



Corporate Earnings Review: March'21

- Highest quarterly earnings in the history of the CSE, LKR 109bn
- Earnings grew 462% since 2Q 2020, during the 1st wave of Covid-19
- Multiple based valuations down, as earnings soared 189% YoY

Note : Market Earnings Excludes Major Capital Gains and Earnings of Non-Voting Counters

Earnings recorded a phenomenal increase shooting up +189% YoY despite localized lockdowns and low mobility, whilst growing +28% QoQ in 1Q2021/4QFY21 to surpass the LKR 100bn milestone, a new all time high for the CSE



A STRONG GROWTH: The 28% earnings spike was despite a c. LKR 4.7bn loss from Consumer Services

The earnings momentum continued from its depressed state to record a 462% growth c.f. 2Q 2020 during the first wave of COVID-19, and a 28% growth from 4Q 2020, the quarter that was affected by the second wave of COVID

Sector (LKR Mn)	PER (x)	PBV (x)	ROE (%)	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	Contribution to earnings
Automobiles & Components	7.2	1.2	16.1	965	443	118%	268	93	299	189%	-10%	0.3%
Banks	5.4	0.5	9.9	68,244	65,289	5%	24,881	14,626	18,699	70%	33%	24.0%
Capital Goods	17.2	1.0	5.6	35,353	17,524	102%	22,323	7,099	13,657	214%	63%	12.4%
Commercial & Professional Services	4.7	0.8	17.6	590	-79	847%	300	-108	81	378%	271%	0.2%
Consumer Durables & Apparel	57.2	0.5	0.9	999	2,461	-59%	-123	189	174	-165%	-171%	0.4%
Consumer Services	na	0.6	na	-23,740	-9,157	-159%	-4,660	-455	-5,746	-924%	19%	-8.3%
Diversified Financials	10.5	1.0	9.8	45,596	26,254	74%	20,263	3,491	12,185	480%	66%	16.0%
Energy	51.3	0.9	1.8	367	-882	142%	974	-346	687	381%	42%	0.1%
Food & Staples Retailing	16.5	2.1	12.6	5,979	4,078	47%	3,286	1,351	1,456	143%	126%	2.1%
Food Beverage & Tobacco	14.1	2.0	14.4	57,644	28,874	100%	16,734	1,784	16,583	838%	1%	20.2%
Health Care Equipment & Services	13.5	1.9	14.0	4,800	2,129	125%	2,325	368	1,912	532%	22%	1.7%
Household & Personal Products	12.5	1.9	17.4	625	725	-14%	134	389	171	-65%	-21%	0.2%
Insurance	6.6	0.9	13.2	14,915	13,569	10%	2,885	2,994	6,391	-4%	-55%	5.2%
Materials	7.1	1.5	21.7	24,483	9,410	160%	7,955	2,168	6,580	267%	21%	8.6%
Real Estate	18.2	0.7	3.9	3,700	7,589	-51%	1,372	1,351	637	2%	115%	1.3%
Retailing	15.3	0.7	4.4	3,773	-790	577%	1,357	-265	1,051	612%	29%	1.3%
Telecommunication Services	8.0	1.0	12.4	21,139	13,388	58%	4,592	3,366	4,568	36%	1%	7.4%
Transportation	6.2	3.9	63.9	15,094	-1,092	1483%	3,999	-445	4,552	998%	-12%	5.3%
Utilities	11.9	1.5	12.1	4,354	1,899	129%	471	236	1,431	99%	-67%	1.5%
Market	11.7	1.3	8.9	284,878	181,633	56.8%	109,334	37,885	85,368	188.6%	28.1%	100.0%

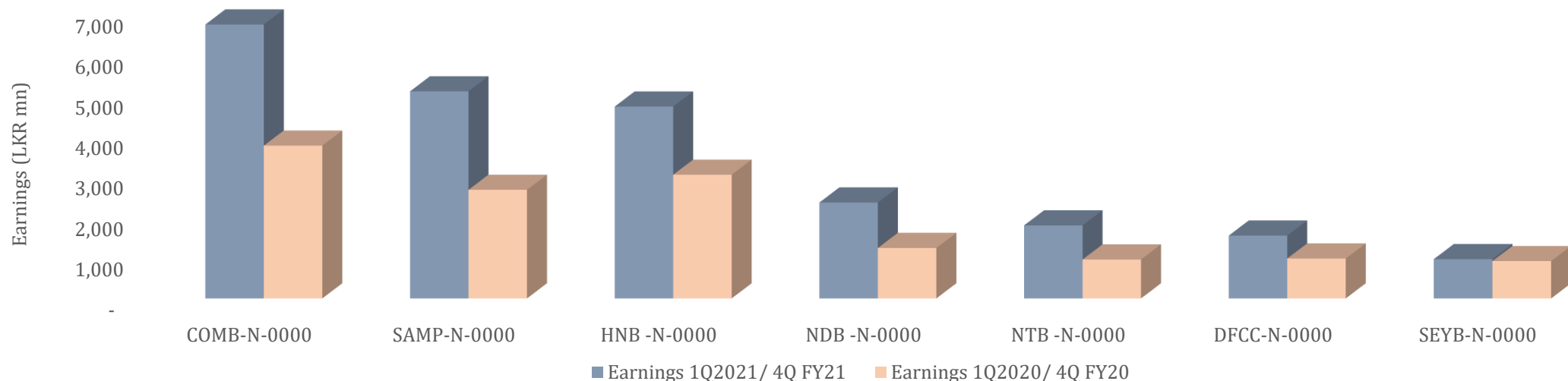
Note : Market Earnings and market PER calculations excludes major one-off capital gains and earnings of Non-Voting counters

