

ACS CAPITAL

(PVT) LTD.

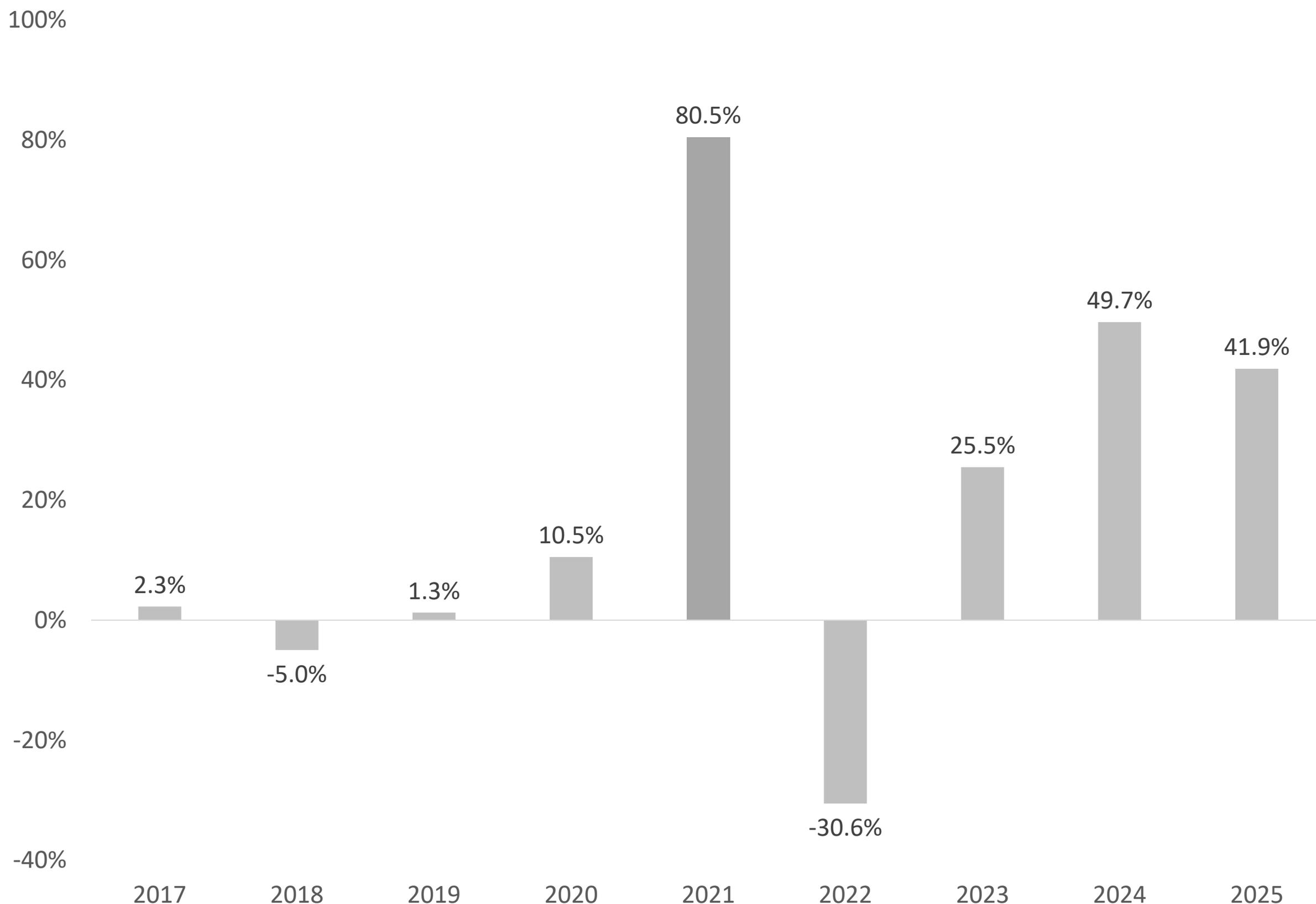
Member of the Colombo Stock Exchange

CSE Equity Market Wrap-Up 2025



CSE marks third consecutive year of positive returns

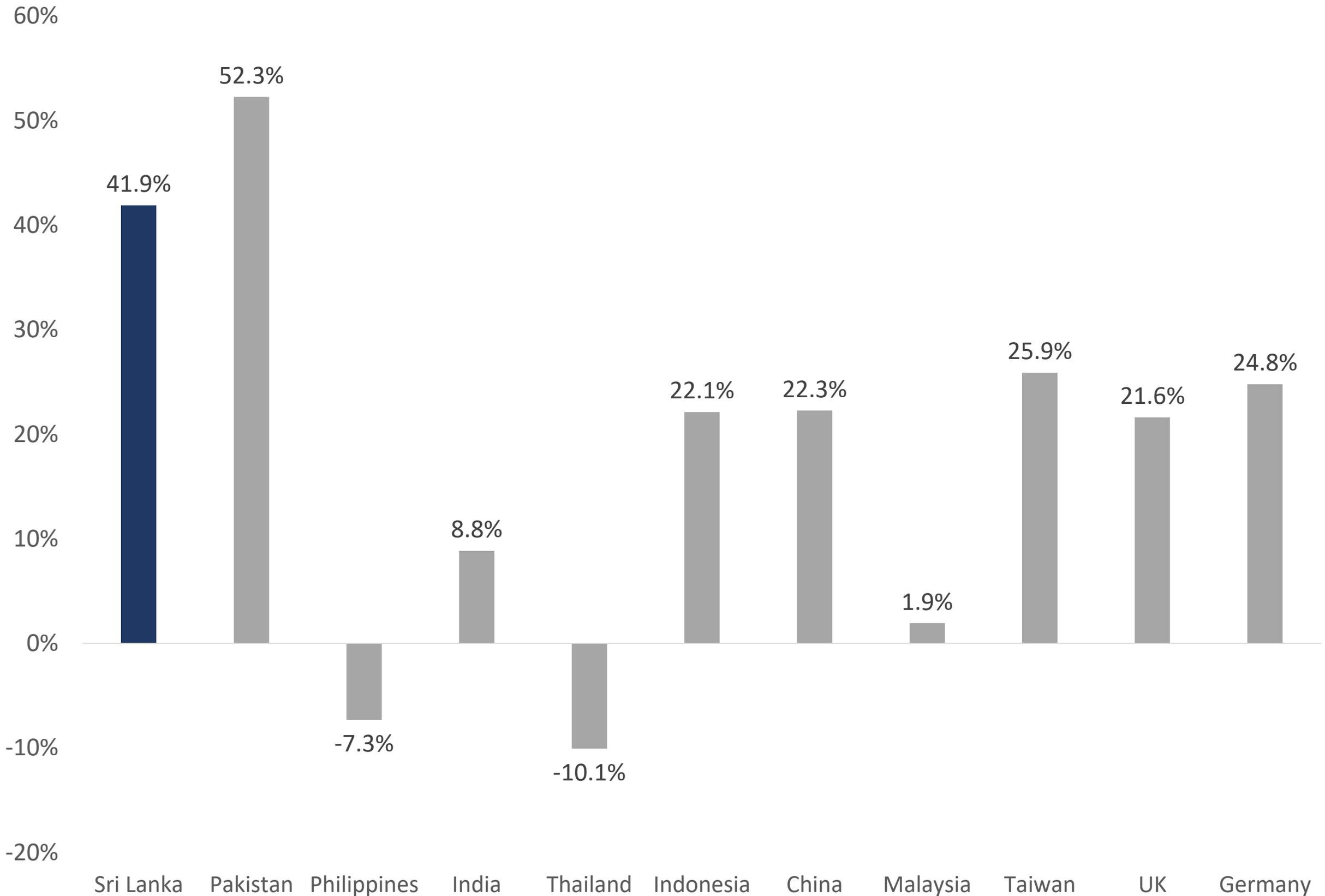
CSE closed 2025 with a return of 42%, while cumulative market gains exceeded 166% over the last three years





