



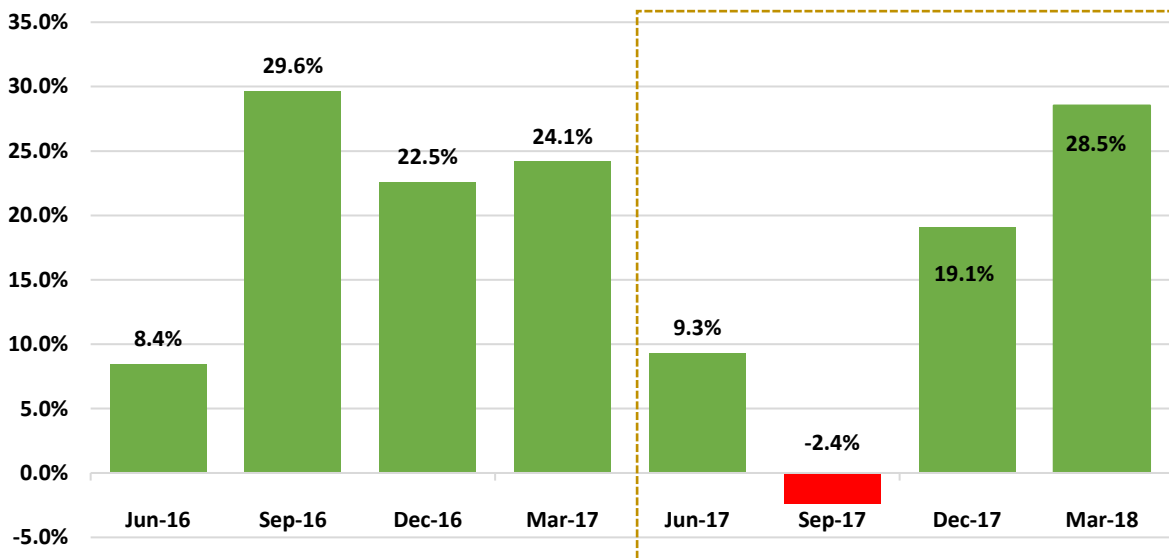
# Quarterly Results Review

Quarter: March 2018

Food, Beverage & Tobacco, Bank & Capital Goods energies Mar 2018 earnings

## Market Earnings YoY Growth (%) for all listed entities

Market Earnings YoY Growth (%) for all listed entities



**Mar 2018 Quarter earnings up by 28.5%YoY for 282 Companies:** March 2018 quarter earnings spiked +28.5%YoY to LKR 98.0Bn which includes one-off profit arising from disposal of Janashakthi General approximately LKR 7.0Bn by JINS and UAL’s change in the contract liability due to transfer of one off surplus amounting to LKR 3.4Bn. Excluding the two one-off gains, overall market earnings grew by 15.4%YoY to LKR 87.5Bn dominated by healthy performances in Food, Beverage and Tobacco (+41% YoY) Capital goods (+26%YoY) and Banking (+21% YoY) overcoming the negative effect of Diversified Financial (-11%YoY), Material (-36%YoY) and Real Estate (-60%YoY).

**Food, Beverage and Tobacco, Bank & Capital Goods sectors boosted earnings performance:** Food, Beverage and Tobacco sector saw an impressive earnings growth of +41%YoY to LKR 17.0Bn, driven by LION (+256%YoY), MELS (+2273%YoY) and DIST (+134%YoY). Banking Sector continued to remain as the largest contributor to earnings by achieving a profit LKR 17.3Bn (+21%YoY) led by SAMP (+41%YoY), HNB (+21YoY) and COMB (+14%). Capital Goods sector earnings saw growth of +26%YoY to LKR 20.1Bn, mainly driven by JKH (+100%YoY) and AEL (+177%YoY). JKH profits were boosted due to UAL’s contractual liability change resulting from the one-off surplus of LKR 3.4Bn while AEL’s profits were up on the back of fair value gains of LKR 2.4Bn on its Investment Property.