Prices are updated as of 11th June'21

Total number of counters for an earnings comparison are 274 out of 285. As such, final earnings may marginally vary from stated figures.

HOLDING STRONG: The banking sector continued its recovery, remaining highly undervalued

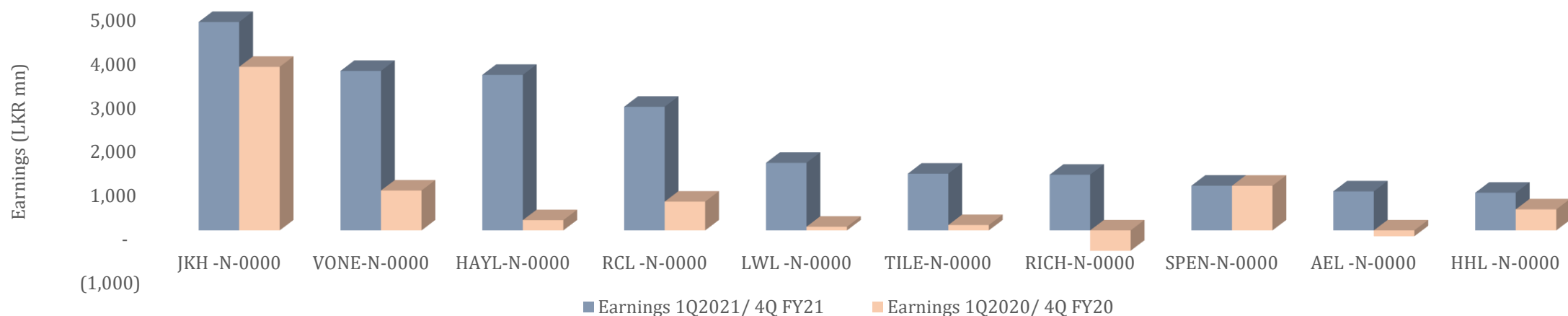
The banking sector earnings shot up by 70% YoY (+33% QoQ in 1Q2021/4QFY21) amidst lower impairment provisioning compared to last year and slight margin improvement after bottoming out during 4Q2020.



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
COMB-N-0000	19,925	17,898	11%	6,750	3,765	5,873	79%	15%	5.5	0.68	12.3
SAMP-N-0000	10,869	12,233	-11%	5,103	2,676	3,229	91%	58%	5.8	0.55	9.3
HNB -N-0000	14,776	15,771	-6%	4,728	3,048	4,490	55%	5%	4.8	0.45	9.4
NDB -N-0000	6,237	5,011	24%	2,363	1,243	1,248	90%	89%	4.7	0.59	12.5
NTB -N-0000	4,895	3,900	26%	1,799	959	947	88%	90%	3.5	0.48	13.7
DFCC-N-0000	3,310	2,606	27%	1,548	983	717	57%	116%	6.2	0.39	6.2
SEYB-N-0000	3,087	3,824	-19%	967	919	841	5%	15%	8.8	0.54	6.1
BANKS	68,244	65,289	5%	24,881	14,626	18,699	70%	33%	5.4	0.53	9.9