SL stands out as one of the strongest performers in the region

Sri Lanka's growth was nearly twice that of Indonesia, China, Taiwan, the UK, and Germany, and 4.6x higher than India's



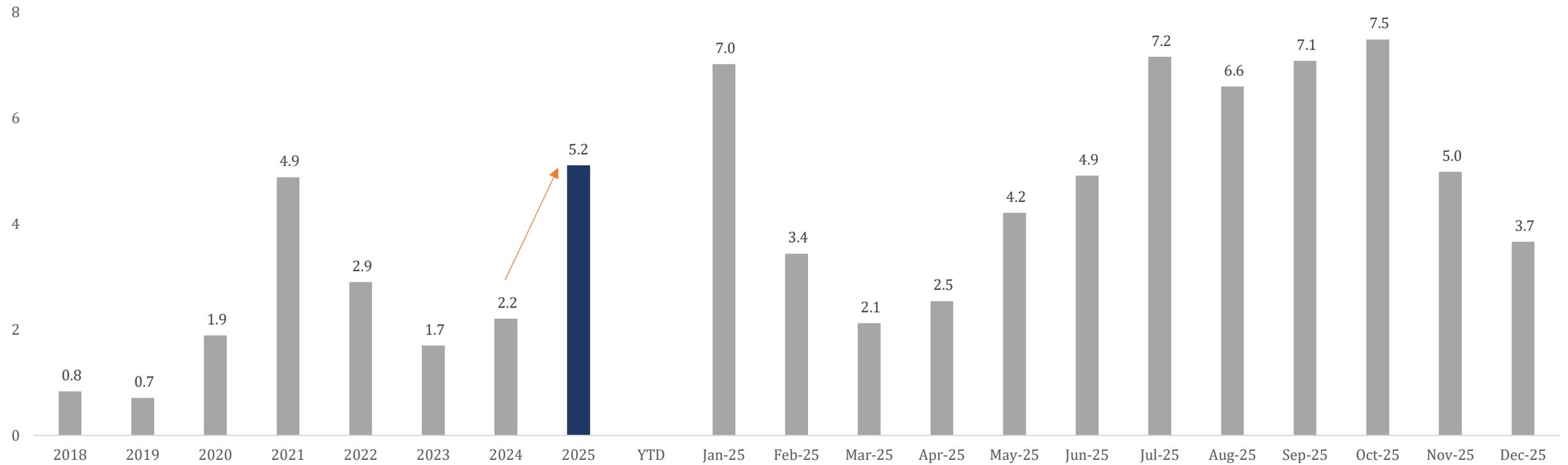
Source : CSE, Bloomberg, ACS Research,
Note: Philippines, Thailand, Indonesia UK, Germany and USA returns are as at 30/12/2025