**Diversified Financial, Material and Real-estate sectors weaken the earnings growth:** Diversified sector saw earnings dipping by -11%YoY to LKR 15.2Bn due to substantial profit in LOLC (-74%YoY) resulting from large one-off gain in the last comparative quarter (Mar 2017). Material sector earnings saw decline by -36%YoY to LKR 2.0Bn driven by TKYO (-131%YoY) and DIPD (-57%YoY). TKYO’s earnings were affected by higher cost of sales which eroded gross margin coupled with higher finance cost (+123%YoY) while DIPD earnings were affect by higher taxation in 4QFY18.

**Annexure 1 – Market Earnings Sector Summary**


First Capital

**Results Update**
**March 2018**

Tuesday, June 19, 2018

Company	Quarter Earnings LKR 'mn					4 Qtr Trailing	
	4QFY18	4QFY17	YoY%	3QFY17	QoQ%	PER (x)	PBV (x)
	1Q2018	1Q2017	YoY%	4Q2016	QoQ%		
	2H2017	2HFY17	YoY%	2H2016	HoH%		
<i>Consumer Durables &amp; Apparel Sector Earnings</i>	949	820	16%	187	408%	18.1x	0.8x
<i>Retailing Sector Earnings</i>	883	917	-4%	703	26%	14.8x	0.8x
<i>Consumer Services Sector Earnings</i>	3,995	2,445	63%	943	323%	80.7x	1.7x
<i>Automobiles &amp; Components Sector Earnings</i>	148	126	18%	195	-24%	5.6x	0.7x
<i>Food, Beverage &amp; Tobacco Sector Earnings</i>	17,099	12,099	41%	11,707	46%	16.6x	2.5x
<i>Food &amp; Staples Retailing Sector Earnings</i>	277	493	-44%	1,535	-82%	14.6x	2.3x
<i>Household &amp; Personal Products Sector Earnings</i>	91	94	-4%	138	-34%	14.0x	1.8x
<i>Energy Sector Earnings</i>	-493	-1,395	65%	-187	-164%	N/A	1.0x
<i>Diversified Financials Sector Earnings</i>	15,229	17,186	-11%	10,459	46%	5.6x	1.0x
<i>Banks Sector Earnings</i>	17,323	14,274	21%	19,218	-10%	7.3x	1.0x
<i>Insurance Sector Earnings</i>	14,261	2,495	472%	16,973	-16%	4.1x	1.3x
<i>Health Care Equipment &amp; Services Sector Earnings</i>	499	605	-18%	904	-45%	16.8x	2.0x
<i>Pharmaceuticals, Biotechnology &amp; Life Sciences Sector Earnings</i>	125	178	-30%	181	-31%	7.4x	1.3x
<i>Capital Goods Sector Earnings</i>	20,178	16,016	26%	9,920	103%	12.0x	1.0x
<i>Commercial &amp; Professional Services Sector Earnings</i>	130	123	5%	-9	1490%	10.7x	0.8x
<i>Transportation Sector Earnings</i>	-57	-88	35%	-45	-27%	N/A	N/A
<i>Materials Sector Earnings</i>	2,048	3,204	-36%	2,299	-11%	7.1x	1.1x
<i>Real Estate Sector Earnings</i>	1,124	2,828	-60%	6,275	-82%	4.8x	0.6x
<i>Telecommunications Sector Earnings</i>	4,016	3,042	32%	3,878	4%	11.1x	1.2x
<i>Utilities Sector Earnings</i>	-62	-90	31%	643	-110%	11.3x	1.5x
<i>Closed End Funds Sector Earnings</i>	171	-18	1053%	46	275%	N/A	0.8x
<b>Market Valuations</b>						<b>10.8x</b>	<b>1.3x</b>
<b>Market Earnings - Mar 2018</b>	97,560	75,492	29%	85,589	14%	284	
<b>Market Earnings - Dec 2017</b>	86,336	72,493	19%	60,194	43%	279	

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