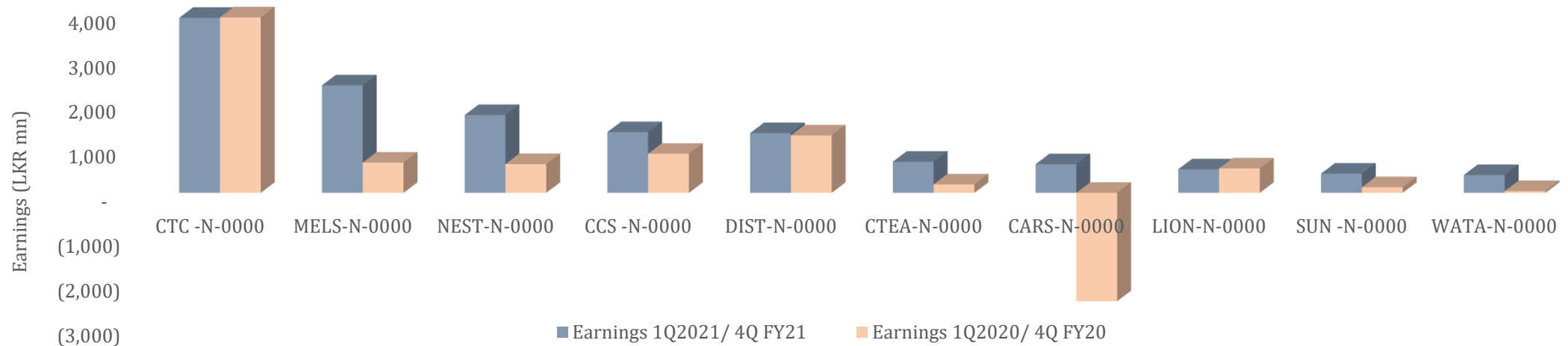
RIDING THE WAVE: Import restrictions and the recovery in mobility drive strong earnings

Capital Goods sector earnings were up +214% YoY in 1Q2021/4QFY21 and up by +63% QoQ basis, on the back of import protectionism, USD depreciation and revival in overall activity levels as the country adjusted to a new



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
JKH -N-0000	4,772	9,414	-49%	4,757	3,733	992	27%	379%	38.1	0.80	2.1
VONE-N-0000	8,118	3,794	114%	3,640	911	2,034	300%	79%	7.9	1.02	13.0
HAYL-N-0000	7,637	372	1951%	3,550	234	2,721	1417%	30%	7.4	1.19	16.0
RCL -N-0000	6,134	2,586	137%	2,822	657	2,011	330%	40%	6.9	1.39	20.2
LWL -N-0000	2,960	405	631%	1,542	83	1,036	1753%	49%	5.9	1.19	20.3
TILE-N-0000	2,451	582	321%	1,295	122	837	962%	55%	5.8	1.44	24.7
RICH-N-0000	4,680	1,143	309%	1,271	(469)	1,688	371%	-25%	7.8	2.08	26.6
SPEN-N-0000	(1,626)	2,378	-168%	1,020	1,019	(334)	0%	406%	na	0.49	na
AEL -N-0000	2,173	979	122%	891	(133)	678	769%	31%	11.0	1.02	9.2
HHL -N-0000	3,253	1,236	163%	860	480	838	79%	3%	15.7	1.60	10.2
CAPITAL GOODS	35,353	17,524	102%	22,323	7,099	13,657	214%	63%	17.2	0.97	5.6

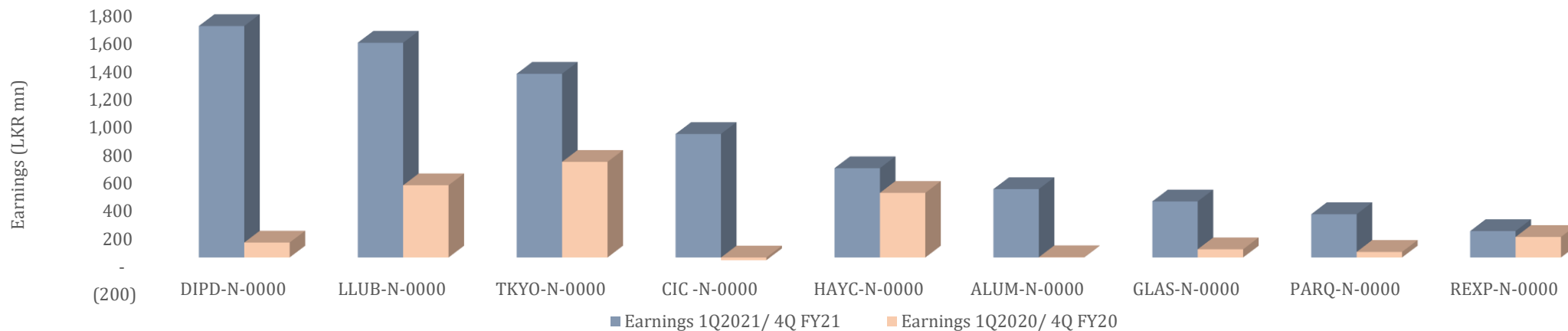
Food Beverage & Tobacco saw phenomenal earnings growth of +827% YoY, displaying properties of Giffen goods as the country switched back to basics, whilst the palm oil price spike continued to benefit CARS in 4Q'21



