

ACL Cables PLC (ACL.N) is Sri Lanka’s leading manufacturer of power and electrical cables, commanding a dominant domestic market position while steadily expanding its export footprint across multiple international markets. Supported by infrastructure-led public investment, rising electricity demand, and renewable energy integration, ACL is well positioned to capture structural growth in grid and construction-related demand. Given these growth prospects, we initiate coverage at a time when the share is trading at an attractive discount to its fair value, providing an upside of 22.64%. **BUY**

**ACL remains resilient, supported by pricing power, inventory buffers, and operating leverage:** Despite currency volatility and elevated copper and aluminium prices in 2025, ACL remains strategically well-positioned to navigate the cost environment. While the 5.6% LKR depreciation and higher base-metal prices increase input costs, the company benefits from 4–5 months of inventory coverage and exchange reserves that provide near-term stability. Importantly, exports account for ~20% of revenue, offering a natural hedge through positive FX translation. The industry’s low-price elasticity and quality-driven purchasing behavior support ACL’s ability to implement calibrated price adjustments if required, preserving margins without materially affecting demand. Furthermore, the Group’s vertically integrated model and current 60–65% capacity utilization creates meaningful operating leverage, positioning ACL to benefit disproportionately from volume recovery as infrastructure and construction activity accelerate. Overall, ACL’s strong brand equity, pricing discipline, and operational flexibility reinforce its resilience and medium-term earnings visibility despite external headwinds.

**Infrastructure-led public investment and expanding power-sector capex position ACL to benefit from stronger order visibility:** Sri Lanka’s 2026 Budget has allocated LKR 1,380bn (~4% of GDP) toward public investment, with capital expenditure heavily skewed toward infrastructure, transport, urban development, and energy, creating a supportive backdrop for construction-linked sectors. Rising electricity consumption and generation underscore structural demand growth, reinforcing the need for continued grid expansion, transmission upgrades, and renewable energy integration. CEB’s stepped-up Transmission & Distribution (T&D) capex pipeline, including large-scale transmission lines, substations, and network reinforcements, provides clear demand visibility for the domestic cable industry. As a key supplier to CEB, ACL is well-positioned to benefit from stronger project flows and improved order momentum. Importantly, with current capacity utilization at ~60–65% on a single-shift basis, ACL retains meaningful headroom to scale production, enabling operating leverage gains as infrastructure execution accelerates.

## BUY

### ACL.N

Current price	LKR 98.00
Fair value	LKR 120.19 (+22.64%)

### Key data

#### Historical returns

1-year capital gain	143.31%
1-year dividend yield	1.54%
1-year total return	144.85%
Beta	1.05
1-year high	107.00
1-year low	38.75

#### Valuation multiples

PE ratio	11.54x
PBV ratio	1.99x

#### Per share data

EPS (TTM)(LKR)	8.49
NAVPS (Dec 25) (LKR)	49.36
DPS (2025)	1.50

### Shareholding details (31st Dec 2025)

Total no. of ordinary shares (000s)	718,724
MCAP (LKR Bn)	70.08
% held by public	37.92%
<b>Top 05 shareholders</b>	
Mr. U. G. Madanayake	38.15%
Mr. Suren Madanayake	22.21%
Employees Provident Fund	4.93%
Deutsche Bank AG Trustee to Lynear Wealth	1.74%
Mrs. N.C. Madanayake	1.72%

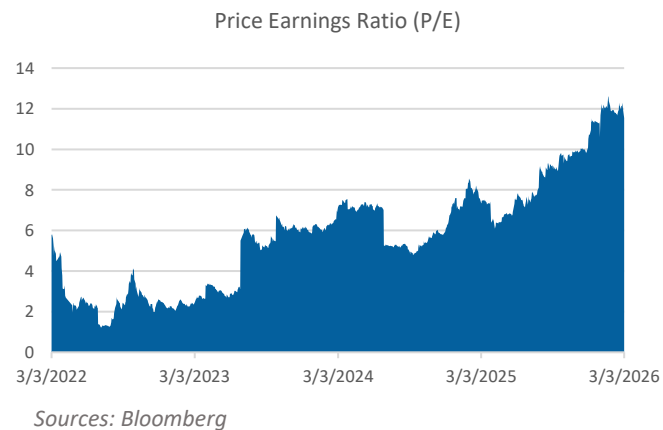
**Sri Lanka’s renewable-led power expansion and rising electricity demand position ACL to benefit from sustained grid and energy infrastructure investment:** Sri Lanka’s electricity demand is projected to expand at a robust ~4.8% CAGR to 50,592 GWh by 2049, underpinned by rising industrialization, urbanization, and commercial activity. In parallel, the Government’s target to increase renewable energy’s share to 70% of generation signals a structural transformation of the power mix. This renewable-led transition will require sustained investment in grid modernization, transmission capacity expansion, distribution network upgrades, and evacuation infrastructure to integrate variable energy sources into the national grid. Against this backdrop, ACL’s product portfolio, spanning cables and conductors used in generation connectivity, substations, and T&D reinforcement, is well aligned to capture incremental demand. Additionally, its strategic stake in Resus Energy enhances exposure to renewable generation earnings.

**Valuation upside:** The estimated weighted average fair value of ACL.N is LKR 120.19 for FY26E. The valuation provides a potential upside of 22.64% based on the current market price, indicating an attractive investment proposition for investors. The valuation strategy encompasses a combination of DCF and relative valuation methodologies to determine the stocks' intrinsic values, considering both fundamental value and market sentiment.

Key financials (LKR Mn)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Revenue	30,147	29,196	37,487	43,764	50,326	58,182
Gross profit	10,988	7,143	10,224	12,691	14,091	15,709
Operating profit	9,078	4,819	7,466	9,255	10,157	11,712
PAT attributable to equity holders	5,952	2,858	4,579	5,324	5,924	6,773
EPS (LKR)	8.28	3.98	6.37	7.41	8.24	9.42
NAVPS (LKR)	32.70	37.04	42.85	45.96	52.80	57.28
Revenue growth	-14.67%	-3.15%	28.40%	16.74%	14.99%	15.61%
Profit growth	38.25%	-51.97%	60.21%	16.26%	11.28%	14.31%
Net margin	19.74%	9.79%	12.22%	12.17%	11.77%	11.64%
ROE	25.33%	10.74%	14.87%	16.12%	15.61%	16.45%
ROA	16.48%	7.47%	10.49%	11.02%	10.87%	11.11%



Sources: CSE

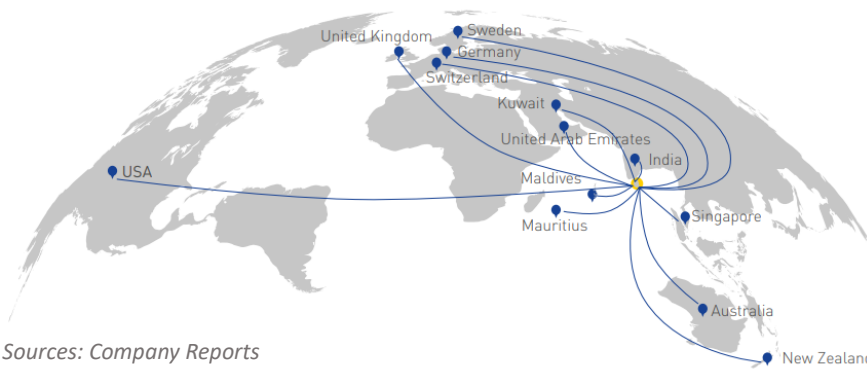


Note: The Sub-division of Ordinary Shares in the ratio of one (1) share into three (3) Ordinary Shares was completed, which shareholders approved on 18<sup>th</sup> December 2025.

1. Company description

Established in 1962, ACL Cables PLC (ACL) is Sri Lanka’s largest cable manufacturer and a market leader in power and energy transmission solutions, with over six decades of operational excellence. Listed on the Colombo Stock Exchange, ACL has evolved into a vertically integrated electrical solutions provider, spanning copper rod manufacturing, aluminum conductors, LV/MV power cables, telecommunication cables, switches, accessories, and renewable energy exposure through its strategic stake in Resus Energy PLC.

The Group operates through a fully integrated value chain, supported by in-house copper and aluminum processing capabilities, PVC compound manufacturing, and advanced XLPE insulation technology. This backward integration enhances cost efficiency, quality control, and supply-chain resilience. ACL maintains a strong island-wide distribution network and serves retail, institutional, and export markets, with overseas presence across more than 10 countries.



Sources: Company Reports

ACL holds a dominant position in Sri Lanka’s institutional and retail cable segments, supplying major public utilities such as the Ceylon Electricity Board (CEB), large-scale infrastructure contractors, and private construction projects.