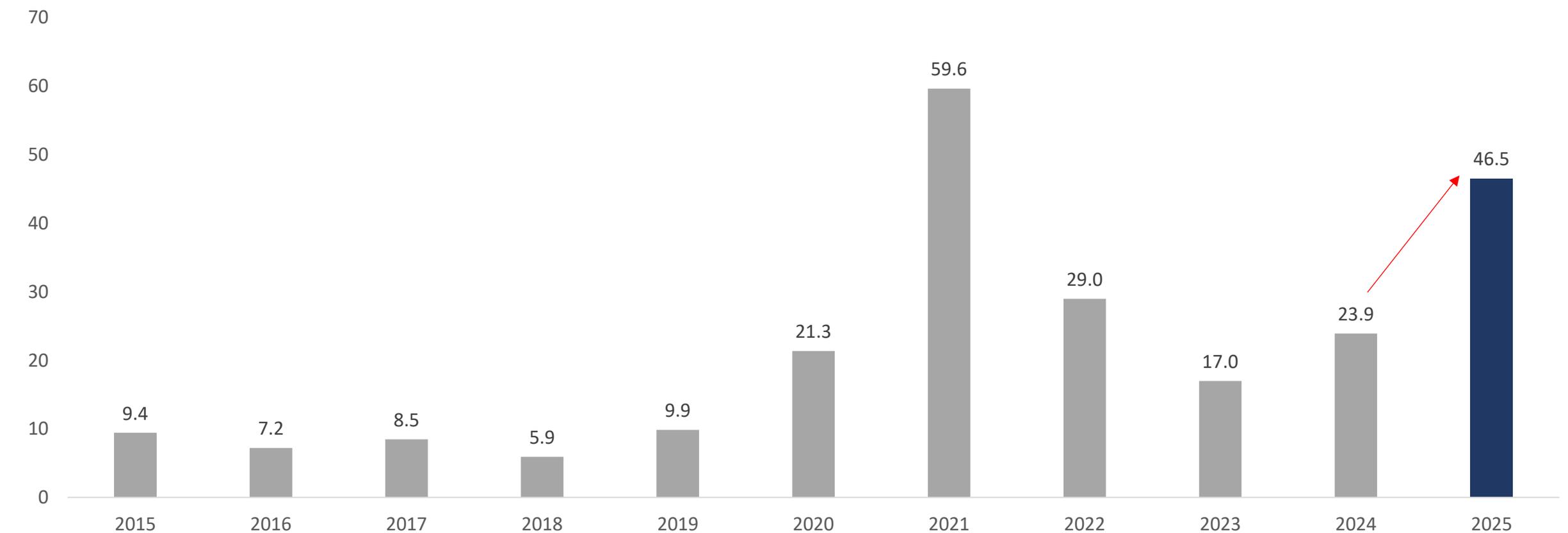
Turnover levels and volumes also have improved

Reconstruction efforts , likely country rerating, low rates and improved local/foreign participation to drive market further

