



First Capital
A Janashakti Group Company

EQUITY | SRI LANKA | CAPITAL GOODS

FLASH NOTE | 28 JAN 2026

HEMAS HOLDINGS PLC [HHL.N0000]

FLASH NOTE

"HHL STRENGTHENING ITS GLOBAL FOOTPRINT"

HHL SECURES KENYAN APPROVAL FOR 75% STAKE IN TWIGA STATIONERS

- The Competition Authority of Kenya (CAK) has approved the acquisition of a 75% stake in Twiga Stationers and Printers Limited by Atlas Axillia, a subsidiary of Hemas Holdings PLC.
- In September last year, HHL informed investors that it had entered into an agreement to acquire a majority stake in a consumer goods company in Kenya, with completion of the transaction expected within six months, subject to the receipt of all requisite regulatory approvals. The value of the transaction was not disclosed.
- Twiga Stationers and Printers Limited is a leading East African manufacturer and distributor of stationery, hygiene, and packaging products, best known for its Kasuku and Crownbird stationery brands.
- Operating across Kenya, Uganda, Tanzania, Rwanda, the Democratic Republic of Congo, Ethiopia, Burundi, Zambia, Malawi, Eritrea, and Madagascar, Twiga Stationers commands a dominant position in the Kenyan stationery market, with a 49.4% market share, according to data published by CAK in December 2024.
- Beyond stationery, the company is also engaged in the manufacture of hygiene products, producing consumer tissue brands including Peacock, Panda, and Envoy.

FIRST CAPITAL RESEARCH

Shahana Kanagaratnam +94 11 263 9866
shahana@firstcapital.lk

Source: CSE, Pesa Wall (Kenya)

KEY DATA

CSE Ticker	HHL.N0000
Bloomberg Ticker	HEMS SL
Share Price (LKR)	34.90
52w High (LKR)	36.00
52w Low (LKR)	22.00
Issued Share Capital (Shares 'Mn)	2,986.5
Market Cap (LKR 'Mn)	104,230
Market Cap (USD 'Mn)	336

*1 USD = LKR 310

Impact to HHL:

The acquisition is expected to strengthen HHL's regional footprint by deepening its presence in East Africa's consumer goods market, providing access to Twiga Stationers and Printers Limited's established brands, extensive distribution network, and strong market position in Kenya. The transaction aligns with HHL's strategy of expanding into high-growth emerging markets and offers potential for operational synergies, portfolio diversification, and longer-term revenue growth across the region.

However, the expected impact of the acquisition had already been incorporated into our forecasts following HHL's initial announcement. While the transaction is viewed positively, it is unlikely to drive a material turnaround in earnings. As previously highlighted, the Consumer Brands segment appears to be operating at or near peak capacity, constrained by a mature product portfolio, limited geographic diversification, and persistent margin pressure due to intense competition. Consequently, the regulatory approval does not warrant any changes to our earnings estimates or target price, and our **SELL** recommendation remains unchanged.

Valuation Summary

Return	FY27E
Target Price	36.0
Current Price	34.9
Capital Gain (LKR)	1.1
Dividends upto 31 Mar (LKR)	1.0
Capital Gain %	3%
Dividend Yield %	3%
Total Return %	6%
Annualized Return %	5%

Stationery Products Company	Market Share (%)
Twiga Stationers and Printers Ltd	49.40
Kenafic	22.60
Kartasi Industries	18.20
Guaca Stationers Limited	4.73
	5.08

Note: Market share as of December 2024

Valuation Table - HHL

P/E 31 March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Estimates (LKR 'Mn)							
Revenue	78,831	113,940	121,614	117,970	127,590	144,353	156,121
Gross Profit	21,850	31,793	35,997	37,073	38,596	43,883	47,461
EBIT	6,783	10,963	11,921	13,707	13,305	16,293	17,863
Net Profit	4,249	4,269	6,109	8,057	8,554	10,427	11,458
Adjusted EPS (LKR)	1.4	1.4	2.0	2.7	2.9	3.5	3.8
YoY Growth (%)	31%	0%	43%	32%	6%	22%	10%
Valuations							
PER (x)	24.5x	24.4x	17.1x	12.9x	12.2x	10.0x	9.1x
PBV (x)	2.9x	2.7x	2.4x	2.1x	1.9x	1.7x	1.5x
DY (%)	2.5%	1.3%	1.3%	2.0%	2.5%	3.0%	3.3%
NAVPS	11.9	12.9	14.5	16.7	18.7	21.1	23.8
DPS (LKR)	0.9	0.5	0.5	0.7	0.9	1.0	1.2
Dividend Payout	61.1%	32.8%	23.0%	25.9%	30.0%	30.0%	30.0%



First Capital
A Janashakthi Group Company

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000
Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Akna Tennakoon	+94 11 2639 866
Ranjan Ranatunga	+94 11 2639 863	Dilhari Dias	+94 11 2639 866
Charith Gamage	+94 11 2639 863	Imashi Sellaperuma	+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

CEO	Jaliya Wijeratne	+94 71 5329 602	Equity Branches		
			Negombo	Priyanka Anuruddha	+94 77 4546 070
Colombo				Priyantha Wijesiri	+94 77 9065 779
Isuru Jayawardana	+94 76 7084 953		Jaffna	Gratian Nirmal	+94 77 4510 000
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
Dayan Fernando	+94 77 7354 081		Anuradhapura	Amila Luwishewa	+94 71 0628 195
Anjelo LaBrooy	+94 77 7546 645		Galle	Nuwan Abeynayake	+94 77 7288 274
Dillon Lowe	+94 76 6160 647		Kandy	Ajith Ihalawatta	+94 77 8477 530
Evelyn John	+94 77 779 2452		Embilipitiya	Ruwan Wanniarachchi	+94 77 3877 734
Yudheshan Kannadasan	+94 77 415 5809				
Yumeth Samarakoon	+94 72 4444 135				
Amash Ranasinghe	+94 77 7820 168				

UNIT TRUST SALES

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

BRANCHES

Kandy	Kurunegala	Matara	Negombo
CSE Branch Office, No. 88, Dalada Veediya, Kandy 20000.	No.174/B2, Negombo Road, Kurunegala. Kurunegala 60000.	CSE Branch Office, 1 st Floor, E.H.Cooray 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: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 4937 072

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.

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.