



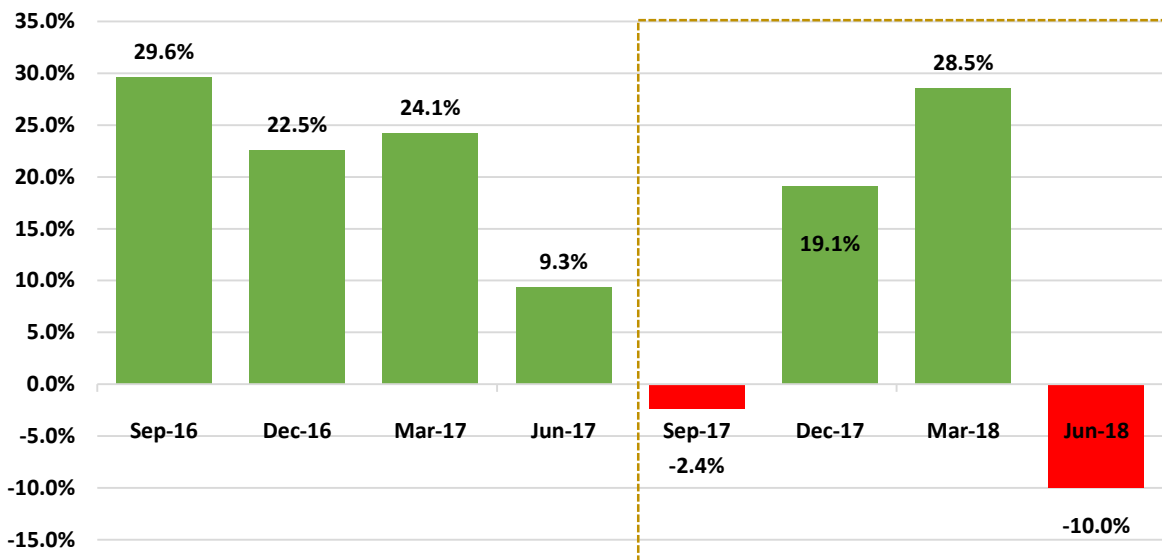
Quarterly Results Review

Quarter: June 2018

Earnings shackle amidst subdued performance in key sectors

Market Earnings YoY Growth (%) for all listed entities

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June 2018 Quarter earnings drop by 10%YoY for 271 Companies: June 2018 quarter earnings drop by 10%YoY to LKR 49.0Bn led by the subdued performance in Food Beverage and Tobacco (-16%YoY), Capital Goods (-56%YoY) and Consumer Services (-245%YoY) sectors. However, market earnings drop was partially offset by the healthy performance in Banking (+10%YoY) and telecommunication (+33%YoY) sectors while Energy sector (+100%YoY) posted a turnaround by reducing its losses for the quarter supported by the price revision.

Food Beverage and Tobacco, Capital Goods and Consumer Services sectors weaken the earnings growth: Food Beverage and Tobacco sector earnings declined by 16%YoY to LKR 10.0Bn as a result of weak performance in BIL (-878% YoY) and plantation related counters amidst falling tea prices. Capital Goods sector earnings recorded a drop on the earnings decline in diversified counters; JKH (-23%YoY), HAYL (-75% YoY) and HHL (-20%YoY). JKH earnings dip was mainly caused by losses in Leisure and property sectors with Consumer food and retail sectors saw decline in profits. Consumer service sector, saw earnings dipping by -245%YoY to post a loss of LKR 1.9Bn led by substantial losses and profit decline in EDEN (-71YoY %), KHL (-14%YoY) and AHUN (-22.51%) on the back of lower occupancies and increased taxes on the tourism sector.

Banking and telecommunication and sector posted healthy performance: Banking sector continued to remain as the largest contributor (35%) to total earnings by achieving a profit LKR 17.3Bn with a moderate growth (+10%YoY) led by HNB (+32%YoY), COMB (+10%) and NDB (+70%YoY). Despite the revenue growth, banking industry profits were moderated due to the sharp increase in Non-Performing Loans witnessed throughout the industry. Telecommunication sector earnings saw a growth of +33%YoY to LKR 4.5Bn, mainly driven by SLTL (+58%YoY) and DIAL (+21%YoY) supported by the data segment. Energy sector earnings saw a phenomenal improvement in earnings on the back of retail price revisions in fuel and LPG.

Annexure 1 – Market Earnings Sector Summary


First Capital

Results Update
June 2018

Monday, September 03, 2018

Company	Quarter Earnings LKR 'mn					4 Qtr Trailing	
	1QFY19	1QFY18	YoY%	4QFY18	QoQ%	PER (x)	PBV (x)
	2Q2018	2Q2017	YoY%	1Q2018	QoQ%		
	1H2018	1H2017	YoY%	2H2017	HoH%		
<i>Consumer Durables & Apparel Sector Earnings</i>	69	563	-88%	947	-93%	21.1x	1.1x
<i>Retailing Sector Earnings</i>	473	893	-47%	883	-46%	15.9x	0.7x
<i>Consumer Services Sector Earnings</i>	-1,993	-578	-245%	4,178	-148%	86.1x	1.9x
<i>Automobiles & Components Sector Earnings</i>	113	94	21%	148	-24%	5.1x	0.6x
<i>Food, Beverage & Tobacco Sector Earnings</i>	10,078	12,041	-16%	17,092	-41%	15.7x	2.5x
<i>Food & Staples Retailing Sector Earnings</i>	1,308	1,300	1%	191	583%	16.4x	2.3x
<i>Household & Personal Products Sector Earnings</i>	82	66	25%	91	-9%	13.4x	1.8x
<i>Energy Sector Earnings</i>	-2	-591	100%	-493	100%	N/A	1.1x
<i>Diversified Financials Sector Earnings</i>	9,249	9,328	-1%	15,282	-39%	5.5x	0.9x
<i>Banks Sector Earnings</i>	17,293	15,665	10%	17,323	0%	6.3x	0.9x
<i>Insurance Sector Earnings</i>	1,830	1,810	1%	14,261	-87%	3.0x	1.2x
<i>Health Care Equipment & Services Sector Earnings</i>	721	831	-13%	499	45%	16.1x	1.9x
<i>Pharmaceuticals, Biotechnology & Life Sciences Sector E</i>	77	119	-35%	125	-39%	8.7x	1.3x
<i>Capital Goods Sector Earnings</i>	2,932	6,592	-56%	20,180	-85%	10.6x	0.8x
<i>Commercial & Professional Services Sector Earnings</i>	-7	11	-165%	134	-106%	10.6x	0.8x
<i>Transportation Sector Earnings</i>	-39	-204	81%	-57	32%	N/A	N/A
<i>Materials Sector Earnings</i>	670	1,704	-61%	2,048	-67%	8.1x	0.9x
<i>Real Estate Sector Earnings</i>	1,308	1,417	-8%	1,179	11%	5.5x	0.6x
<i>Telecommunications Sector Earnings</i>	4,511	3,397	33%	4,016	12%	8.5x	1.1x
<i>Utilities Sector Earnings</i>	897	360	38%	-62	1552%	7.4x	1.6x
<i>Closed End Funds Sector Earnings</i>	-158	272	-158%	193	-182%	N/A	0.7x
Market Valuations						9.7x	1.2x
Market Earnings - Jun 2018	49,413	55,089	-10%	98,160	-50%	271	
Market Earnings - Mar 2018	97,560	75,492	29%	85,589	14%	284	



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