For 9M26, ACL Cables PLC delivered a strong performance, with consolidated revenue rising to LKR 33.36Bn, up ~21% YoY, driven by improved demand across retail and institutional segments. Gross profit increased to LKR 9.20Bn, maintaining a healthy margin profile of ~28%, reflecting stable pricing discipline and operating efficiencies. Operating profit expanded to LKR 7.05Bn (+26% YoY), supported by topline growth and cost containment. Notably, net finance income rose sharply to LKR 920.8Mn, materially boosting profitability. As a result, profit attributable to equity holders climbed to LKR 4.94Bn (+44% YoY), with earnings per share improving to LKR 6.87. The balance sheet strengthened further, with total equity increasing to LKR 41.36Bn and NAV per share rising to LKR 49.36, underscoring continued earnings accretion and financial resilience. As of 31

Key Institutional Customers

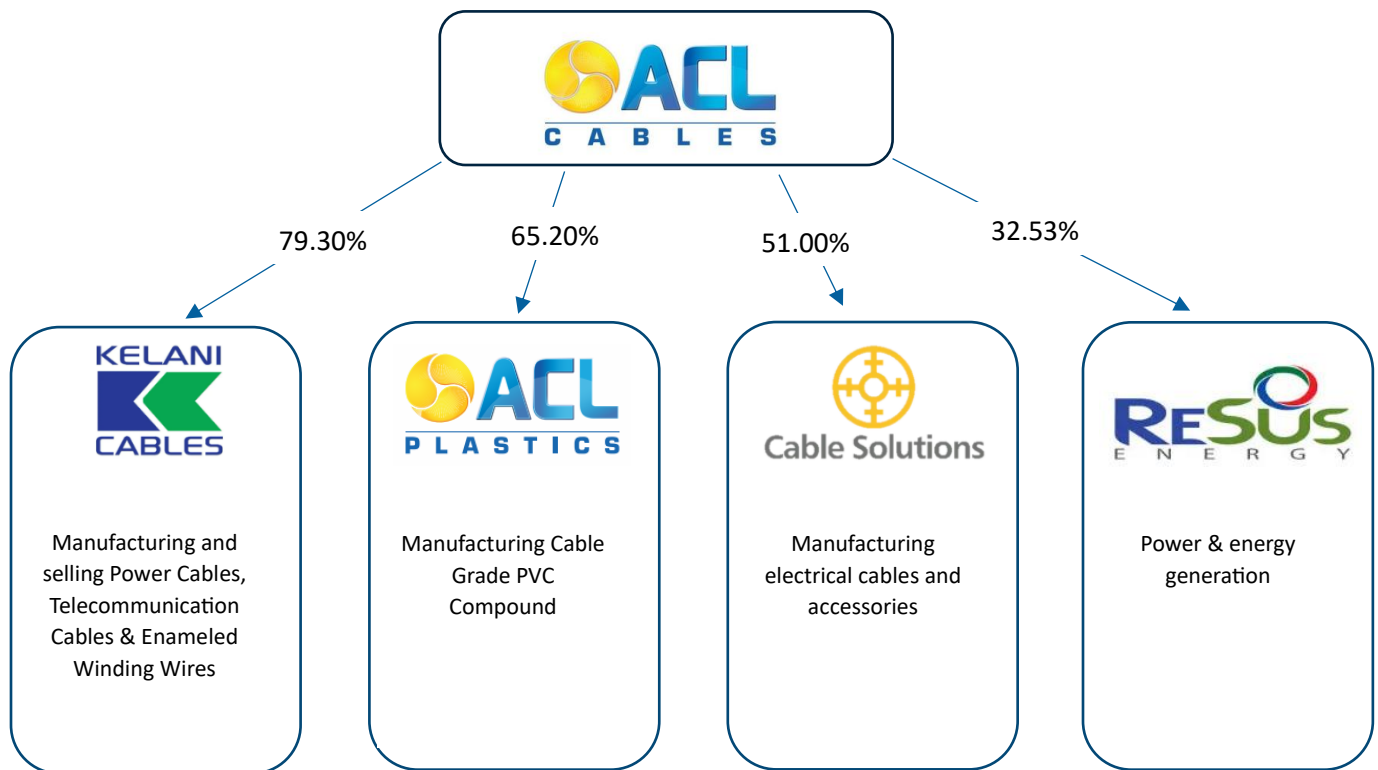


Sources: Company Reports

December 2025, ACL held LKR 3.06Bn in cash and cash equivalents, LKR 6.54Bn in short-term deposits, and LKR 6.84Bn in financial assets at fair value through profit or loss, providing substantial near-term funding flexibility. Total current assets stood at LKR 38.28Bn against current liabilities of LKR 5.03Bn, implying a very comfortable working capital buffer and strong short-term solvency.

With a legacy anchored in technological collaboration, operational scale, and brand trust, ACL remains strategically positioned at the nexus of Sri Lanka’s electrification, grid expansion, and energy-transition agenda, underpinned by vertical integration, capacity headroom, and strong institutional relationships.

Group Structure (Listed Counters)



Sources: Company Reports

2. Industry Overview

**Construction-led demand cycle**

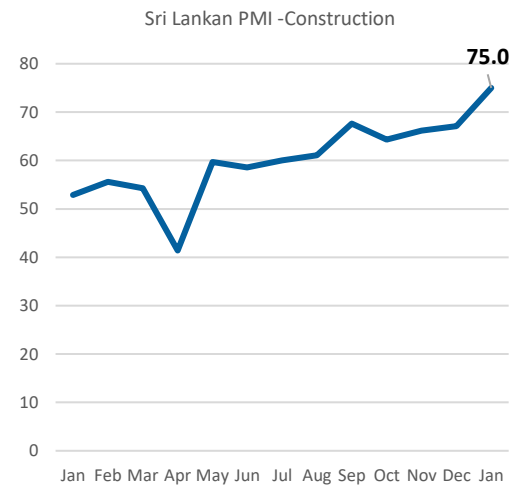
The construction sector functions as an integrated and interdependent value chain, encompassing residential, commercial, and large-scale infrastructure development, while extending upstream to the supply of essential building materials and the provision of mechanical and electrical systems required for end-to-end project execution.

Within this broader ecosystem, the cable segment represents a key enabling component, supporting end-to-end electrification through power distribution networks, safety and fire-protection systems, and data and communication connectivity across buildings and infrastructure assets.

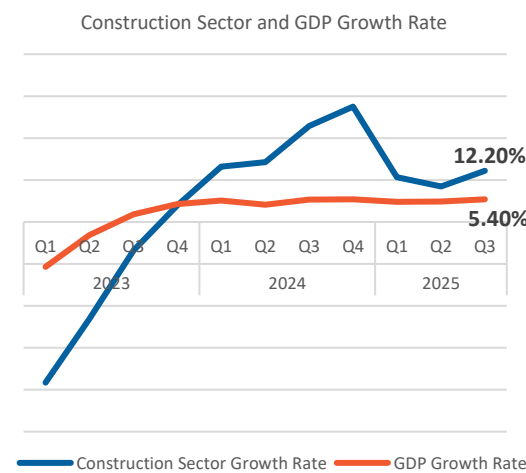
The construction sector saw a sharp acceleration in activity, with the construction PMI rising to 75.0 in January 2025, marking the sector’s second-highest performance ever and signaling robust growth momentum. A notable expansion in construction activities has been recorded, despite the operational disturbances caused due to adverse weather conditions in early December. This has been mainly driven by a rise in both government-funded infrastructure projects and new private sector developments. Encouragingly, the resumption of large-scale public-sector infrastructure projects indicates that momentum is now being underpinned by a combination of private sector, SME-led activity and state-funded investment. The outlook for the construction activities in the quarter remains positive. This optimism is supported by the scheduled commencement of several new projects and favorable weather forecasts in 2026. Additionally, the post cyclone reconstruction efforts are expected to provide further momentum to the construction activities.

The expansion of the construction sector is key driver for the GDP growth. Posting a sustained period of economic contraction resulting from a pandemic and economic crisis, the construction sector has been on its road of recovery since early 2024. This is evident by the construction sector growth rate outpacing the GDP growth rate starting from early 2024. As of Q3 of 2025, the construction sector growth stood at 12.2%, meanwhile the real GDP growth rate was at 5.4%. In addition, the construction share of the GDP improved to 7.6% of the GDP in Q3 of 2025, underscoring the normalization of the construction sector activity level.

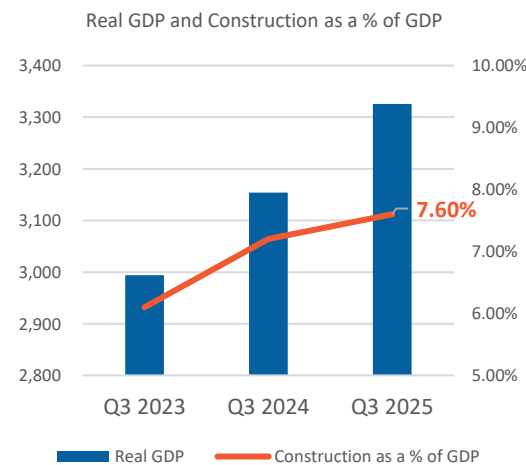
Construction sector growth typically translates directly into higher demand for cables, as electrification is a core requirement across residential, commercial, and infrastructure developments. As project activity accelerates, cable demand rises across multiple layers of the value chain—ranging from house wiring and low-voltage distribution in buildings, to medium-voltage networks, substations, and grid reinforcement required for large-scale developments.



Sources: CBSL



Sources: CBSL



Sources: CBSL, Department of Census and Statistics

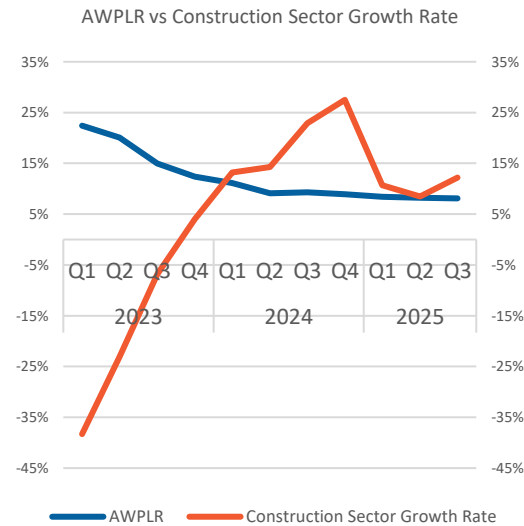
**Rate-cycle tailwind for construction**

The monetary policy easing has been a key tailwind for the construction sector. Sri Lanka’s AWPLR trended lower through 2025, with the monthly data indicating a level of 8.87% in December 2025 and 8.99% in January 2026, reflecting improved system liquidity and increasingly accommodative monetary conditions. This represents a sharp peak normalization from the crisis period, when AWPLR peaked above 28% in 2022, materially reducing the finance cost and improving the viability of the construction and real estate development.

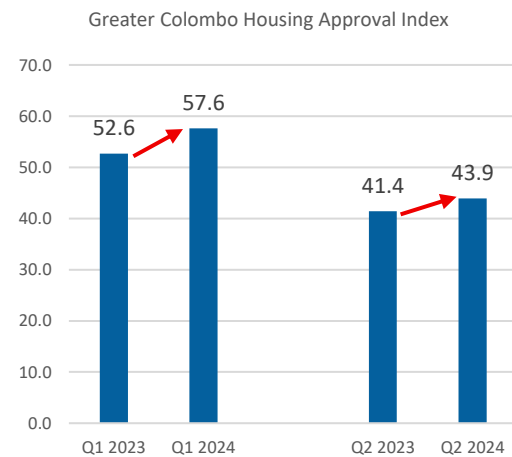
Improving financing conditions have become a key catalyst for the construction recovery, with the lower interest rate environment materially reducing borrowing costs for both property developers and homebuyers. This has lowered the sector’s cost of capital, supporting more favorable project financing for developers while improving affordability for prospective homeowners and strengthening housing demand. Reflecting this shift, the Greater Colombo Housing Approvals Index recorded YoY growth in Q2 of 2024 to 43.9 from 41.4 in Q2 2023, signaling a clear acceleration in residential approvals and reinforcing forward construction pipeline visibility.