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
CTC -N-0000	15,567	17,102	-9%	3,919	3,950	3,613	-1%	8%	11.8	21.43	181.8
MELS-N-0000	4,883	3,752	30%	2,407	678	1,055	255%	128%	11.6	0.68	5.9
NEST-N-0000	3,927	2,754	43%	1,742	644	691	170%	152%	15.1	9.96	66.2
CCS -N-0000	2,338	2,135	10%	1,361	876	508	55%	168%	25.1	3.50	13.9
DIST-N-0000	6,962	5,761	21%	1,338	1,286	2,018	4%	-34%	13.9	10.95	78.6
CTEA-N-0000	1,571	1,559	1%	697	190	441	267%	58%	8.7	1.00	11.5
CARS-N-0000	4,804	(1,528)	414%	642	(2,427)	2,028	126%	-68%	11.4	1.40	12.3
LION-N-0000	2,471	2,812	-12%	528	548	782	-4%	-32%	18.9	2.75	14.6
SUN -N-0000	1,522	1,147	33%	431	127	387	240%	11%	7.9	1.15	14.5
WATA-N-0000	1,663	832	100%	400	40	346	902%	16%	6.8	2.22	32.8
FOOD BEVERAGE & TOBACCO	57,644	28,894	99%	16,734	1,804	16,583	827%	1%	14.1	2.03	14.4

THE TOP PERFORMER: A strong sustained growth backed by a favorable post-COVID landscape

The materials sector earnings improved significantly (+267% YoY) remaining broadly around the Q4 earnings mark (+21% QoQ) to record a growth of over 160% on a TTM Basis to be the best performing sector of the CSE*

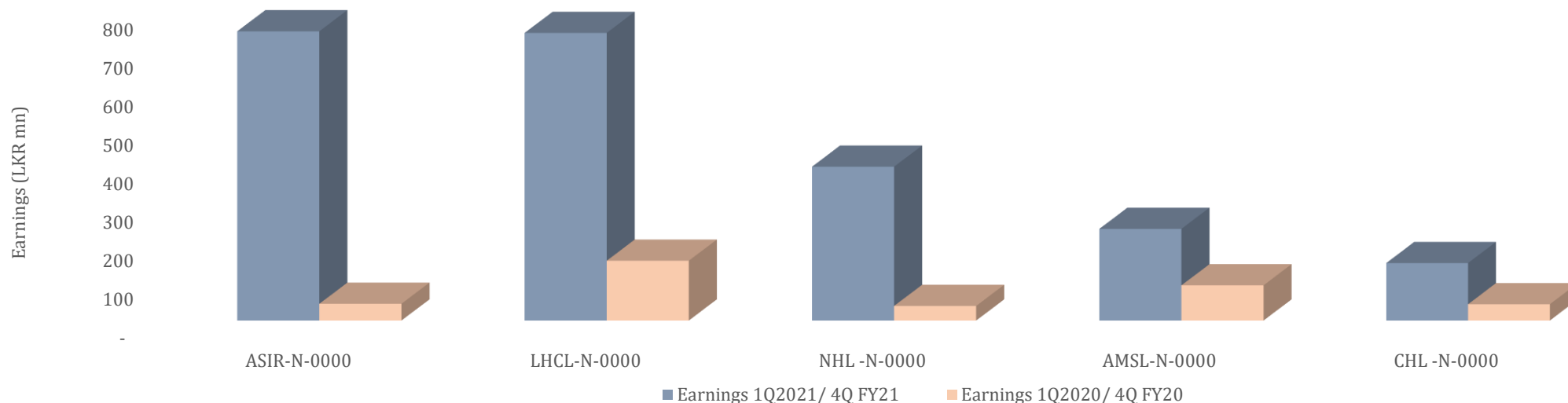


Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
DIPD-N-0000	5,164	748	590%	1,658	107	1,586	1448%	5%	5.9	1.96	33.0
LLUB-N-0000	3,247	2,014	61%	1,538	517	479	197%	221%	8.1	5.00	61.9
TKYO-N-0000	5,436	2,297	137%	1,316	685	1,311	92%	0%	5.5	1.36	24.7
CIC -N-0000	3,132	833	276%	885	(19)	1,147	4677%	-23%	6.3	1.50	23.7
HAYC-N-0000	3,047	1,559	95%	640	463	699	38%	-9%	9.3	2.10	22.7
ALUM-N-0000	841	31	2625%	490	2	200	27724%	144%	10.0	2.82	28.3
GLAS-N-0000	1,096	389	182%	402	59	379	583%	6%	10.3	2.03	19.7
PARQ-N-0000	597	173	246%	310	40	165	676%	88%	7.2	1.59	22.1
REXP-N-0000	637	644	-1%	189	147	171	29%	11%	6.3	1.78	28.0
MATERIALS	24,483	9,410	160%	7,955	2,168	6,580	267%	21%	7.1	1.54	21.7