Avg daily turnover level improved by more than 2.3x YoY to LKR 5.1Bn in 2025



Volume also shows an uptick in tandem with turnover levels

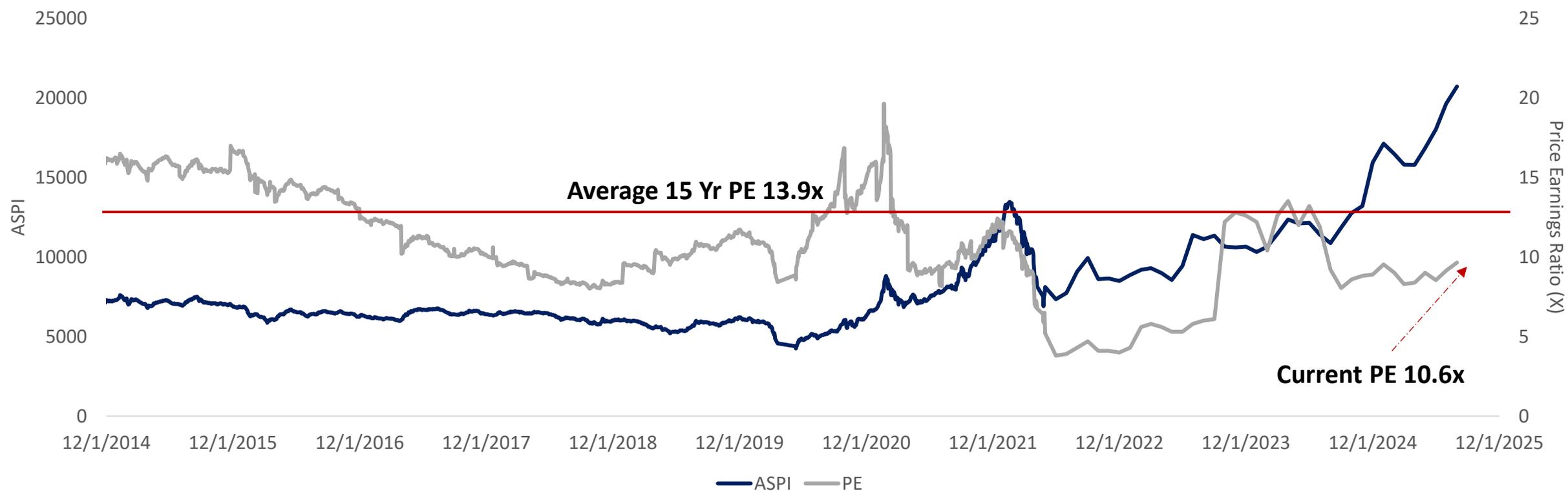




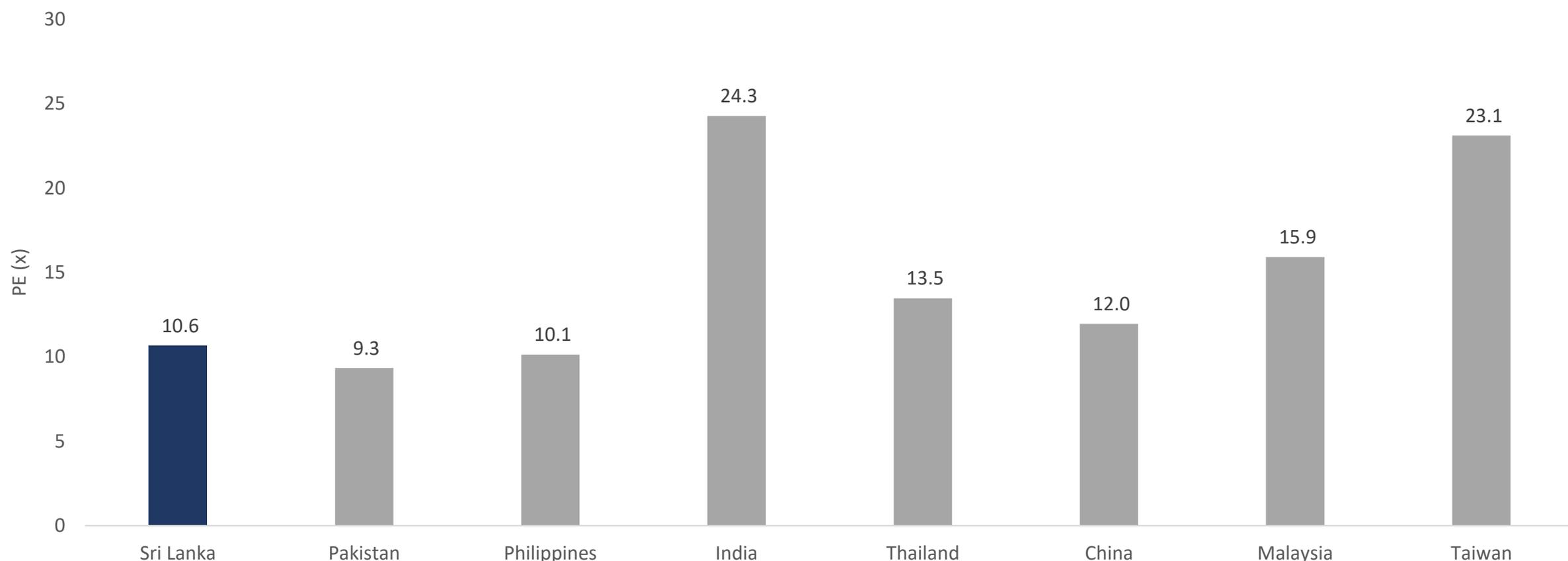
CSE valuations remain well below 15YR average PE

Market to continue with its growth trajectory

Sri Lanka still trades at a significant 24% discount to 15 Yr average PE of 13.9x



Sri Lanka is still cheaper than most of its regional peers, trading at a 56% discount to India, a 54% to Taiwan and 33% discount to Thailand

