



CIC Holdings PLC (CIC: LKR 139.50, CIC X- LKR 101.00)

Recommendation: Buy				Target Price : CIC N- LKR 177.50 CIC X- LKR 129.60		Sector: Materials
YE 31 March	FY22	FY23	FY24E	FY25	FY26E	FY27E
Revenue (LKR Mn)	41,760	68,275	76,424	83,292	96,510	110,256
YoY growth (%)	12.2%	63.5%	11.9%	9.0%	15.9%	14.2%
Revenue Contribution						
Crop Solutions	24%	34%	41%	40%	39%	39%
Agri Produce	9%	6%	7%	7%	7%	7%
Livestock Solutions	30%	27%	21%	21%	21%	22%
Industrial Solutions	13%	13%	10%	10%	9%	8%
Health & Personal Care	24%	19%	21%	22%	23%	24%
Operating Profit (LKR Mn)	7,029	16,843	10,674	10,436	11,818	13,342
Equity Holders Profit (LKR Mn)	3,685	7,801	9,743	5,442	6,821	8,265
YoY growth (%)	17.6%	111.7%	24.9%	-44.1%	25.3%	21.2%
EPS (LKR) on current share volume	9.7	20.6	25.7	14.4	18.0	21.8
DPS (LKR)	2.0	2.5	2.5	2.5	2.5	3.0
BVPS (LKR) on current share volume	43.6	60.7	92.0	105.8	121.6	140.6
Ratios (%)						
EBIT margin	16.8%	24.7%	14.0%	12.5%	12.2%	12.1%
NP margin	8.8%	11.4%	12.7%	6.5%	7.1%	7.5%
Dividend Payout	20.6%	12.1%	9.7%	17.4%	13.9%	13.8%
Voting						
PE (x)	14.4	6.8	5.4	9.7	7.8	6.4
PBV (x)	3.2	2.3	1.5	1.3	1.1	1.0
Dividend Yield (%)	1.4%	1.8%	1.8%	1.8%	1.8%	2.2%
Non-Voting						
PE (x)	10.4	4.9	3.9	7.0	5.6	4.6
PBV (x)	2.3	1.7	1.1	1.0	0.8	0.7
Dividend Yield (%)	2.0%	2.5%	2.5%	2.5%	2.5%	3.0%

Prices as at 18.07.2025

Key Statistics

Market Cap (LKR Bn) - Voting	60.60
Market Cap (LKR Bn) - Non Voting	8.80
Market Cap (USD Mn) - Voting	202.00
Market Cap (USD Mn) - Non Voting	29.33
Issued Quantity (Mn) - Voting	291.60
Issued Quantity (Mn) - Non Voting	87.48
Current Trading Range - Voting	138.00-140.75
Current Trading Range - Non Voting	99.20-101.00
52 week High - Voting	143.50
52 week Low - Voting	65.30
52 week High - Non Voting	105.50
52 week Low -Non Voting	45.30
YTD High - Voting	143.50
YTD Low- Voting	96.00
YTD High - Non Voting	105.50
YTD Low- Non Voting	67.50

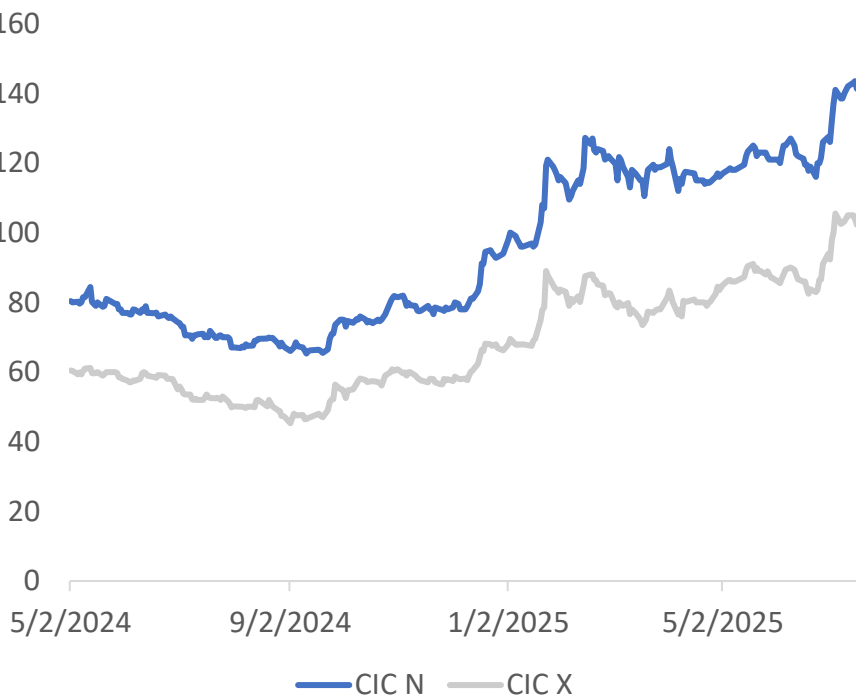
Valuation

Market PE (x)	8.91
Market PBV (x)	1.28
Trailing PE (x) - Voting	9.70
Trailing PE (x) - Non Voting	7.00
PBV (x) - Voting	1.30
PBV (x) - Non Voting	0.90
Bloomberg Ticker	CIC SL
GICS Industry Group	Materials

