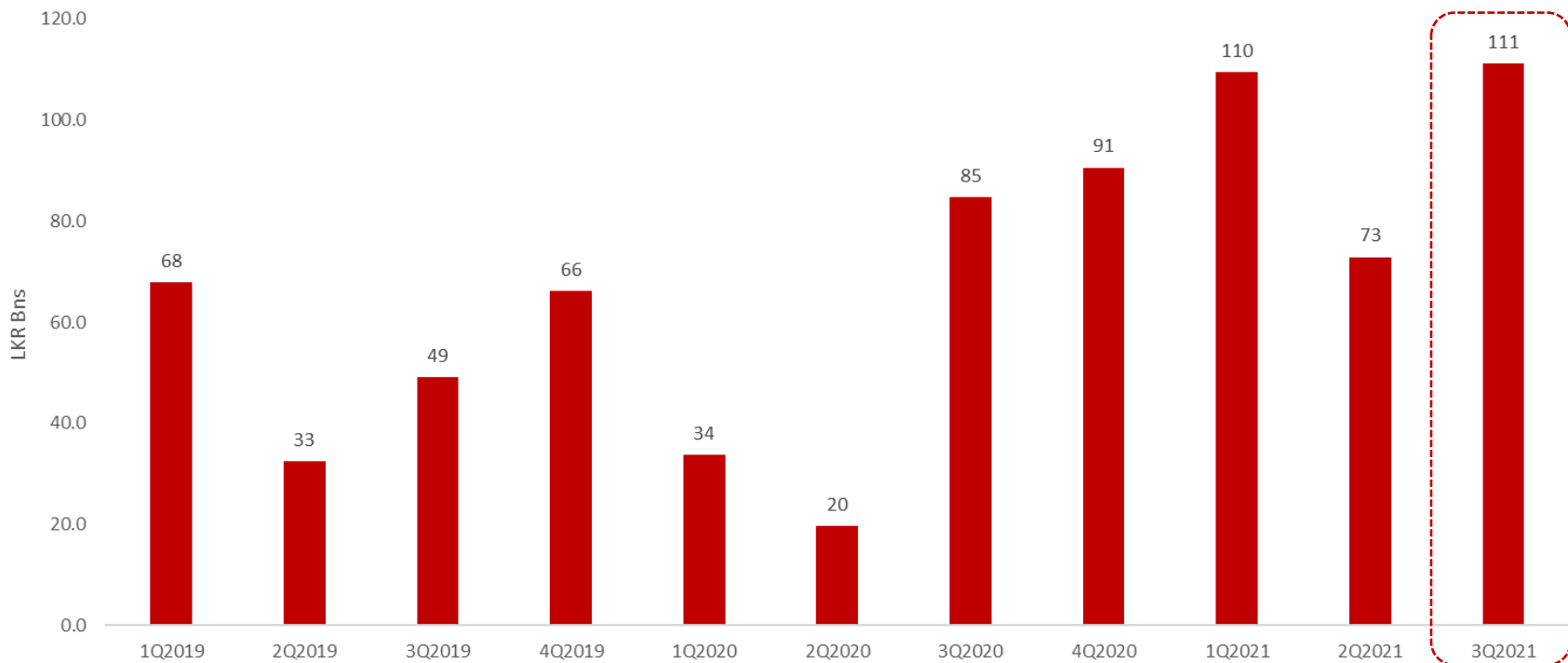


Earnings Review 3Q'21

Listed corporate earnings for 3Q'21 reach a record high



Diversified financials, Banks, Capital Goods & Food Beverage & Tobacco sectors contributed to ~70% of profits