As of December 2025, construction-related lending, including personal housing loans for property purchases, construction, and repairs, accounted for ~18% of total loans and advances extended by Sri Lanka’s commercial banking sector. This reflects the sector’s continued importance within domestic credit allocation and is supported by the easing interest rate environment, which has lowered the cost of capital and improved the viability of both developer project financing and end-customer mortgage affordability. The resulting uplift in housing and broader construction activity is structurally supportive for cable demand, as each incremental project requires electrical infrastructure spanning house wiring, low voltage distribution, safety systems, and connectivity solutions, translating construction momentum into higher baseline demand for cables.

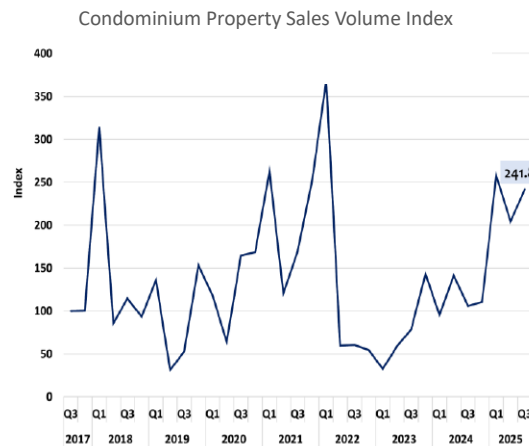
Construction activity in Sri Lanka is inherently credit-intensive, with both developers and end-customers typically reliant on bank funding to finance project execution and housing demand. As such, trends in private sector credit provide a useful leading indicator of construction momentum, particularly in an environment of improving financing conditions. Reflecting this, private sector borrowings from the domestic banking system surpassed the LKR 10 trillion threshold in December 2025, after crossing the milestone in November 2025 for the first time. This represents a 25.2% YoY increase, compared to approximately LKR 8 trillion in December 2024, highlighting a strong acceleration in credit expansion and reinforcing the improving backdrop for construction and related sectors.



Sources: CBSL, Department of Census and Statistics



Sources: CBSL



Sources: CBSL

**FDI-Fueled Construction Momentum**

Sri Lanka recorded a significant increase by 72% YoY in foreign direct investment (FDI) in 2025, with total inflows reaching USD 1,057 million, underpinned by renewed global investor confidence, improving macroeconomic conditions, and enhanced investment facilitation efforts. Manufacturing captured the largest share of inflows at 46%, followed by port development at 26%, and tourism at 11%, highlighting continued appetite for infrastructure and services opportunities.

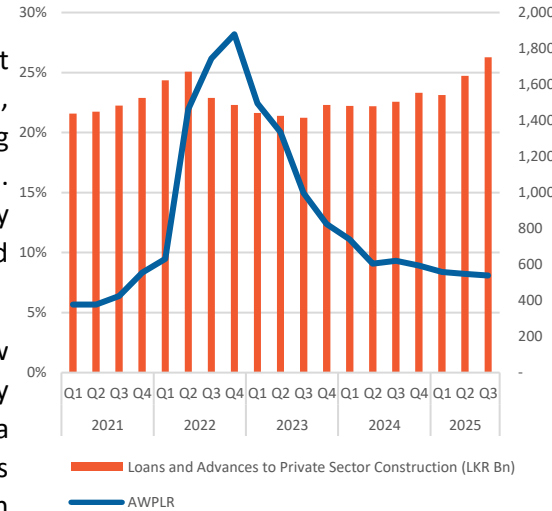
In addition, the Board of Investment (BOI) granted approvals for 146 new projects valued at USD 1,906 million during the year, of which approximately USD 896 million is expected to be in the form of foreign capital, signaling a healthy pipeline of investment commitments. Looking ahead, the BOI has set an FDI target of USD 1.5 billion for 2026, supported by plans to launch 20 structured investment projects designed to attract high-quality international investors and further broaden the base of foreign capital participation in the economy.

The increasing share of infrastructure-related investments underscores a strengthening commitment toward transport networks, utilities, and construction-linked development. This provides a structurally supportive operating backdrop for downstream beneficiaries across the construction value chain, including cable manufacturers and building material suppliers as higher infrastructure capex typically translates into improved tender flow, stronger order visibility, and sustained volume demand.

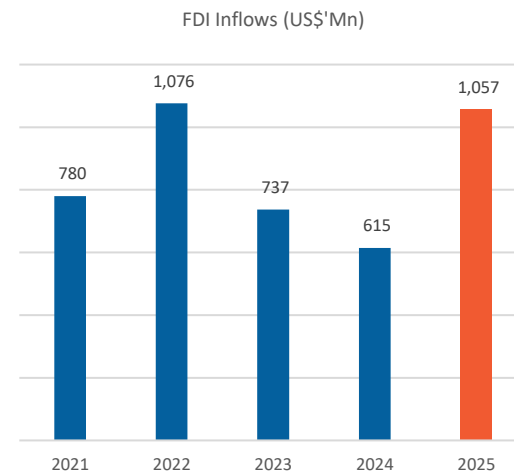
**Fundamentally Tight Copper Market with Elevated Forward Curve**

Copper prices have risen by approximately 40% year-to-date, briefly exceeding the US\$12,000 per tonne mark, underpinned by structurally strong demand dynamics. The uptrend has been driven by sustained infrastructure investment, the global electrification agenda, accelerating electric vehicle (EV) penetration, renewable energy integration, and rapid data-center buildouts, and global uncertainties. At the same time, supply-side constraints, including limited new mine capacity, project delays, and disciplined capital expenditure by major producers, have reinforced tight market conditions, supporting elevated price levels amid resilient global consumption.

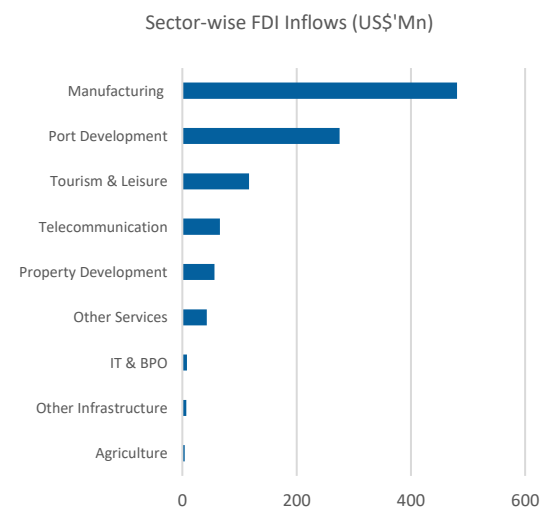
Copper futures for 2026 are higher than the current spot prices. They are modestly higher, which typically reflects an upward curve for the medium term. It reflects expectations that supply–demand fundamentals will remain tightly balanced or that elevated price levels may persist. This implies that producers and end-users should not expect a dramatic reduction in copper costs purely based on futures curves unless other market forces evolve significantly.



Sources: CBSL



Sources: Board of Investments

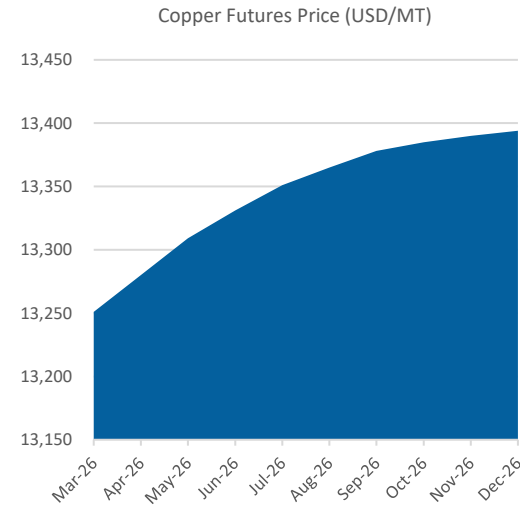


Sources: Board of Investments

However, copper remains highly sensitive to global macro and geopolitical developments. Heightened global uncertainty, including potential escalations in geopolitical tensions such as between the United States and Iran, could disrupt supply chains, impact commodity markets, and trigger renewed volatility in base metal prices. Such developments may reintroduce upside risk to copper prices, thereby sustaining input cost pressures for downstream manufacturers.

**Digitalization-Led Structural Cable Demand**

The Sri Lankan government’s push toward a digitally enabled economy has important second-order implications for cable and electrical demand. With the ICT sector contributing approximately 4–5% of GDP and ICT exports exceeding US\$1.5bn annually, continued expansion in data connectivity, broadband penetration, and digital services infrastructure is likely to necessitate sustained investment in power distribution and fiber networks. The acceleration of e-government platforms, digital payment ecosystems, and cloud adoption increases the need for reliable electricity supply, redundancy systems, and high-capacity transmission networks. Telecom tower expansion is cable-intensive, requiring significant volumes of low-voltage, medium-voltage, fiber-optic, and structured cabling solutions. Consequently, the digital economy agenda serves as a structural demand driver for the cable and electrical manufacturing sector, supporting medium-term volume growth beyond cyclical construction activity.