Main Shareholders as at 31.03.2025

Paints & General Industries Limited	53.31
Employee's Provident Fund	9.06
Sampath Bank PLC/ Chacra Capital Holdings (Private)	4.49
Ms. J. Ambani	1.75
Asia Securities (Private) Limited - Trading Account	1.73

Price Graph



CIC Holdings PLC, one of Sri Lanka’s leading conglomerates, reported a 40% drop in net profits to LKR 6.6 Bn for FY 2024/25, down from LKR 11.02 Bn in the previous year. The decline was largely due to the absence of the one-off gain from bargain purchases of grain from JKH (LKR 4.2 Bn).However, adjusting for this non-recurring gain, CIC recorded a 17% YoY growth in underlying profitability, highlighting the resilience and stability of its core business operations. Revenue for the year grew 9% YoY to LKR 75 Bn, driven by strong performances in, (i) Healthcare and Personal Care: up 15% YoY to LKR 19.1 Bn (ii) Livestock Solutions: up 11% YoY to LKR 18.05 Bn (iii) Crop Solutions: up 7% YoY to LKR 33.84 Bn. Despite revenue growth, margin pressures were evident in the Livestock and Crop Solutions segments. The liberalization of the fertilizer market intensified competition, with both straight fertilizers and blends facing steep price wars and declining margins.

CIC holds a market leadership position in Sri Lanka’s crop solutions sector, with a comprehensive portfolio spanning fertilizers, seeds, and crop protection products. In the fertilizer market, CIC commands approximately 25% share in conventional fertilizers and over 35% in next-generation compound fertilizers. Meanwhile, CIC Seeds is the country’s largest supplier of quality seed paddy, holding nearly 40% market share. This strong market position enables CIC to capitalize on rising demand for food security, improved agricultural productivity, and sustainable farming practices, supporting consistent long-term growth in this core segment. The agriculture sector’s contribution to the economy is also recovering steadily after the severe dip in 2022, which followed the government’s temporary fertilizer ban. While the liberalization of the fertilizer market has intensified competition—both in straight fertilizers and blends—with price wars and margin pressures, there remains significant room for growth. Historically, Sri Lanka’s fertilizer market size exceeded 600,000 MT, compared to the current 450,000 MT, offering ample headroom for CIC to leverage its leadership position. Notably, the private sector’s share has grown rapidly, while government participation has shrunk, particularly after the economic crisis. The agrochemicals segment is another promising area for CIC, with the market growing at a CAGR of 26%. This, combined with expectations of a strong crop season supported by favorable weather conditions, provides further upside potential. We also anticipate that stabilizing global fertilizer prices will contribute positively to margins, and the agrochemicals segment will support the overall profitability of CIC’s agribusiness.

CIC’s Livestock division is a leading, fully integrated poultry solutions provider in Sri Lanka, offering a comprehensive range of services across the value chain. This includes feed milling (accounts to 59% of livestock revenue, 80% of profits) , day-old chick (DOC) production, poultry farming, veterinary care, and feed additives—positioning CIC as a key player in the country’s poultry sector.



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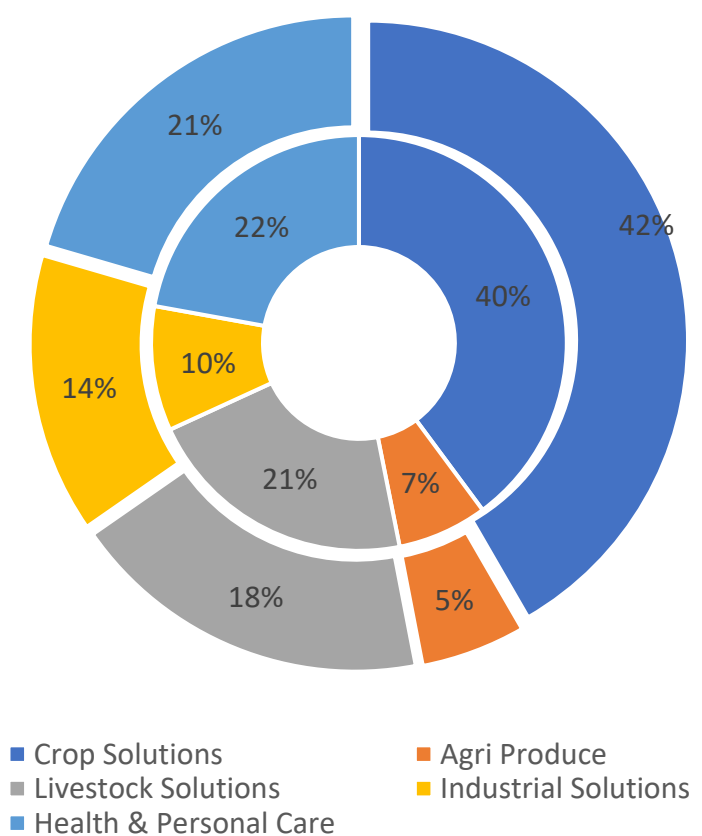
Recommendation: Buy