Note : *The transportation S=sector is considered an outlier due to the sole impact of one counter (EXPO) which drove the sector's earnings

THE CLEAR WINNER: Built to thrive during a health crisis, earnings grew by 532% (YoY)

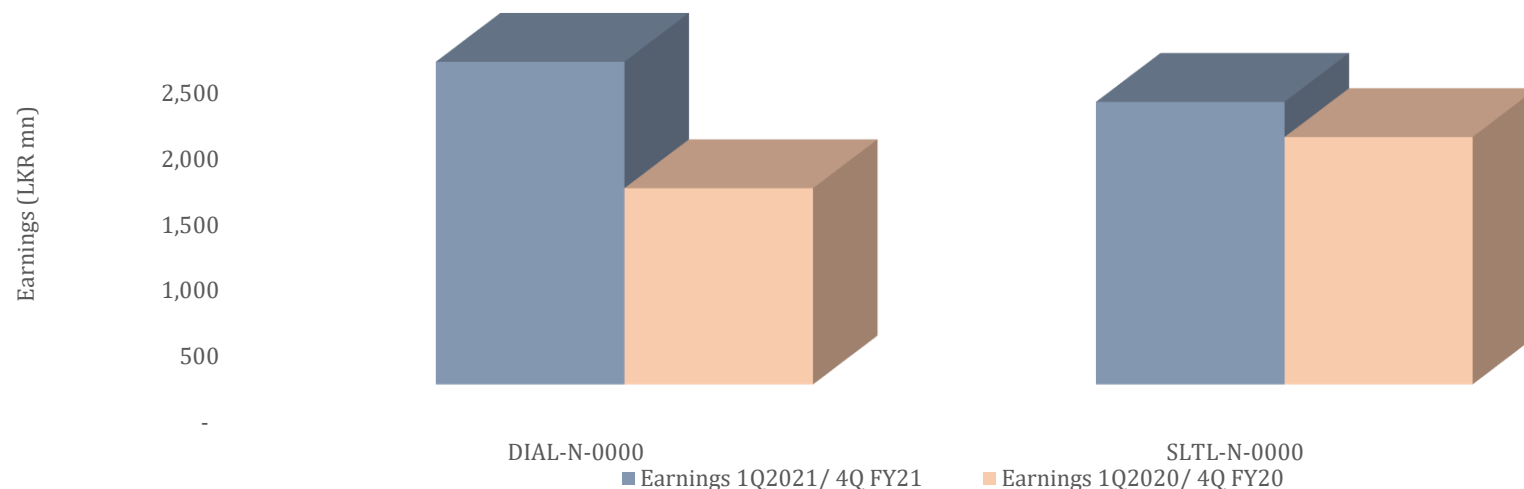
Health Care Equipment & Services sector earnings improved significantly +532% YoY and +22% QoQ due to the surge in demand in the healthcare sector



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
ASIR-N-0000	1,538	808	90%	751	44	607	1627%	24%	22.2	3.31	14.9
LHCL-N-0000	983	483	104%	747	155	192	381%	289%	10.6	1.29	12.2
NHL -N-0000	808	81	-899%	400	38	360	954%	11%	9.1	1.87	20.6
AMSL-N-0000	826	433	91%	238	91	478	161%	-50%	9.3	1.68	18.0
CHL -N-0000	560	403	39%	149	42	257	253%	-42%	6.2	0.53	8.5
HEALTH CARE EQUIPMENT & SERVICES	4,800	2,129	125%	2,325	368	1,912	532%	22%	13.5	1.89	14.0