Sources: CME Group

3. Investment highlights

**FX weakness and elevated copper prices pose near-term cost pressure, but ACL’s integration, inventory buffer, and operating leverage support margin resilience.**

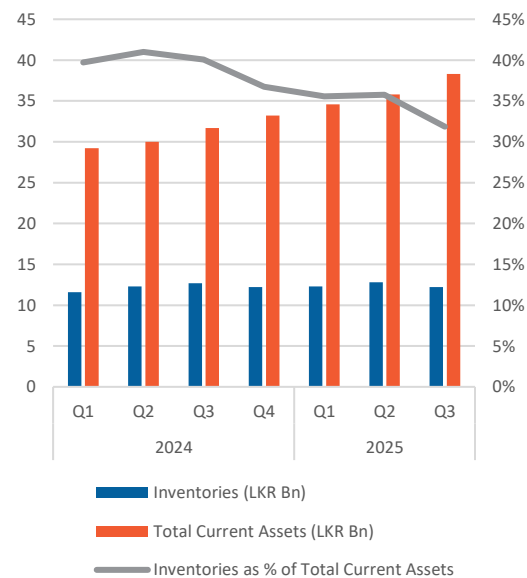
The LKR depreciated by 5.6% YoY against the US Dollar in 2025, weakening from LKR 292.58/USD as of 31 December 2024 to LKR 309.99/USD in December 2025. The pace of depreciation accelerated in the latter part of the year, with the currency declining by 3.1% in 2H 2025, compared to 2.5% in 1H 2025. Notably, this weakening occurred despite Sri Lanka recording a current account surplus of US\$ 1.7bn in 2025.

As of Dec 2025, exports accounted for ~20% of ACL Group’s total revenue, with the company serving customers across 13 international markets, including Australia, New Zealand, UAE, Kuwait, Switzerland, Germany, India, Mauritius, Maldives, Bangladesh, Sweden, the UK, and the USA. ACL continues to expand its global footprint and has built a reputation as a reliable supplier of quality cables in overseas markets.

While further LKR depreciation is likely to support reported export revenue in LKR terms, the net earnings impact is less favorable given ACL’s high import dependency. The company imports key raw materials such as copper, aluminium, and XLPE from Dubai and Africa predominantly, which collectively account for over ~50% of cost of sales. As such, ACL remains a net importer, and currency depreciation is expected to be net negative, as the rise in input costs is likely to outweigh the uplift in export revenues. That said, ACL’s exchange reserves provide some near-term cushioning against further LKR weakness.

Meanwhile, copper and aluminium prices strengthened materially in 2025, adding to input-cost pressures for cable manufacturers. Copper prices rose by ~40% YTD, briefly exceeding US\$ 12,000/t, driven by structurally strong demand from infrastructure spending, electrification, EV adoption, and data-center buildouts, alongside tight supply conditions and resilient global consumption. Aluminium prices increased by ~14% YTD, supported by improving industrial demand, supply-side constraints, and positive spillover from broader base-metals momentum.

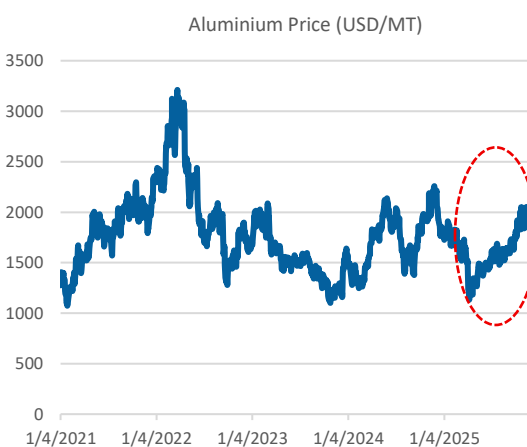
Looking ahead, institutional analysts continue to flag a refined copper market deficit and limited near-term supply additions, which are expected to keep copper prices elevated through 2026–27. Consensus mid-range forecasts for 2026 typically fall within US\$ 10,000–13,000+/t, depending on mining output and demand assumptions. Similarly, aluminium prices are expected to remain firm, with several forecasters projecting 2026 average prices in the mid-US\$ 2,700s/t, underpinned by steady demand from automotive, construction, and energy-transition end markets.



Sources: Company Reports



Sources: CBSL



Sources: Investing.com

ACL is likely to partially cushion the near-term impact of higher raw material prices, supported by its relatively elevated inventory holdings. This is reflected in the sustained build-up of raw material inventories over recent years. As of Dec 2025, ACL holds inventory sufficient to meet approximately 4-5 months of demand.

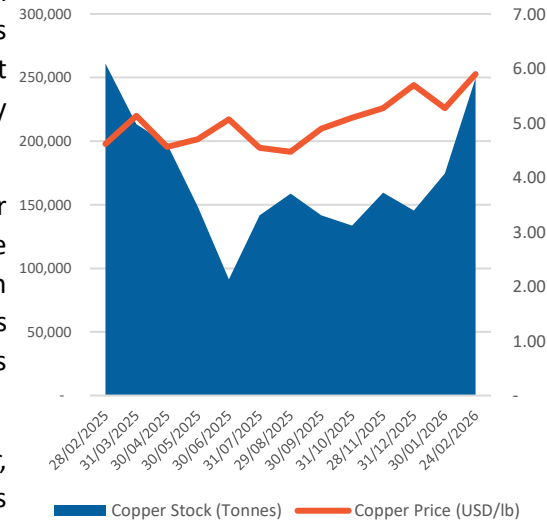
Nevertheless, the combined effect of LKR depreciation and higher copper and aluminium prices continue to lift ACL’s manufacturing cost base. While the company has been able to defend margins in the short term through inventory management and the use of its exchange reserves, cost pressures are expected to become more pronounced over the medium term as inventory is replenished at higher prices.

In the near term, we do not anticipate material price revisions. However, over the medium term, ACL may need to increase selling prices to pass through a portion of the elevated input-cost pressures to customers. Given that this cost headwinds are industry-wide, competitors are also likely to implement price increases over time, supporting broader pricing discipline across the sector.

From a demand perspective, electrical products exhibit relatively low-price elasticity, particularly within the retail segment. Electrical wiring and related accessories typically account for a small proportion of total construction costs compared to major components such as cement, steel, or finishing materials. Consequently, modest price increases are unlikely to materially alter purchasing decisions. Moreover, purchasing behavior in this category is predominantly quality-driven rather than price-driven, given the safety-critical nature of electrical installations.

Notably, industry statistics indicate that electrical faults remain one of the leading causes of structural fires in Sri Lanka. This structural risk reinforces end-consumer preference for trusted brands and certified products, thereby strengthening the pricing power of established manufacturers such as ACL with strong quality assurance frameworks.

It is also noteworthy that ACL has not implemented price increases since 2024, with recent revenue growth largely driven by volume expansion rather than pricing gains. This suggests that current topline momentum is supported by underlying demand recovery rather than inflationary pass-through. Looking ahead, any calibrated price revisions, if undertaken, would likely serve to protect margins rather than drive incremental revenue growth, while preserving competitive positioning within the domestic market.



Sources: International Copper Study Group

## Prices of ACL Products

		2021	2023	2024	2025
Fire Zero	1/1.13mm	3,200	10,266	10,322	10,322
Building Wires	1/1.13mm	2,357	7,169	6,670	6,670
Flexible Chords	16/0.20mm-3 core	7,016	19,128	15,795	15,795

Sources: ACL Website

ACL benefits from a vertically integrated operating model, with in-house capabilities to process raw copper and aluminium into usable input materials for its finished cable products. This backward integration enhances cost control, reduces dependency on third-party intermediaries, and improves supply chain efficiency. The Group has further optimized its manufacturing processes to drive operational efficiencies and margin resilience.

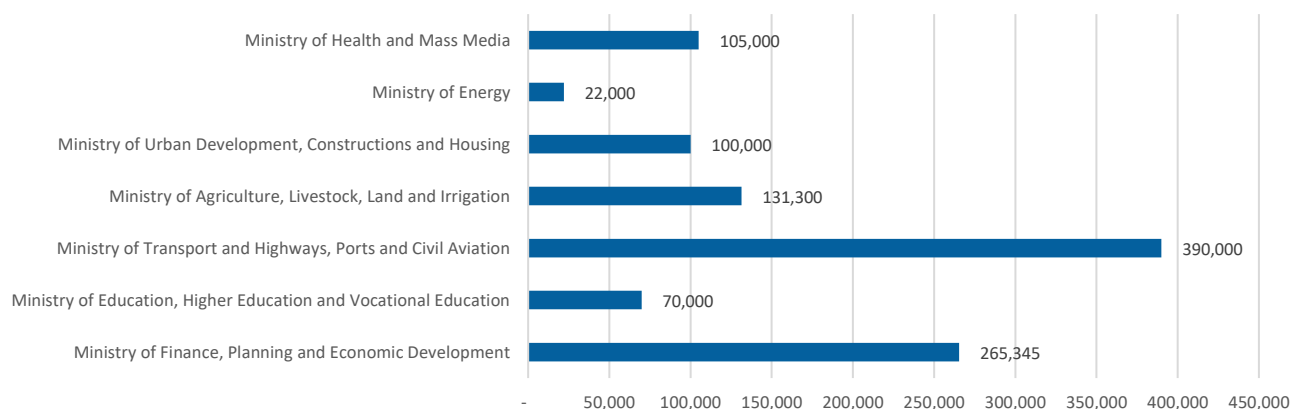
Currently, production facilities are operating at approximately 60–65% capacity on a single-shift basis, providing meaningful headroom for incremental output without requiring significant near-term capital expenditure. As public infrastructure projects commence and private sector construction activity gathers momentum, we expect volume growth to improve capacity utilization levels.

Higher utilization should enable the Company to benefit from operating leverage and economies of scale, thereby diluting fixed costs and partially mitigating margin pressures arising from raw material price volatility. Improved throughput, combined with vertical integration, positions ACL to better absorb input cost fluctuations relative to less integrated peers.

**Infrastructure-led public capex and accelerating power-sector investments position ACL to benefit from sustained cable demand and improved order visibility**

Sri Lanka’s 2026 Budget has allocated LKR 1,380bn toward public investment (c. 4.0% of GDP), with capital expenditure concentrated in infrastructure-focused ministries, underpinning a constructive outlook for construction activity. Increased funding for transport and urban development points to a broader and more visible pipeline of public sector projects, improving execution certainly across the sector. In our view, this is likely to support sustained baseline demand for power and communication cables, as project flow becomes more consistent and implementation momentum strengthens.