Target Price : CIC N- LKR 177.50 CIC X- LKR 129.60

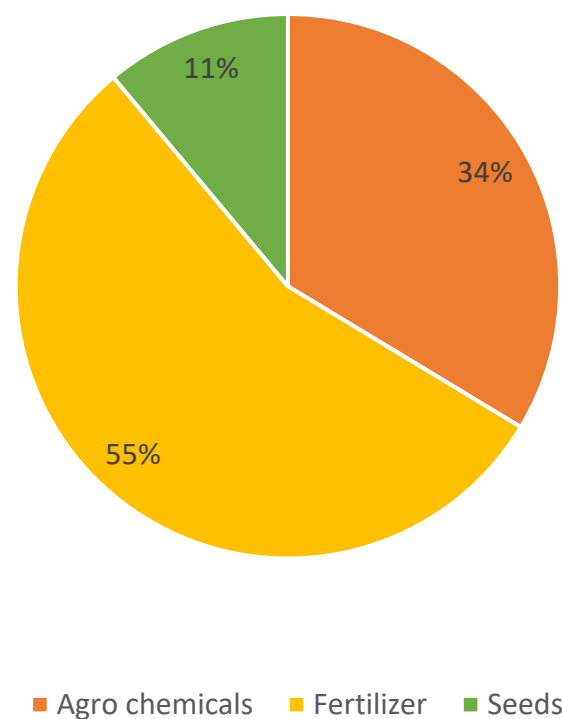
Sector: Materials

- Sri Lanka’s per capita chicken and egg consumption has seen remarkable growth, rising from 0.1kg of chicken per person and 38 eggs per person per year in 1980 to 10-11 kg of chicken and 132 eggs in 2021. This trend, supported by economic growth, urbanization, rising tourist arrivals, and the increasing commercialization of poultry farming, underscores the strong demand trajectory for poultry products. With its well-established market presence and fully integrated supply chain, CIC is well-positioned to capitalize on these opportunities and strengthen its leadership in Sri Lanka’s feed and poultry sector.
- CIC’s healthcare segment is anchored by its pharmaceutical agency (contributing to ~53% of revenue and 51% of profits) and manufacturing operations. It imports and distributes pharmaceutical products while locally producing pharmaceuticals and herbal healthcare items through its subsidiary, Link Natural Products. Additionally, its medical devices unit provides solutions in orthopaedic, maxillofacial and wound care specialties. Sri Lanka’s recovery in disposable incomes—driven by lower inflation, rising public and private sector wages—along with the growing prevalence of non-communicable diseases and an aging population, is expected to create strong tailwinds for CIC’s pharmaceutical business. Additionally, increasing government support for local pharmaceutical manufacturing and the promotion of the Ayurveda industry further enhance growth opportunities for this segment, in our view.
- CIC’s Industrial Chemicals segment provides a wide range of solutions that support Sri Lanka’s industrial growth, while its Specialty Packaging division offers premium food-grade packaging to leading food and beverage manufacturers. In the paints market, CIC holds a leadership position with a >25% share. The construction sector, after several setbacks, is now in a recovery phase, supported by the restart of public and private projects—particularly housing and condominium developments—along with lower interest rates (AWPLR <8%), a stable exchange rate, and declining commodity prices. These trends are expected to drive demand for CIC’s construction chemicals, binders, paints, and other materials essential across construction phases. However, a potential slowdown in the apparel sector could weigh on CIC’s chemical and industrial solutions business, given its significant exposure to this segment.
- CIC Holdings began treating premier blue chip John Keells Holdings PLC (JKH) as one of its associate companies, with the controlling shareholders of CIC agreeing to grant proxy over their voting rights. CIC and its subsidiaries therefore own approximately 6.6% of the issued shares of JKH, which calculates to an effective shareholding by 6.1% by CIC, and due to its significant influence, permitted to treat KH as an associate company in terms of SL accounting standards from Dec’23. JKH in our view should maintain strong performance owing to (i) revival in the consumer demand which would benefit retail and leisure segments of JKH (ii) Gaming operations that would boost profits of JKH significantly from 2025E with full operations of Cinnamon Life (iii) JKH transport segment seeing a boost specially with WCT operations that commenced its first phase of operations in 1Q’25 (iv) resurgence of the domestic economy . Therefore, we expect 6.1% of the total operational profits of the largest conglomerate to get reflected in CIC’s accounts where the contribution to be significant with the commencement of the integrated project while CIC’s significant stakes in associate companies, particularly JKH, can materially impact its valuation.
- We estimate CIC’s profits to grow by 25.3% YoY to LKR 6.8Bn in FY25/26E, and further by 21% YoY to LKR 8.2Bn in FY26/27E, driven primarily by robust performance across key segments: Crop Solutions: Growth supported by an increasing contribution from the agriculture sector to GDP, higher paddy output following the liberalisation of the fertiliser market, and a recovery in farmer sentiment. Healthcare: Expected to benefit from rising demand for private sector pharmaceutical players and an ageing population driving higher healthcare needs. Poultry: Higher disposable income and improved tourist arrivals are expected to support demand in this segment. Industrial Solutions: Anticipated to gain momentum from favourable interest rates and increased activity in the construction sector. We assign a target value of LKR 177.50 for CIC based on a Sum-of-the-Parts (SOTP) valuation approach, where individual business segments are valued on an EV/EBIT basis. The stake in JKH further enhances CIC’s overall valuation. On an implied basis, CIC trades at 9.86x FY25/26E EPS (LKR 18.00) versus its current trading multiple of 10x PE, suggesting room for upside. We value CIC.N at LKR 177.50 and CIC.X at LKR 129.60. This represents a 27% potential upside from current levels. We therefore maintain recommendation BUY.