A SUSTAINABLE GROWTH: Increased consumption patterns drove earnings up 36% YoY

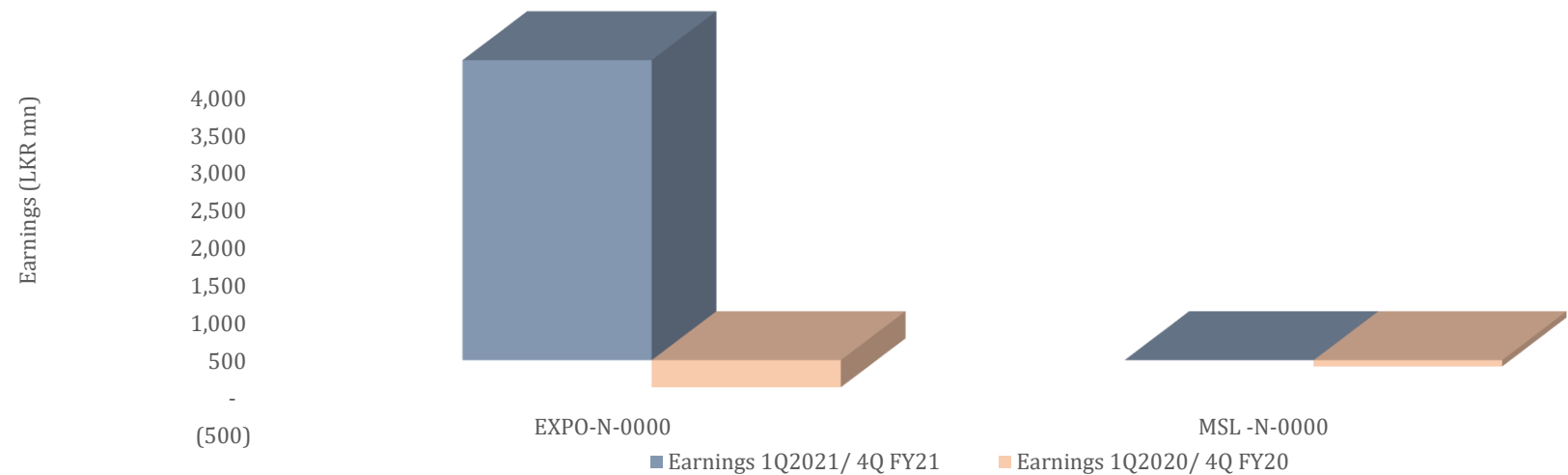
Telecommunication sector earnings surged 36% YoY in 1Q2021/4QFY21 on the back of improved data consumption, cost saving initiatives and reduced operational expenses.



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
DIAL-N-0000	12,994	7,386	76%	2,448	1,489	3,437	64%	-29%	8.1	1.25	15.3
SLTL-N-0000	8,145	6,002	36%	2,144	1,877	1,131	14%	90%	7.6	0.72	9.4
TELECOMMUNICATION SERVICES	21,139	13,388	58%	4,592	3,366	4,568	36%	1%	7.9	0.98	12.4

EXPLOITING THE TIMES: A COVID-induced growth, hitting the jackpot during travel restrictions

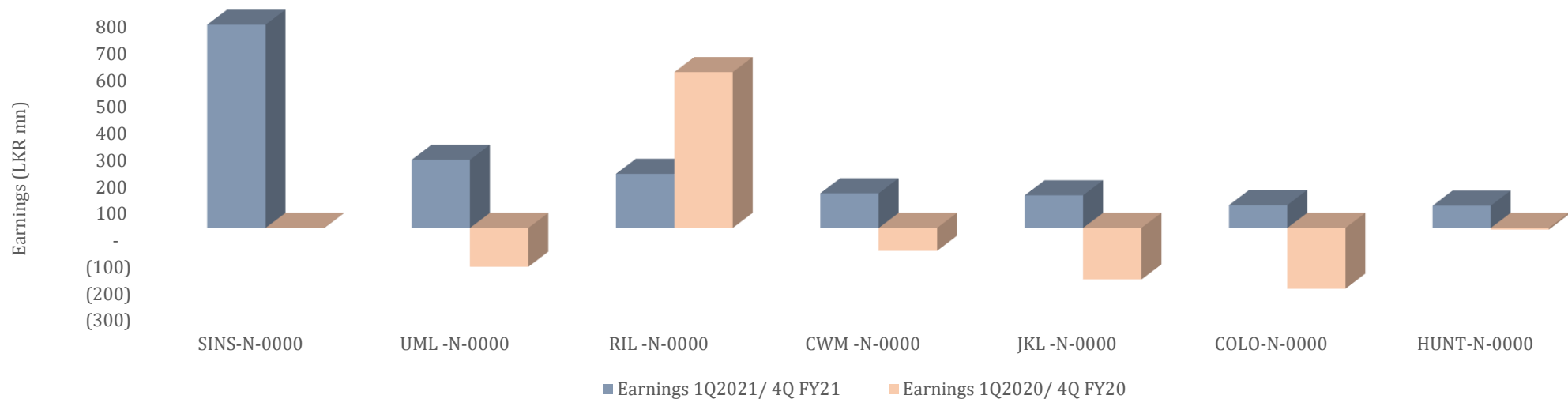
Transportation sector earnings spiked +998% YoY to LKR 4bn on the back of the extraordinary earnings boost witnessed by EXPO, however on a QoQ basis, earnings dropped 12%.