Capital expenditure allocations by 2026 Sri Lankan Budget (LKR'Mn)



Sources: Ministry of Finance, Budget Documents - 2026

Energy-sector projects are expected to be particularly supportive of ACL, given that the Ceylon Electricity Board (CEB) is one of the company’s largest customers and has historically accounted for over 10% of total group sales.

On the other hand, Sri Lanka’s electricity consumption increased to 16,319 GWh in 2025, while generation expanded to 17,725 GWh, reflecting sustained structural demand growth and rising grid loading. The expanding scale of the power system reinforces the need for continued investment in transmission capacity additions, distribution network densification, and grid reinforcement.

CEB’s stepped-up Transmission & Distribution (T&D) capex pipeline underscores a demand runway for the domestic cable sector. The planned investments spanning large-scale transmission projects, grid reinforcements, renewable energy integration, and substation upgrades signal a broad-based expansion of Sri Lanka’s power infrastructure, to benefit cable manufacturers from improved order inflows and volume momentum.

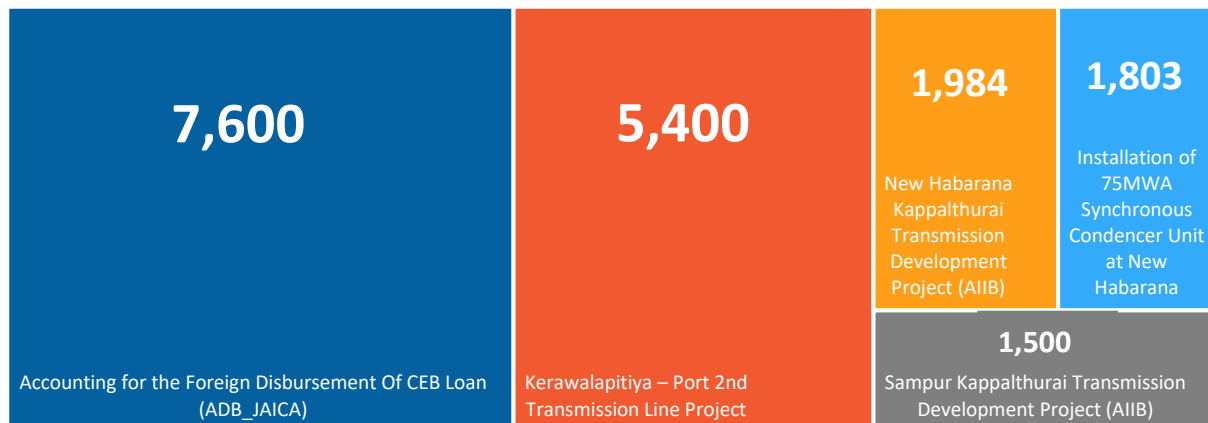
A summary of key new projects that could potentially drive the demand for ACL Cables include:

Name of the Project	Scope	Expected Start Date	Expected Completion Date	Total Estimated Cost (LKR'Mn)
New Habarana kappalthurai transmission Development Project	<ul style="list-style-type: none"> <li>Construction of 77km long. 220kV double circuit transmission line from New Habarana Switching Station to Kappalthurai Grid substation.</li> <li>Augmentation of New Habarana 220/132 kV Switching Station and Modification of Kappalthurai 220/33 kV Grid Sub Station.</li> </ul>	2025	2029	11,454
Sampur Kappalthurai Transmission Development Project	<ul style="list-style-type: none"> <li>Construction of Sampur Kappalthurai 38 km long 220kV double circuit transmission line.</li> <li>Construction of Sampur Solar Collector GSS III</li> <li>Augmentation of Kappalthurai 220/33 kV Grid Sub Station</li> </ul>	2025	2028	7,895
Development of Northern 400kV Transmission Network	<ul style="list-style-type: none"> <li>Develop the transmission network backbone to facilitate the integration of variable renewable energy sources to be commissioned in the Northern part of Sri Lanka into the national grid and increase the transmission capacity of the existing network</li> </ul>	2025	2028	50,680

Sources: Ministry of Finance, Budget Documents - 2026

Overall, the 2026 T&D investment cycle is likely to translate into a tangible, near-term uplift in cable sector demand, reinforcing sector earnings visibility over the short to medium term. ACL can absorb this increase in demand with the current capacity standing at ~60-65% on a single shift with the ability to increase the number of shifts.

2026 Budget Allocation for Power Transmission and Distribution (LKR'Mn)



Sources: Ministry of Finance, Budget Documents - 2026

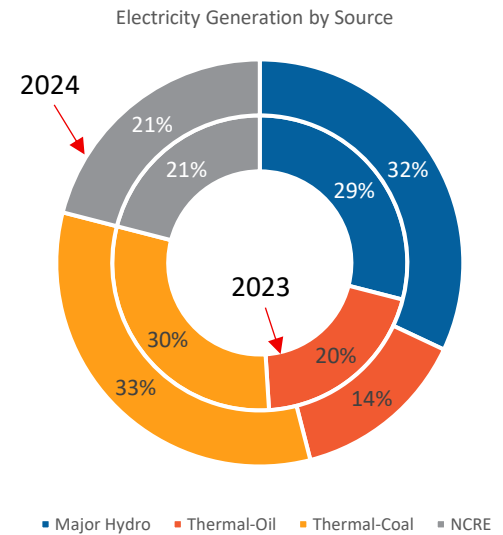
**Renewable-led electricity demand upcycle, underpinned by long-term GDP growth and grid expansion, creates a structurally supportive demand runway for ACL.**

Sri Lanka’s electricity demand is projected to expand to 50,592 GWh by 2049, implying a ~4.8% CAGR over the next 25 years, underpinned by rising consumption across the industrial, commercial, and residential segments. Against this backdrop, and to strengthen national energy security, the Government has articulated a clear transition pathway, including a target to increase renewable energy’s contribution to 70% of electricity generation over the medium term.

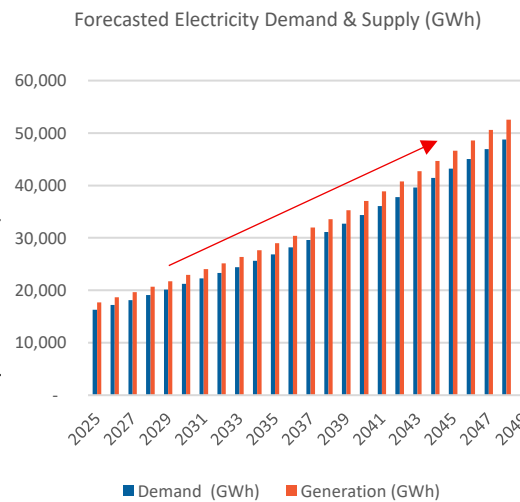
GDP growth and renewable energy development typically exhibit a positive relationship, as stronger economic activity drives higher electricity demand across the industrial, commercial, and residential sectors, necessitating incremental generation capacity additions. Given the improving cost competitiveness and shorter development timelines of solar and wind, a rising share of this incremental capacity is increasingly met through renewables rather than conventional energy generation. In parallel, a stronger GDP trajectory also improves the enabling environment for renewable execution by supporting fiscal space, credit availability, and private-sector investment appetite. Importantly, the linkage is often two-way, as renewable energy expansion can reinforce GDP growth through lower fuel import dependence, improved energy security, and reduced long-term system costs. In Sri Lanka’s context, this relationship is likely to be more pronounced given the country’s high imported fuel exposure and the policy-driven shift toward renewables, which also necessitates sustained investment in grid infrastructure.

Solar power is expected to anchor Sri Lanka’s renewable capacity expansion, supported by the island’s strong solar resource base. Installed solar capacity, currently at ~1,000 MW, is projected to scale to ~9,000 MW by 2044, driven by a combination of rooftop, ground-mounted, and floating solar developments. Wind generation is also set to contribute meaningfully, with capacity forecast to rise from ~250 MW at present to ~2,600 MW over the planning horizon, largely through onshore project additions. In comparison, mini-hydro and biomass are expected to record more moderate growth over the next two decades.

The accelerated build-out of wind, solar, hydro and associated grid infrastructure is expected to translate into a structurally supportive demand backdrop for ACL’s product suite. The Company’s portfolio is well-aligned to the renewable energy value chain, with key cable and conductor categories applicable across grid connectivity and evacuation, transmission and distribution reinforcement, and plant-level electrical wiring required for renewable generation projects. Through its stake in Resus Energy, ACL is



Sources: CEB



Sources: CEB

strategically aligned to capitalize on this improved renewable energy appetite, through earnings contribution from energy generation activities.

The table below provides information on the stages of a renewable energy project and the applicable ACL products that could be used.

<b>Renewable energy project stage</b>	<b>What gets built</b>	<b>ACL products(s) applicable</b>	<b>Why is it required?</b>
<b>Plant internal cabling (solar / wind)</b>	Inverter rooms, transformers, internal LV distribution	<b>Power cables, LV power cables, House wiring cables, Flexible cables</b>	Internal electrical distribution and interconnection across plant facilities
<b>Control &amp; monitoring systems</b>	SCADA, sensors, control panels, monitoring links	<b>Unarmored control cables, Telecommunication cables</b>	Renewables are monitoring-heavy; control cabling is essential for grid compliance
<b>Grid connection/ evacuation (MV level)</b>	Connection from renewable plant to substation (e.g., 33kV)	<b>33kV covered conductors, Power cables, Multi-core Al power cables with Cu wire screen</b>	Core requirement for renewable evacuation and medium-voltage connectivity
<b>Transmission/ interconnection upgrades</b>	New lines + reconductoring to carry higher renewable load	<b>ACSR &amp; AAAC conductors, All aluminum conductors</b>	Higher renewable penetration increases transmission reinforcement needs
<b>Distribution reinforcement</b>	Strengthening LV networks and feeder upgrades	<b>Low Voltage – Aerial Bundled Cables (ABC), LV power cables</b>	Renewables require grid stability and last-mile reinforcement to reduce losses and outages
<b>Substation and switchyard upgrades</b>	Substation expansions, switchgear, critical circuits	<b>Fire resistance circuit integrity power cables, Fire retardant power cables, Earth cables</b>	Critical circuits require fire-rated solutions and proper earthing

Sources: Company Reports

#### 4. Valuation Summary

We've calculated the weighted average fair value for ACL.N as LKR 120.19, representing a potential upside of 22.64% of its current market price of LKR 98.00. Additionally, with an estimated dividend yield of 0.76% for FY26F, the total return on investment could reach 23.40% by FY26F.