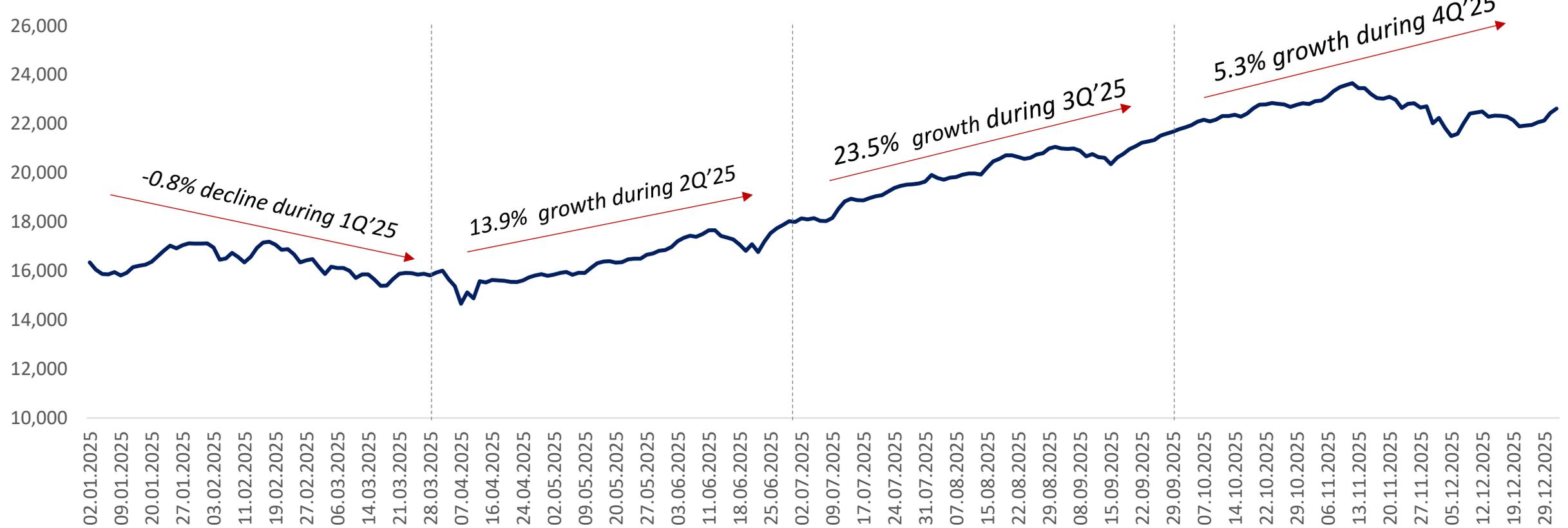




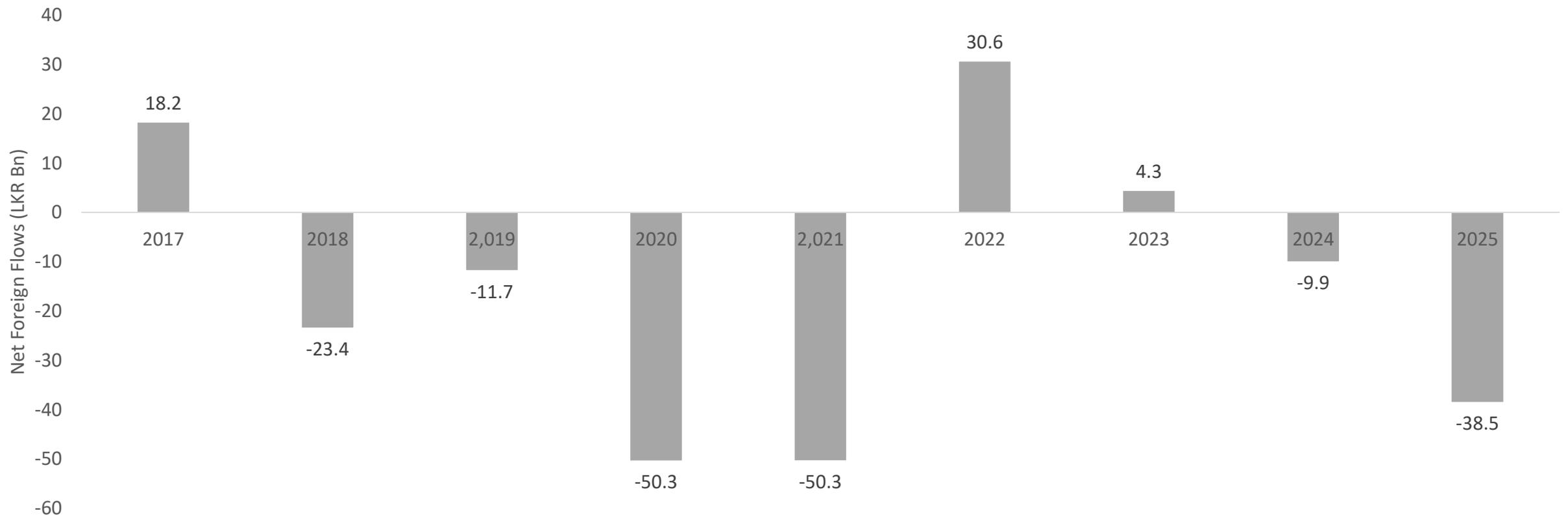
3Q'25 saw the highest returns before cyclone hit the market

Foreigners however have been net sellers for 2025

3Q'25 delivered the strongest gains amid lower uncertainty, while CSE rose 5% in 4Q'25 despite headwinds