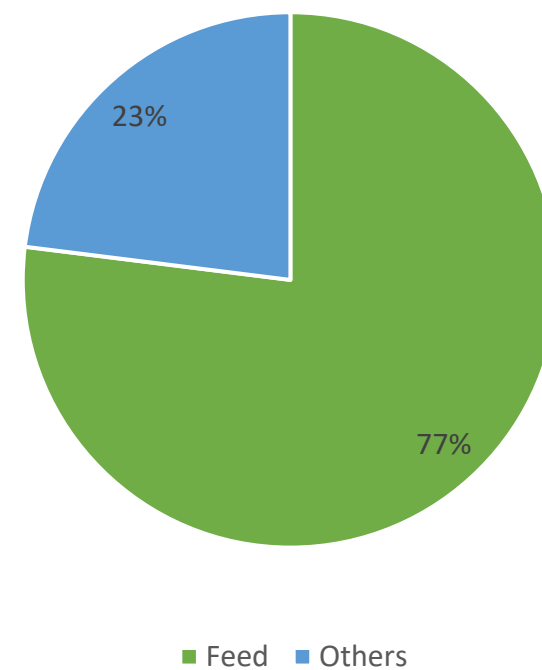
Crop solutions is the biggest contributor to both revenue & EBIT



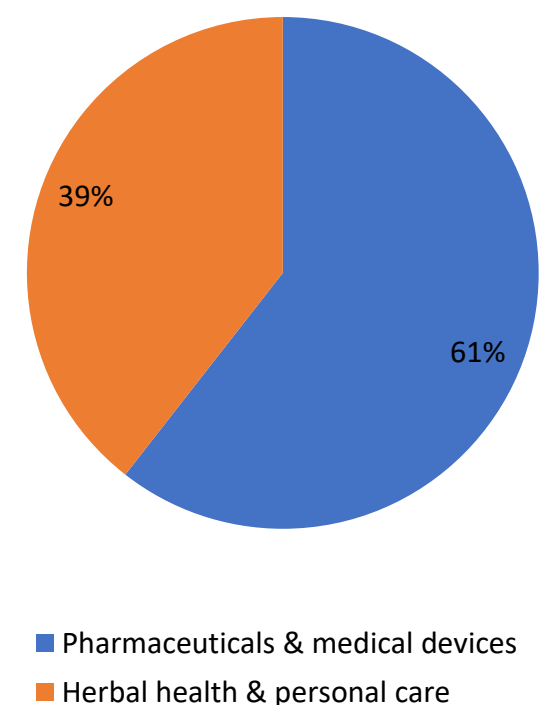
Fertilizer remains the largest contributor to Crop Solution



Feed- key revenue generator of livestock segment



Pharmaceuticals & medical devices drives CIC’s health segment



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