Our valuation strategy encompasses a blend of absolute and relative valuation methodologies to gauge the stock's intrinsic value considering both fundamental value and market sentiment.

Weighted average intrinsic value per share	Weights	Value Per Share	
DCF Valuation	60%	140.02	84.01
PE Based Valuation	20%	110.79	22.16
PBV Based Valuation	20%	70.09	14.02
<b>Weighted average intrinsic value per share (LKR)</b>			<b>120.19</b>

Given below are key assumptions used for each of the valuation methods.

DCF valuation (LKR'000s)	
Enterprise Value	99,305,361
Less: Debt	1,394,854
Add: Cash and Cash Equivalents	7,950,631
Minority Interest	5,221,909
Equity Value	100,639,229
No. of Shares ('000s)	718,724
<b>FCF-based equity value per share (LKR)</b>	<b>140.02</b>

WACC Calculations	
Debt+Equity	32,193,032
Equity	30,798,178
% of Equity	96%
Cost of Equity	19%
Risk Free Rate	8.24%
Unlevered Beta	1.02

Market Risk Premium	11%
Debt	1,394,854
% of Debt	4%
Cost of Debt	10%
Tax Rate	24%
<b>WACC</b>	<b>19%</b>
<b>Terminal Growth</b>	<b>5%</b>

Given below are assumptions for the relative valuations.

**PE Based Valuation**

Average PER of Peers	13.05
TTM EPS of ACL.N (LKR)	8.49
<b>Value Per Share (LKR)</b>	<b>110.79</b>

**PBV Based Valuation**

Average PBV of Peers	1.42
NAVPS of ACL.N (LKR)	49.36
<b>Value Per Share (LKR)</b>	<b>70.09</b>

Given below are peer PE and PBV ratios. The PE and PBV multiples have been used as a guidance in the valuation process.

Company	Ticker	PE	PBV
<b>Direct Peers</b>			
Sierra Cables PLC	SIRA.N	8.91	2.12
Central Industries PLC	CIND.N	9.88	1.28
<b>Other Peers</b>			
Tokyo Cement Company (Lanka) PLC	TKYO.N	17.00	1.46
Tokyo Cement Company (Lanka) PLC	TKYO.X	14.11	1.22
Lanka Aluminium Industries PLC	LALU.N	11.60	1.19

Lanka Walltiles PLC	LWL.N	18.24	0.62
Access Engineering PLC	AEL.N	11.60	2.02
<b>Peer Average</b>		<b>13.05</b>	<b>1.42</b>

We have selected Sierra Cables and Central Industries PLC as direct comparable peers based on the similarity of their underlying business operations. Sierra Cables PLC is a manufacturer of copper and aluminum power cables, serving residential, commercial, industrial, and infrastructure projects. Meanwhile, Central Industries PLC (CIND) is primarily a PVC-based polymer products manufacturer in Sri Lanka under their flagship brand is “National PVC” and they also produce a range of switches & sockets & breakers under the band “Krypton Electrical”. We consider the other peer set to be appropriate, as ACL’s power and electrical cable manufacturing exposure aligns closely with the Sri Lankan market’s growth, profitability, and risk dynamics reflected by these companies.

**5. Environment, Social and Governance**

ACL Cables PLC demonstrates a structured commitment to environmental stewardship, social responsibility, and robust governance practices, integrating sustainability principles into its operational and strategic framework.

From an environmental perspective, the company emphasizes environmentally responsible manufacturing and energy-efficient product innovation while aligning its operations with environmental management systems and sustainable production practices. Socially, ACL prioritizes employee well-being, diversity, and workforce development, supported by structured training programs, occupational health and safety initiatives, and inclusive employment policies across its workforce of over 1,700 employees. The Group also maintains strong stakeholder relationships through an extensive dealer and distributor network and structured corporate social responsibility (CSR) initiatives that support community development and long-term stakeholder value. On the governance front, ACL adheres to Sri Lanka Accounting Standards, CSE listing rules, and corporate governance best practices advocated by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka, supported by strong internal controls, risk management frameworks, and external audit oversight, reinforcing transparency, ethical conduct, and accountability in its corporate operations.

**Environmental, Social & Governance (ESG) Score**

**Environmental (E) – Score: 3.6/5**

Indicator	Evidence from Report	Score
Energy usage & efficiency	Quantified energy consumption disclosed; monitoring of operational energy use	4
Environmental risk management	Environmental Management Systems in place; exposure to renewable energy value chain	4
Resource usage (Water & Waste)	Water management disclosures provided; structured monitoring	4
Environmental compliance	No reported environmental penalties or regulatory breaches	3
Environmental initiatives	Sustainable manufacturing referenced; however, no formal net-zero or science-based targets disclosed	3

**Analysis:**

With quantified energy and water disclosures, ACL demonstrates structured environmental oversight and operational monitoring. The main limitation remains the absence of long-term decarbonization targets and Scope 1/2/3 emissions reduction commitments.

**Social (S) – Score: 3.6/5**

Indicator	Evidence from Report	Score
Employee welfare & engagement	Structured engagement programs; strong retention culture	4
Training & development	Leadership programs; formal performance reviews	4
Diversity & inclusion	Gender disclosures; non-discrimination policy	3
Health & safety	Occupational safety systems disclosed	3
Community & stakeholder engagement	Strong CSR framework; broad dealer & distributor network	4

**Analysis:**

ACL demonstrates a solid commitment to employee development and stakeholder engagement through structured training programs, health and safety frameworks, and a broad dealer and distributor network that supports economic activity across its value chain. While workforce initiatives and CSR activities are well established, disclosure could be further

strengthened through more detailed quantitative metrics on diversity and workplace safety.

**Governance (G) – Score: 3.5/5**

Indicator	Evidence from Report	Score
Risk management	Formal framework & internal controls	4
Audit & oversight	Independent external audit; board committees	4
Financial discipline	Low gearing; strong liquidity	4
Regulatory compliance	No major breaches reported	3
ESG governance structure	No dedicated ESG committee	2

**Analysis:**

ACL maintains a strong governance framework supported by independent board oversight, specialized committees, and robust risk management practices. The company’s conservative capital structure and transparent financial reporting reflect sound financial discipline, although governance disclosures could be enhanced through more formal integration of ESG oversight at the board level.

The following criteria have been used to assess the Company’s ESG scores.

Score	Definition
0	Not disclosed / No evidence available
1	Very weak disclosure or minimal policies
2	Basic qualitative disclosure with limited supporting evidence
3	Moderate disclosure with consistent practices and partial supporting data
4	Strong, well-documented policies and quantitative disclosures
5	Best-in-class disclosure with measurable targets and demonstrated outcomes

Based on the above information, the overall ESG score is 3.6 out of 5, which can be classified as a moderate ESG score. (Scoring Scale: 0 = Not disclosed | 1 = Weak | 2 = Basic | 3 = Moderate | 4 = Strong | 5 = Best Practice)

6. Investment risks

**Earnings remain cyclical, tied to domestic construction momentum.**

ACL’s revenue profile remains closely linked to the performance of the domestic construction sector, rendering the company inherently exposed to cyclical fluctuations in construction activity. Given that a significant proportion of its product portfolio, particularly power and communication cables, is directly tied to residential, commercial, and infrastructure projects, any slowdown in construction momentum tends to transmit quickly into volume demand.

Seasonality is particularly evident in the first quarter of the financial year, where revenue typically moderates relative to other quarters. The softer performance during this period is largely attributable to seasonal factors, with construction activity historically slowing during the month of April. This trend is corroborated by the Construction Purchasing Managers’ Index (PMI), which consistently records lower readings in April relative to surrounding months, indicating a temporary easing in sectoral momentum.

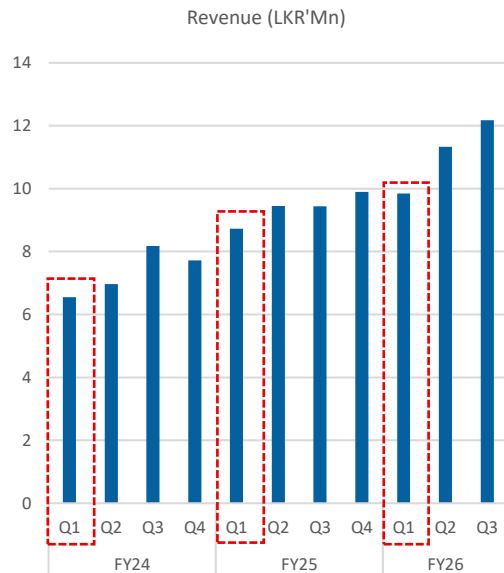
However, the potential earnings volatility arising from short-term fluctuations in domestic demand is likely to be partially mitigated by the company’s participation in several long-term, large-scale infrastructure projects. Such projects typically span multiple years, providing improved revenue visibility, order-book stability, and a more predictable cash-flow profile. The structural nature of these contracts also enhances capacity utilization and supports operating leverage over the medium term.

**Dependency on the domestic market and large-scale customers**

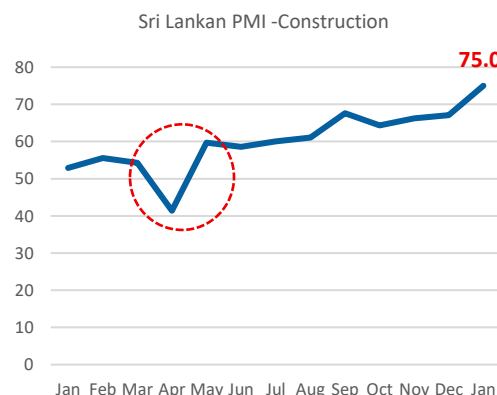
More than 80% of ACL’s revenue is derived from the domestic market, underscoring the company’s significant concentration risk within Sri Lanka. While this strong local presence allows ACL to leverage brand recognition, established distribution networks, and long-standing relationships with contractors and infrastructure developers, it simultaneously heightens exposure to domestic macroeconomic conditions.