Earnings LKR Mn

Sector	TTM PER (x)	PBV (x)	ROE (%)	3Q2020	2Q2021	3Q2021	Market Cap (LKR Mn)	% of total earnings
Automobiles & Components	7.4	1.1	14.7	316	184	115	6,432	0%
Banks	4.5	0.5	11.3	13,160	18,960	19,527	368,805	18%
Capital Goods	11.1	1.1	9.8	8,597	9,365	18,384	706,167	17%
Commercial & Professional Services	7.3	1.1	15.8	165.2	83.6	81.5	3,926.4	0%
Consumer Durables & Apparel	36.2	0.8	2.2	1,376.9	746.3	1,580.8	86,305.7	1%
Consumer Services	na	0.9	na	-5,605	-5,401	-4,700	158,618	-4%
Diversified Financials	19.8	2.9	14.5	12,103	8,757	21,357	1,351,972	19%
Energy	na	1.2	na	413	-631	-671	21,766	-1%
Food & Staples Retailing	13.9	2.0	14.4	1,047	788	1,127	92,164	1%
Food Beverage & Tobacco	14.2	2.1	15.0	17,330	13,877	18,014	923,866	16%
Health Care Equipment & Services	9.1	2.0	21.7	1,135	1,653	2,420	75,326	2%
Household & Personal Products	17.8	1.9	10.7	210	88	130	9,298	0%
Insurance	6.3	0.8	13.3	2,318	2,858	3,139	96,777	3%
Materials	6.9	1.4	21.1	15,979	3,999	4,675	159,642	4%
Real Estate	18.5	0.7	4.0	1,023	775	1,676	71,462	2%
Retailing	13.3	0.7	5.5	1,797	523	1,791	62,643	2%
Telecommunication Services	6.0	0.9	14.6	6,962	8,422	8,640	156,987	8%
Transportation	16.5	10.2	62.0	4,797	6,275	12,061	443,556	11%
Utilities	10.4	1.3	12.7	1,549	1,565	1,843	54,173	2%
Market	12.7	1.7	11.5	84,671.2	72,884.9	111,189.7	4,849,885	100%

Earnings grew by 37%YoY to LKR 111Bn for 3Q'21

Sri Lanka's listed corporate earnings soared by 37%YoY to reach a new high of LKR 111Bn for 3Q'21 despite facing headwinds from unprecedented level of input cost, supply chain disruptions, soaring global commodities prices, virus related lockdowns and foreign exchange shortage

Banks & Diversified financials (NBFi sector) that contributed to 37% of 3Q'21 profits, saw their earnings growing by 62%YoY to LKR 40.9Bn helped mainly by rising rates that helped to reprice the deposits at lower rates , low impairment charges, healthy loan book growth and digitalization efforts that further cushioned the cost base.

Capital goods, the third largest contributor to overall profits (17%), that represents some of the main construction related counters and diversified stocks, saw a profit jump of 35%YoY to LKR 18.3Bn. The growth was mainly aided by import restrictions that created a demand for local suppliers, better pricing strategies , overall recovery in economic activities and due to better insights on consumer behavior and the business momentum.

Food Beverage & Tobacco segment that contributed to 16% of profits saw a moderate growth of 3.9%YoY despite phenomenal performance recorded in plantation sector (224%YoY) and some notable performance showcased in consumer related counters (SUN, MELS, NEST) which was buttressed by pick up in essential items and cost rationalizing initiatives. With outlets not been permitted to sell alcohol beverages and tobacco products during lockdown period however, the profits were dragged down in these counters with no revenue been recognized during this period.

Transportation sector that meanwhile represented 11% of overall profits of the listed space grew by 151%YoY to LKR 12Bn mainly led by exceptional performance showcased in its logistic segment of EXPO. Better data consumption, low forex charges and cost saving initiatives meanwhile helped telecommunication profits (accounts to 8% overall profits) to grow by 24%YoY. Material segment (contributed to 4% earnings) meanwhile saw profits declining by 35%YoY to LKR 4.6Bn, led by ceiling prices imposed on cement compounded by shortages and delays in raw material imports, soaring shipping costs, weakening rupee and forex shortage while waning off effect of the pandemic related counters impacting income (HAYC, DIPD). Consumer segment meanwhile which represents the hotels, saw the losses narrowing to LKR4.7Bn predominantly due to the strong recovery in hotels operating in Maldives which is now on its way to reach pre-pandemic occupancy levels.

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