Foreign participation remained net sellers amid ongoing market developments

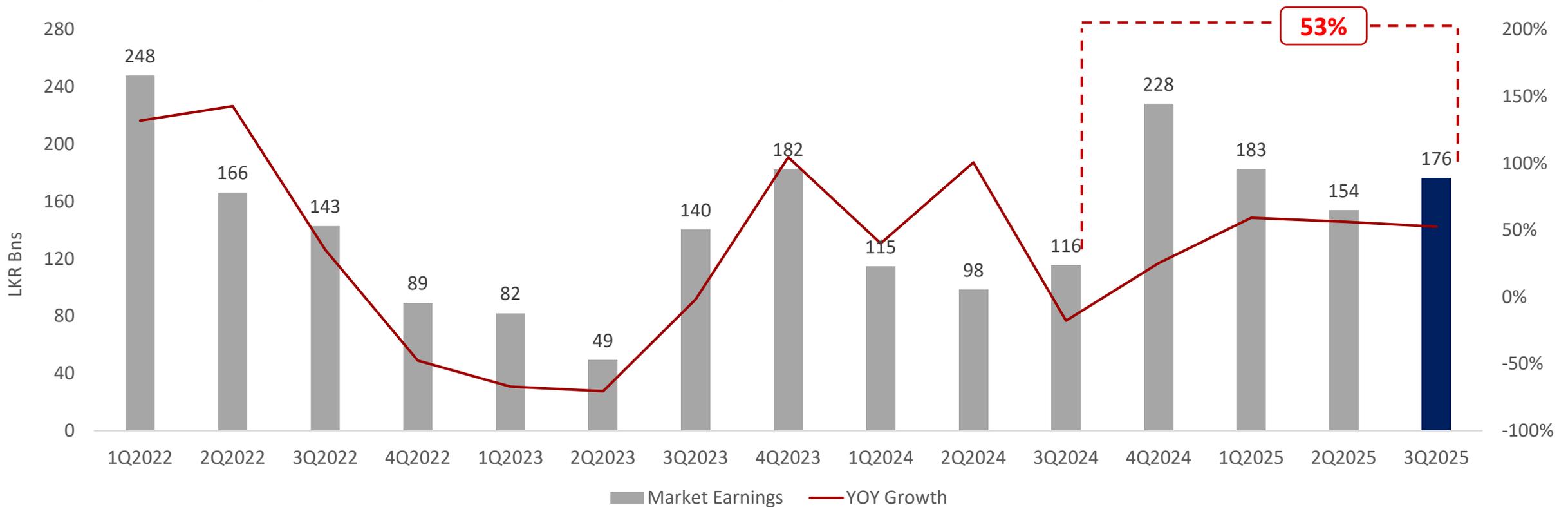




Promising earnings trajectory also helped CSE to stay on course

Corporate earnings maintain steady growth amid improved macroeconomic conditions

Improved operating performance lifted corporate earnings to LKR 176Bn in 3Q'25, up by 53% YoY



Note – 3Q'24 results are presented excluding the extraordinary income recognized by the LOLC group during the quarter.

Banks, Diversified Financials, and Food, Bev & Tobacco sectors contributed to significant portion of 3Q'25 earnings