Periods of subdued GDP growth, tighter liquidity conditions, or delays in infrastructure project execution may directly dampen demand for cables and related electrical products. Furthermore, the limited diversification into export markets increases vulnerability to potential market saturation in the domestic construction and infrastructure segments, particularly if large-scale project pipelines are moderate.

Furthermore, Ceylon Electricity Board accounts for 10% of total revenue and ACL Cables PLC’s revenue may be impacted by its dependence on a limited

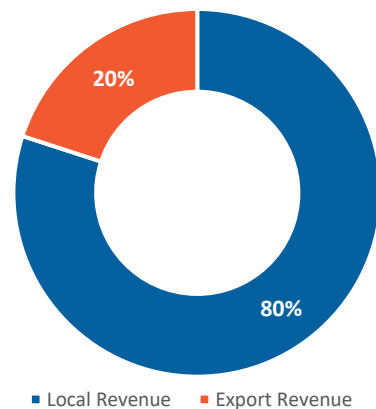


Sources: Company Reports



Sources: CBSL

Geographical Segmentation of 9M26 Revenue



Sources: Company Reports

number of public sector clients, increasing vulnerability to changes in government spending and policies.

However, ACL has been progressively reducing its reliance on the domestic market through the expansion of its export footprint. International sales now contribute approximately 20% of total revenue, reflecting a strategic shift toward geographic diversification and reduced concentration risk.

**Public CAPEX execution risk**

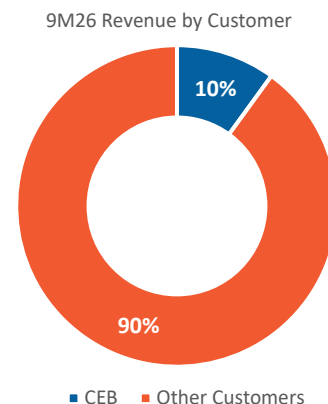
The Government of Sri Lanka allocated LKR 1.315 Tn for capital expenditure under the 2025 National Budget, representing one of the largest public investment envelopes in recent years and equivalent to roughly 4% of GDP. However, actual execution lagged materially behind the approved allocation during the year. By October 2025, cumulative capital expenditure had reached only around LKR 580–590 billion.

Although capital spending accelerated toward the latter part of 2025 — driven by reconstruction and rehabilitation efforts following Cyclone Ditwah, underlying or “organic” capital disbursements for the first ten months remained closer to LKR 600 billion, substantially below the full-year budgeted target. In the case of ACL, where a significant portion of revenue is derived from government-linked projects and state-owned utilities, slower-than-expected capital deployment can materially dampen order inflows and compress the revenue base.

Looking ahead, the government has articulated a medium-term growth ambition of approximately 7% GDP growth, with continued emphasis on infrastructure-led expansion. In line with this objective, around LKR 1.3 trillion has again been earmarked for capital expenditure in 2026.

**Geopolitical Tension**

The recent escalation of direct military conflict between the United States and Iran, alongside involvement from Israel, has rapidly become a significant geopolitical shock with direct implications for the global aluminum and related commodity logistics. The strife has heightened the risk of supply disruptions in the Middle East, a region that accounts for roughly 9 % of global primary aluminum output and serves as a key transit hub for both aluminum and its raw materials through the Strait of Hormuz — a critical maritime chokepoint. Military operations and Iranian counter-measures have led to shipping hesitancy, elevated freight and war-risk insurance costs, and the potential rerouting of vessels around Africa, all of which would increase lead times and cost structures across the aluminium supply chain. Moreover, possible shutdowns or production curtailments at Iranian smelters — which depend heavily on imported alumina — could tighten global supply balances, contribute to volatility in metal prices, and exacerbate inflationary pressures on energy and logistics costs

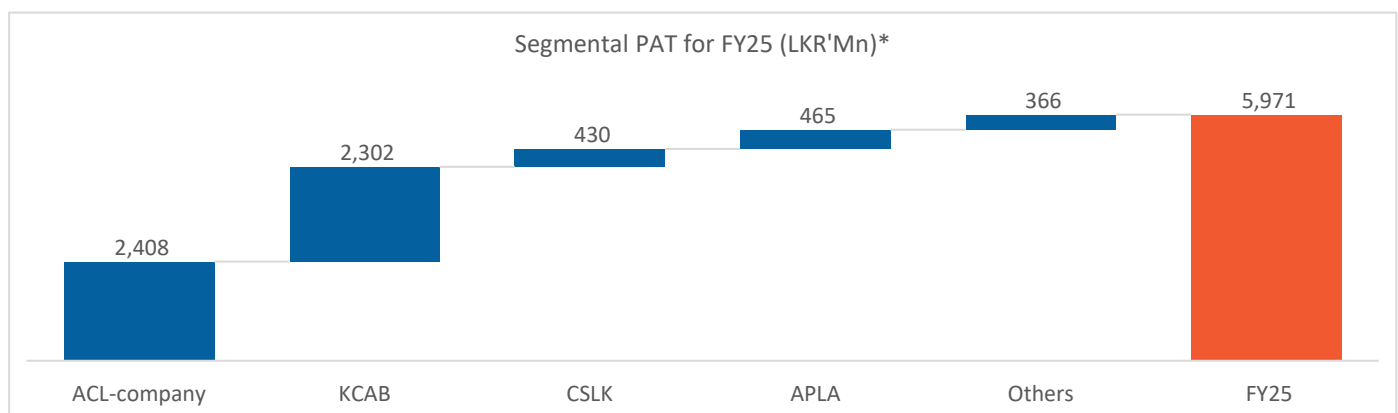
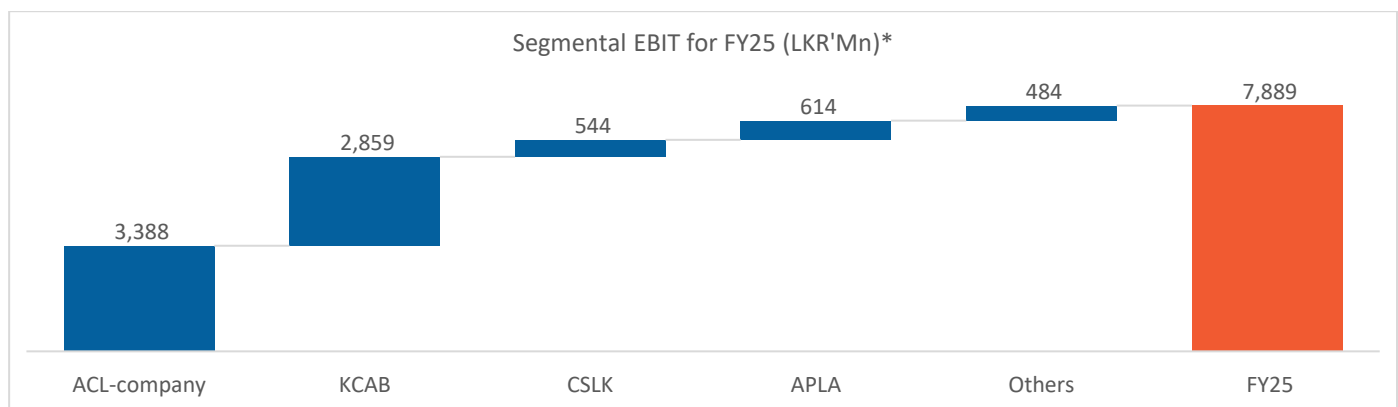
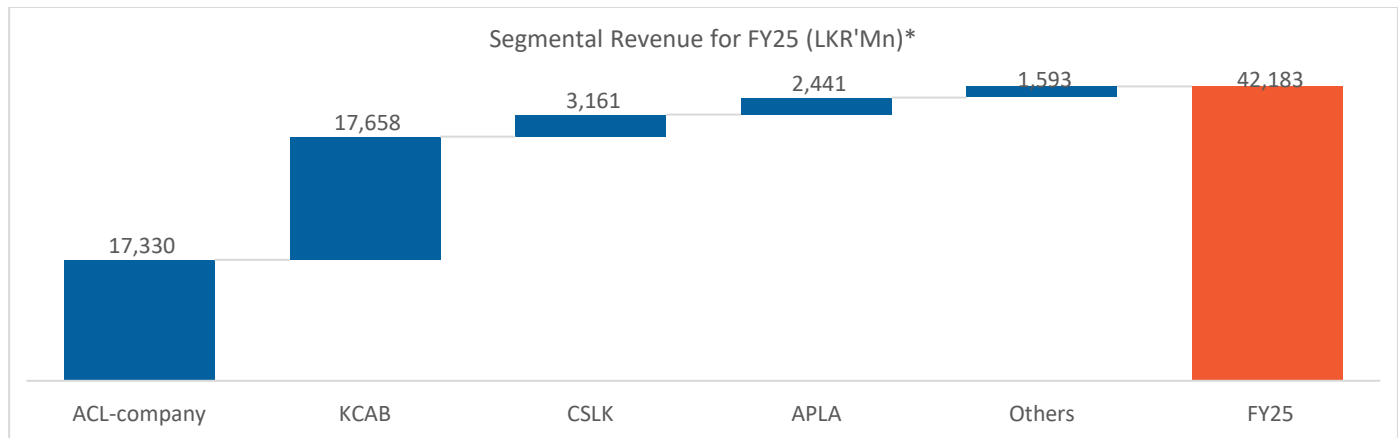


Sources: Company Reports

internationally. These developments reinforce the sensitivity of industrial supply chains like aluminium to geopolitical shocks, particularly when key infrastructure and trade routes are directly affected.

Given that ACL procures a significant portion of its raw materials through Dubai, heightened geopolitical tensions in the Middle East could disrupt logistics channels and exert upward pressure on procurement and freight costs. That said, the company maintains adequate inventory buffers covering approximately 4–5 months of production, which should mitigate any immediate impact on manufacturing operations. Moreover, considering the relatively inelastic demand profile for power and electrical cables, ACL is likely to retain pricing power, enabling it to pass through incremental input cost pressures to customers and thereby safeguard margins.