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
EXPO-N-0000	14,830	(737)	2114%	3,999	(362)	4,551	1206%	-12%	6.3	3.42	54.6
MSL -N-0000	264	(355)	174%	(0)	(84)	0	100%	-200%	0.8	na	-7.5
TRANSPORTATION	15,094	(1,092)	1483%	3,999	(445)	4,552	998%	-12%	6.2	3.94	63.9

BOUNCING BACK: A strong recovery drives Q1 earnings up by 612% (YoY)

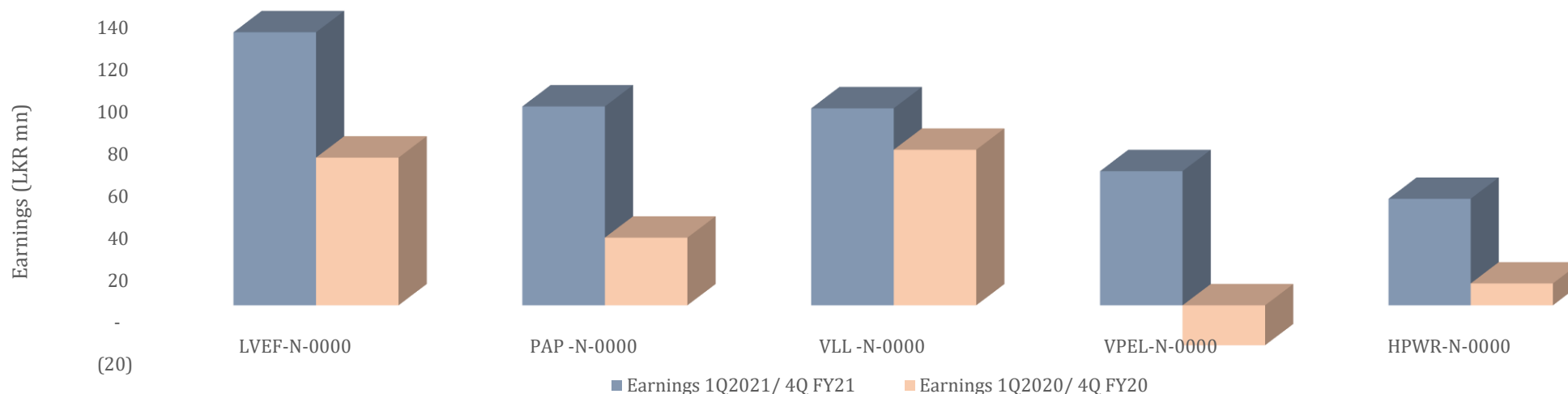
The retailing sector witnessed a phenomenal growth in earnings by +612% YoY (+29% QoQ) driven by the strong pent-up demand which continued to be seen in 1Q2021/4QFY21 as mobility recovered to near normalcy.



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
SINS-N-0000	2,452	281	773%	762	(1)	835	100%	-9%	8.7	2.51	28.9
UML -N-0000	504	(410)	223%	255	(146)	108	275%	137%	12.4	0.47	3.8
RIL -N-0000	677	589	15%	203	584	167	-65%	22%	7.8	0.28	3.6
CWM -N-0000	256	(76)	438%	130	(86)	79	252%	64%	8.2	0.84	10.2
JKL -N-0000	254	(188)	235%	122	(193)	39	163%	212%	17.0	1.65	9.7
COLO-N-0000	373	(218)	271%	86	(228)	67	138%	28%	3.6	0.39	10.8
HUNT-N-0000	324	4	7792%	83	(6)	85	1469%	-1%	12.3	0.38	3.1
RETAILING	3,773	(790)	577%	1,357	(265)	1,051	612%	29%	15.3	0.68	4.4

NON-IMPACTED SEGMENT: An unwavering growth, that remained strong despite the lockdowns

The Utilities Sector earnings grew 99% YoY in line with its seasonality despite falling 67% QoQ in 1Q2021/4QFY21 due to unfavorable weather conditions compared to 4Q'20.



Company	4 Qtr Earnings ending 1Q2021/4QFY21	4 Qtr Earnings ending 1Q2020/4QFY20	YoY %	Earnings 1Q2021/ 4Q FY21	Earnings 1Q2020/ 4Q FY20	Earnings 4Q2020/ 3QFY21	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
LVEF-N-0000	692	375	85%	130	70	104	85%	25%	8.8	1.18	13.5
PAP -N-0000	221	139	59%	95	32	77	193%	22%	11.6	1.20	10.4
VLL -N-0000	582	344	69%	94	74	298	27%	-69%	8.6	1.40	16.3
VPEL-N-0000	552	648	-15%	64	(19)	180	436%	-64%	10.6	2.34	22.2
HPWR-N-0000	307	176	74%	51	10	140	387%	-64%	6.8	1.73	25.3
UTILITIES	4,354	1,899	129%	471	236	1,431	99%	-67%	11.9	1.45	12.1