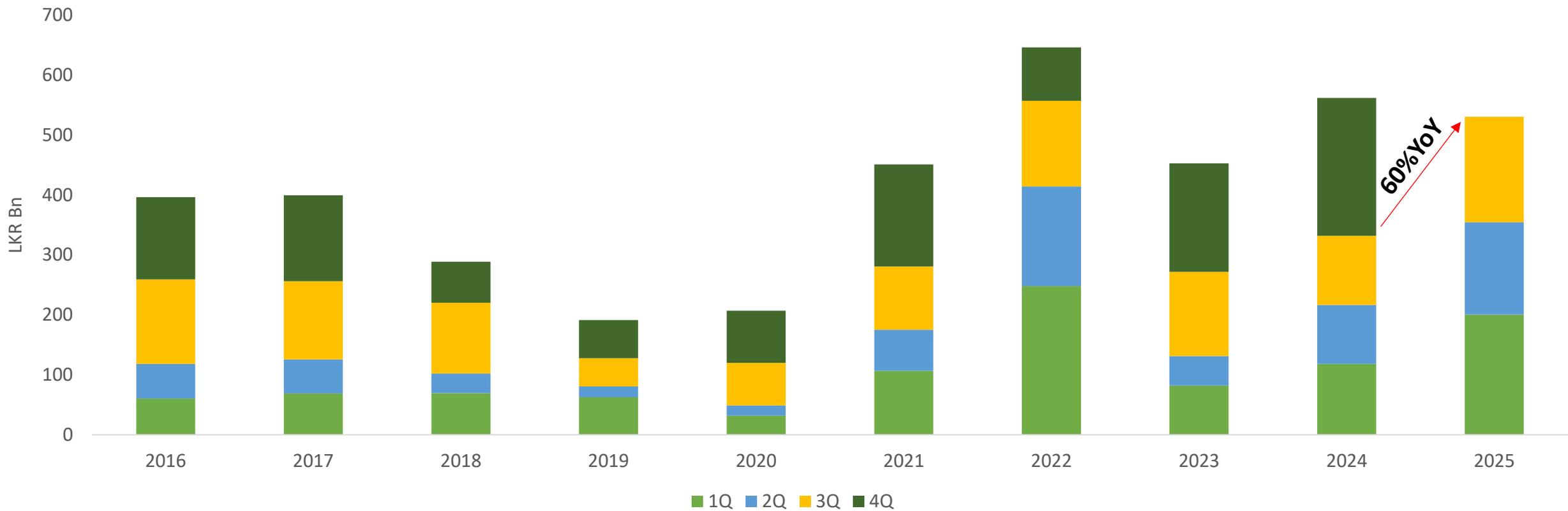




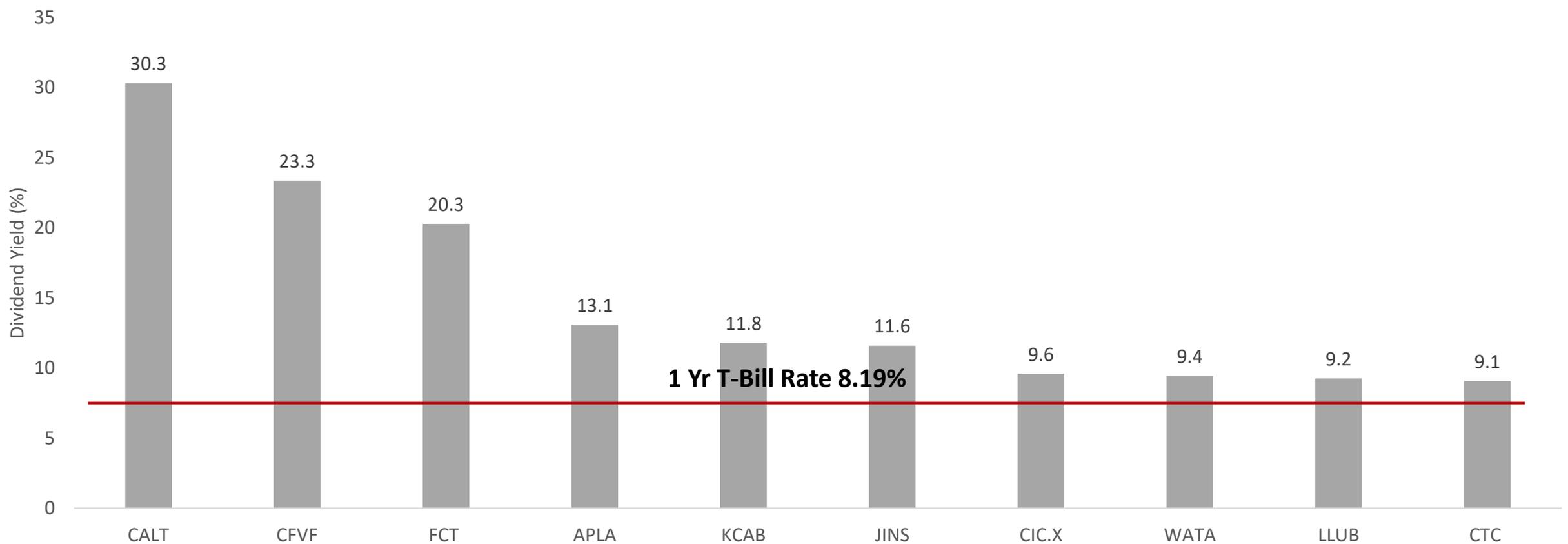
Earnings are on an upward swing

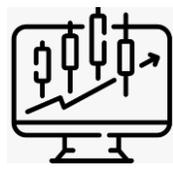
Enhanced profit margins set to drive higher dividend payouts

Earnings for 9M'25 have already surged by 60%YoY, on higher topline growth, lower finance cost, & improved EBIT



