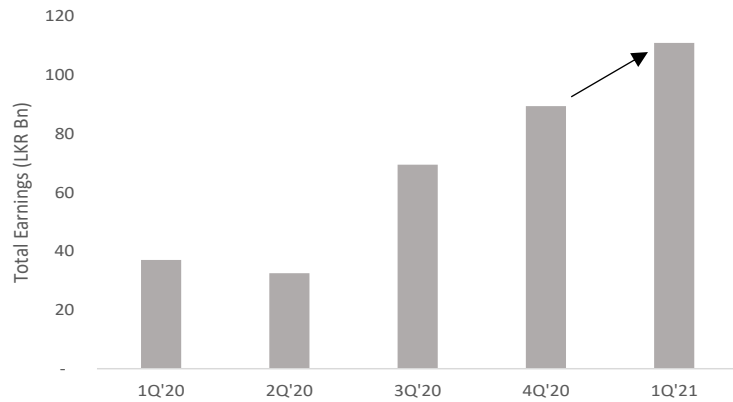


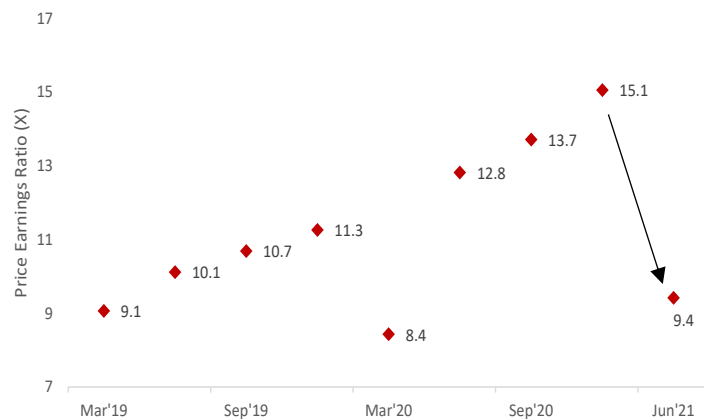
Sri Lanka corporate earnings for 1Q'21 soar to record high amid greater return to normalcy. Profits surged by a staggering 200% YoY making Sri Lanka one of the most attractive equity markets in the region

Around 86% of the companies (244) reported earnings for 1Q'21 with an earnings upside of a staggering 200%YoY and 24%QoQ



Source: Company Quarterly Reports

Price Earnings Ratio is now back at 9.4x



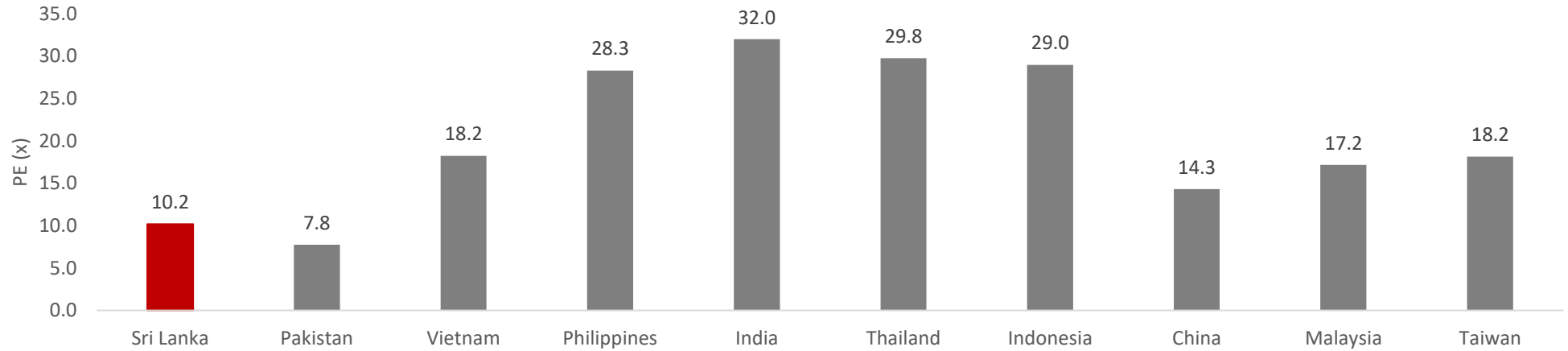
Source: Bloomberg

Banks accounted to 22% of earnings for 1Q'21 followed by Capital goods (20% of earnings) & Diversified financials (20% of earnings).