SOFTLOGIC RESEARCH : CORPORATE EARNINGS SNAPSHOT



Softlogic Stockbrokers (Pvt) Ltd

Level #16, One Galle Face Tower, Colombo 02

Sri Lanka

Telephone +94 117 277 000 | **Fax** +94 117 277 099

E-mail research@equity.softlogic.lk

Equity Research

Mahesh Udugampala

mahesh.udugampala@softlogic.lk

+94 11 7277030, +94 769 637 638

Shadini Silva

shadini.silva@softlogic.lk

+94 11 7277032, +94 773 627 792

Raynal Wickremeratne

raynal.wickremeratne@softlogic.lk

+94 11 7277034, +94 77 5268282

Equity Sales

Dihan Dedigama

Hussain Gani

Prasanna Chandrasekera

Eardley Kern

Andre Lowe

Dilip Fernando

Dinesh Rupasinghe

Tharindu Senadheera

Madushanka Rathnayaka

Gratian Nirmal

Krishan Williams

Lakshan Rathnapala

Asitha Bandara

Isuru Adamsz

Asendra Wijesiri

Thuvarakan Senthilmani

thuvarakan.senthilmani@softlogic.lk

+94 11 7277031, +94 77 5015637

Nishanthi Hettiarachchi

nisha.hettiarachchi@softlogic.lk

+94 11 7277033, +94 77 1078499

dihan@softlogic.lk

gani@softlogic.lk

prasanna.chandrasekera@equity.softlogic.lk

l.kern@equity.softlogic.lk

andre.lowe@equity.softlogic.lk

dilip.fernando@equity.softlogic.lk

dinesh.rupasinghe@equity.softlogic.lk

tharindu.senadheera@equity.Softlogic.lk

madushanka.rathnayaka@equity.softlogic.lk

gratians.nirmal@equity.softlogic.lk

krishan.williams@equity.softlogic.lk

lakshan.rathnapala@softlogic.lk

asitha.bandara@softlogic.lk

isuru.adamsz@softlogic.lk

asendra.wijesiri@softlogic.lk

+94 11 7277010 / +94 117277955, +94 777689933

+94 11 7277020 / +94 777992086

+94 11 7277056

+94 11 7277053, +94 777348018

+94 11 7277052, +94 777230040

+94 11 7277000, +94 77 3379730

+94 11 7277059, +94 77 2072397

+94 11 7277000, +0773505094

+94 34 7451000, +94 773566465

+94 774510000/+94 21 7451 000

+94 31 7451000, +94 773569827

+94 11 7277000, 077 8329698

+ 0718740019

+ 074 1502884

+ 077 6470632, 077 3669108

Disclaimer

Local & Non-USA based clients

The information contained in this report is for general information purposes only. This report and its content is copyright of Softlogic Stockbrokers and all rights reserved. This report- in whole or in part- may not, except with the express written permission of Softlogic Stockbrokers be reproduced or commercially exploited in any material form by any means whether graphic, electronic, mechanical or any means. Nor may you transmit it or store it in any other website or other form of electronic retrieval system. Any unauthorised use of this report will result in immediate proceedings.

The report has been prepared by Softlogic Stockbrokers, Sri Lanka. The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, express or implied is made as to its accuracy, completeness or correctness, reliability or suitability. All such information and opinions are subject to change without notice. This document is for information purposes only, descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments. In no event will Softlogic Stockbrokers be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising out of, or in connection with the use of this report and any reliance you place on such information is therefore strictly at your own risk.

Softlogic Stockbrokers may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis in which they are based before the material is disseminated to their customers. Not all customers will receive the material at the same time. Softlogic Stockbrokers, their respective directors, officers, representatives, employees, related persons and/or Softlogic Stockbrokers may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principal or agent. Softlogic Stockbrokers may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities. Softlogic Stockbrokers may have entirely underwritten the securities of an issuer mentioned herein.

USA based clients

Softlogic Stockbrokers of Sri Lanka is not registered as a broker-dealer with the U S Securities and Exchange Commission, and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Soft Logic is not a member of the Financial Industry Regulatory Authority. It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest.

This research report is only being offered to Major U S Institutional Investors and is not available to, and should not be used by, any US person or entity that is not a Major US Institutional Investor. Softlogic Stockbrokers will not accept orders for the securities covered in this research report placed by any person or entity in the United States. Orders should be placed with our correspondent, Auerbach Grayson & Co. 212-557-4444.

A Major US Institutional Investor who may receive and use this report must have assets under management of more than US \$100,000,000 and is either an investment company registered with the SEC under the US Investment Company Act of 1940, a U.S. bank or savings and loan association, business development company, small business investment company, employee benefit plan as defined in SEC Regulation D, a private business development company as defined in SEC Regulation D, an organization described in U. S. Internal Revenue Code Section 501(c)(3) and SEC Regulation D, a trust as defined in SEC Regulation D, or an SEC registered investment adviser or any other manager of a pooled investment vehicle.