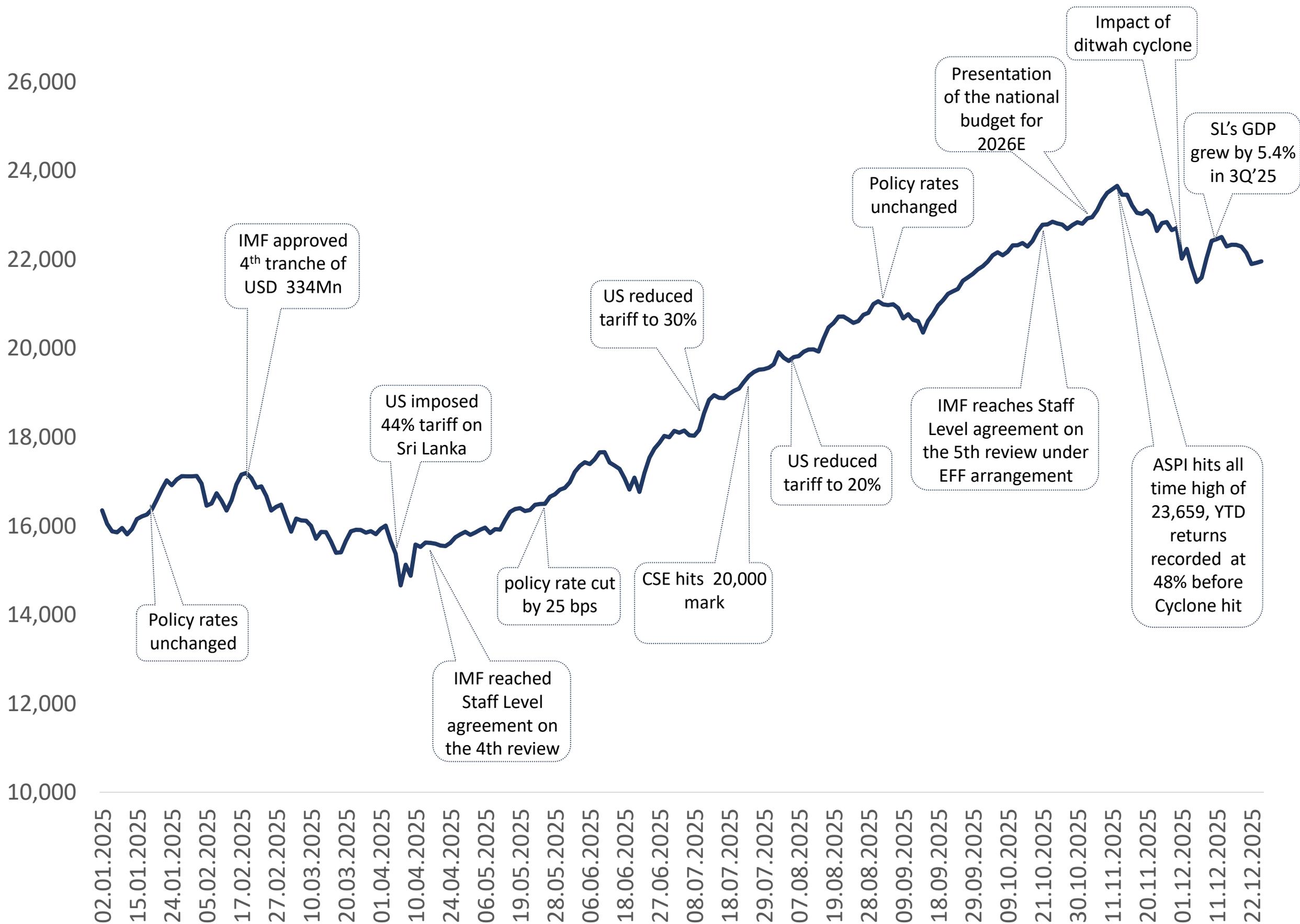
Majority of companies are offering higher dividend yields, exceeding the returns on govt securities





Significant events that took place in 2025

ASPI rose on improving stability and growth, despite macro headwinds



Source : CSE, ACS Research



ASPI reaches an all-time high touching 23,659 points in Nov'25

Undervalued markets poised to continue its winning streak in tandem with growing economy

	2017	2018	2019	2020	2021	2022	2023	2024	2025
ASPI (Year End)	6369.3	6052.4	6129.2	6774.2	12226.0	8489.7	10654.2	15944.6	22624.3
ASPI Return (%)	2.3%	-5.0%	1.3%	10.5%	80.5%	-30.6%	25.5%	49.7%	41.9%
S&P SL20	3671.7	3135.2	2937.0	2638.1	4233.3	2635.6	3068.4	4862.1	6157.4
S&P SL20 Return (%)	5.0%	-14.6%	-6.3%	-10.2%	60.5%	-37.7%	16.4%	58.5%	26.6%
Average Daily Turnover (LKR Mn)	915	834	711	1899	4888	2972	1697	2240	5239
YoY Growth	24%	-9%	-15%	167%	157%	-39%	-43%	32%	134%
Avg USD =LKR	152.5	162.5	178.8	185.4	203.0	371.6	328.8	292.6	300.9
Average Daily Turnover (USD Mn)	6.0	5.1	4.0	10.2	24.1	8.0	5.2	7.7	17.4
Foreign Purchases (LKR Mn)	113,276	76,621	56,649	53,901	34,085	67,508	41,471	49,797	57,117
Foreign Sales (LKR Mn)	95,052	99,979	68,366	104,233	86,687	36,906	37,124	59,722	95,595
Net Foreign flows (LKR Mn)	18,224	(23,358)	(11,717)	(50,332)	(50,284)	30,601	4,348	(9,925)	(38,477)
Foreign Purchases (USD Mn)	743	471	317	291	168	182	126	170	190
Foreign Sales (USD Mn)	623	615	382	562	427	99	113	204	318
Net Foreign Flows (USD Mn)	119	(144)	(66)	(271)	(248)	82	13.2	(33.9)	(127.9)
Market Cap (LKR Bn)	2,899	2,839	2,851	2,959	5,489	3,888	4,249	5,696	8,069
Market Cap (USD Mn)	19,010	17,469	15,944	15,959	27,039	10,463	12,924	19,467	26,811
CSE - PER (Year End)	10.7	9.7	11.5	15.2	13.6	5.0	11.1	8.9	10.7

Source : CSE, ACS Research

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