866

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Arun Kandasamy	+94 75 4861 506
Anushka Dissanayake	+94 77 2220 021		
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Tharusha Ekanayake	+ 94 77 7 809 154
--------------------	-------------------

EQUITY SALES

		Equity Branches		
CEO	Jaliya Wijeratne	+94 71 5329 602	Negombo	Priyanka Anuruddha +94 77 4546 070 Priyantha Wijesiri +94 77 9065 779
Colombo				
Rasika Vidanalage		+94 77 7072 698		
Isuru Jayawardana		+94 76 7084 953		
Nishantha Mudalige		+94 77 3204 929		
Anushka Buddhika		+94 71 4310 600	Agents	
Thushara Pathiraja		+94 77 0076 314	Colombo	Kithsiri Jayasinghe +94 77 7790 657
Anjelo LaBrooy		+94 77 7546 645	Anuradhapura	Amila Luwishewa +94 71 0628 195
Dillon Lowe		+94 76 6160 647	Galle	Nuwan Abeynayake +94 77 7288 274
Evelyn John		+94 77 779 2452	Kandy	Ajith Ihalawatta +94 77 8477 530
Yudheshan Kannadasan		+94 77 415 5809	Embilipitiya	Ruwan Wanniarachchi +94 77 3877 734

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
---------------------	-----------------	-----------------------	-----------------

BRANCHES

Kandy	Kurunegala
CSE Branch Office, No. 88, Dalada Veediya,	No.174/B2, Negombo Road, Kurunegala.
Kandy 20000.	Kurunegala 60000.
Manager: Salinda Samarakoon	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930
Matara	Negombo
CSE Branch Office, 1 st Floor, E.H.Coaray Tower, No.24, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange Negombo Branch Office, No. 72 A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Rohana Jayakody	Manager:
Tel: +94 41 2222 988	Tel: +94 31 4937 072

About us

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.

Disclaimer

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the accuracy, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or a connected person or associated person may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.