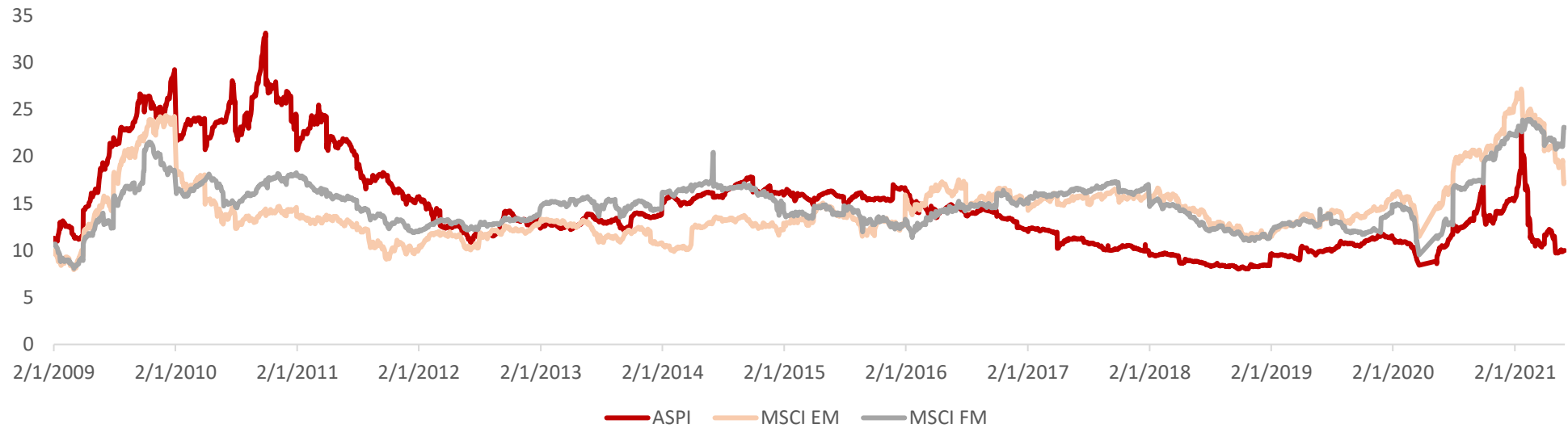
Sector	TTM PER (x)	PBV (x)	ROE (%)	1Q2021	1Q2020	4Q2020	YOY	QQQ
Automobiles & Components	7.1	1.1	16.1	268	93	300	189%	-11%
Banks	5.3	0.5	9.9	24,881	14,626	18,698	70%	33%
Capital Goods	16.7	1.0	5.8	22,322	7,099	14,179	214%	57%
Consumer Durables & Apparel	45.5	0.5	1.2	-132	196	171	-167%	-177%
Consumer Services	na	0.6	na	-4,099	-516	-5,390	694%	-24%
Diversified Financials	6.4	1.0	15.2	21,664	3,407	16,518	536%	31%
Energy	53.4	1.0	1.8	974	-346	687	-381%	42%
Food Beverage & Tobacco	14.1	1.9	13.9	16,740	2,171	16,582	671%	1%
Health Care Equipment & Service	13.9	1.9	13.9	2,305	365	1,901	532%	21%
Insurance	6.6	0.9	13.2	2,634	2,806	5,802	-6%	-55%
Materials	6.4	1.4	22.2	8,073	2,123	6,754	280%	20%
Real Estate	14.0	0.6	4.2	1,317	920	601	43%	119%
Retailing	13.8	0.7	4.8	1,356	-265	1,050	-611%	29%
Telecommunication Services	8.0	1.0	12.4	4,592	3,366	4,568	36%	1%
Transportation	5.8	3.7	63.9	3,999	-445	4,551	-998%	-12%
Utilities	18.7	1.4	7.6	412	133	889	211%	-54%
Market	10.5	1.2	9.6	111,028	37,062	89,569	200%	24%

Source: CSE, Company Quarterly Reports

Sri Lanka is yet cheaper than most of the regional peers



CSE currently trades at 10.2x PE, 41% discount to Emerging market and 56% discount to Frontier Market indices



Source: Bloomberg, Prices as at 31.05.2021

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