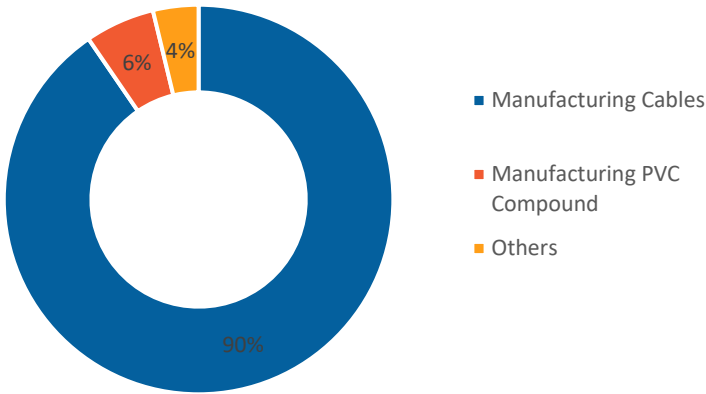
**Annexure I: Segmental information**



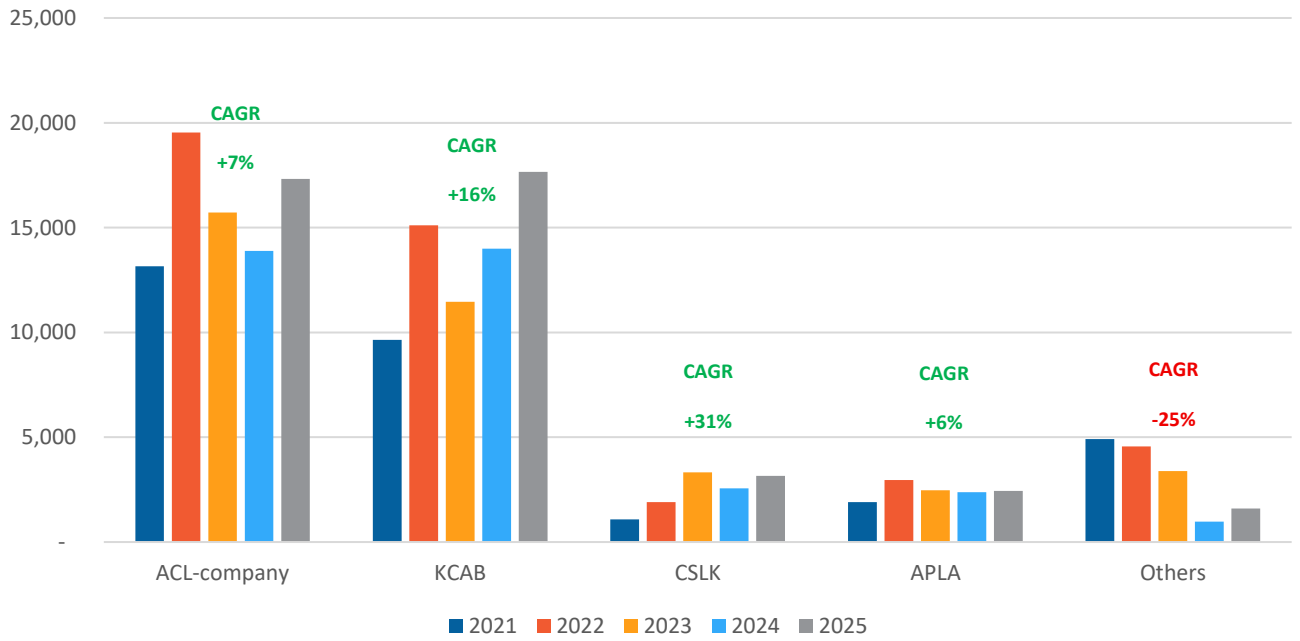
\*Including inter-segment results

Sources: Company Reports

Total revenue by major product line



Cluster revenue and growth over the years (LKR' Mn)



Source: Company Reports

**Annexure II: Financial statements**

Statement of Profit or Loss (LKR'000s)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	29,196,329	37,486,900	43,763,252	50,325,501	58,182,278
Cost of Sales	(22,052,955)	(27,263,219)	(31,071,909)	(36,234,361)	(42,473,063)
<b>Gross Profit</b>	<b>7,143,374</b>	<b>10,223,681</b>	<b>12,691,343</b>	<b>14,091,140</b>	<b>15,709,215</b>
Other Income	202,764	206,385	204,148	207,315	218,166
Distribution Costs	(1,464,279)	(1,784,081)	(2,188,163)	(2,516,275)	(2,327,291)
Administrative Costs	(1,193,635)	(1,147,672)	(1,312,898)	(1,509,765)	(1,745,468)
Net Impairment (Losses)/Gains on Financial Assets	131,258	(32,279)	(139,286)	(115,511)	(142,585)
<b>Operating Profit</b>	<b>4,819,482</b>	<b>7,466,034</b>	<b>9,255,145</b>	<b>10,156,904</b>	<b>11,712,037</b>
Net Finance Cost	(278,142)	443,996	(270,432)	(150,879)	(263,677)
Share of Net Profit of Associates Accounted for Using the Equity Method	121,587	69,908	69,908	69,908	69,908
<b>Profit before income tax</b>	<b>4,662,927</b>	<b>7,979,938</b>	<b>9,054,621</b>	<b>10,075,933</b>	<b>11,518,268</b>
Income Tax Expense	(1,217,107)	(2,560,401)	(2,716,386)	(3,022,780)	(3,455,480)
<b>Profit for the Year</b>	<b>3,445,820</b>	<b>5,419,537</b>	<b>6,338,235</b>	<b>7,053,153</b>	<b>8,062,787</b>
<b>Profit for the Year Attributable to:</b>					
Equity holders of the parent company	2,858,432	4,579,459	5,324,117	5,924,648	6,772,741
Non-Controlling Interest	587,388	840,078	1,014,118	1,128,504	1,290,046
	<b>3,445,820</b>	<b>5,419,537</b>	<b>6,338,235</b>	<b>7,053,153</b>	<b>8,062,787</b>
Basic EPS	3.98	6.37	7.41	8.24	9.42
Diluted EPS	3.98	6.37	7.41	8.24	9.42

Source: Company Reports, Ambeon Estimates

Statement of Financial Position (LKR'000s)	FY24	FY25	FY26E	FY27E	FY28E
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6,238,948	6,125,116	6,344,058	6,562,820	6,816,296
Capital work in progress	284,813	336,298	386,155	441,280	484,153
Investment properties	1,743,000	1,828,750	2,004,450	2,385,296	2,886,208
Intangible assets	68,281	68,281	68,281	68,282	68,281
Right-of-use assets	15,775	11,053	15,636	18,694	22,365
Investments accounted for using equity method	762,802	804,004	804,004	804,004	804,004
Financial assets at FVOCI	883,374	787,746	787,746	787,746	787,746
	9,996,993	9,961,248	10,410,331	11,068,121	11,869,053
<b>Current Assets</b>					
Inventories	11,327,209	12,465,120	13,526,496	16,550,268	18,387,113
Trade and other receivables	6,551,835	7,319,316	9,233,447	10,659,630	12,420,083
Financial assets at fair value through profit or loss	1,632,578	5,957,483	5,957,483	5,957,483	5,957,483
Short term deposits	6,704,293	5,873,609	6,343,498	6,850,978	7,399,056
Cash and cash equivalents	2,055,324	2,077,022	2,855,037	3,421,715	4,939,881
	28,271,239	33,692,550	37,915,960	43,440,073	49,103,616
<b>Total Assets</b>	<b>38,268,232</b>	<b>43,653,798</b>	<b>48,326,291</b>	<b>54,508,195</b>	<b>60,972,668</b>
<b>Equity and Liabilities</b>					
<b>Capital and Reserves</b>					
Stated capital	299,488	299,488	299,488	299,488	299,488
Capital reserve	3,505,056	3,516,523	3,516,523	3,516,523	3,516,523
General reserve	1,123,825	1,123,825	1,123,825	1,123,825	1,123,825
FV reserve of financial assets at FVOCI	260,791	196,861	196,861	196,861	196,861
Foreign currency translation reserve	120,716	107,225	107,225	107,225	107,225
Retained earnings	21,314,711	25,554,256	27,790,536	32,703,729	35,923,588

Equity attributable to owners of the Company	26,624,587	30,798,178	33,034,458	37,947,651	41,167,510
Non-controlling interests	4,381,917	5,221,909	6,236,027	7,364,531	8,654,577
<b>Total Equity</b>	<b>31,006,504</b>	<b>36,020,087</b>	<b>39,270,484</b>	<b>45,312,182</b>	<b>49,822,087</b>
<b>Non-current liabilities</b>					
Defined benefit obligations	455,017	555,328	598,945	651,821	715,879
Deferred income tax liabilities	1,068,685	1,204,042	1,204,042	1,204,042	1,204,042
Borrowings	335,241	120,319	414,802	612,867	752,973
Lease Liabilities	8,127	409	719	1,020	1,352
	1,867,070	1,880,098	2,218,507	2,469,749	2,674,245
<b>Current Liabilities</b>					
Trade and other payables	1,729,366	2,134,710	2,833,077	3,414,964	4,207,742
Current income tax liabilities	2,086,188	2,344,777	2,616,425	2,918,703	3,264,251
Lease liabilities	9,745	8,946	17,246	24,473	32,438
Borrowings	1,569,359	1,265,180	1,370,552	368,124	971,907
	5,394,658	5,753,613	6,837,300	6,726,264	8,476,337
<b>Total Liabilities</b>	<b>7,261,728</b>	<b>7,633,711</b>	<b>9,055,807</b>	<b>9,196,013</b>	<b>11,150,582</b>
<b>Total equity and liabilities</b>	<b>38,268,232</b>	<b>43,653,798</b>	<b>48,326,291</b>	<b>54,508,195</b>	<b>60,972,668</b>
NAVPS	37.04	42.85	45.96	52.80	57.28

Source: Company Reports, Ambeon Estimates

**Annexure III: Key ratios**

	FY24	FY25	FY26E	FY27E	FY28E
<b>Profitability Ratios</b>					
Gross Profit Margin (%)	24%	27%	29%	28%	27%
EBIT Margin (%)	17%	20%	21%	20%	20%
Net Profit Margin (%)	10%	12%	12%	12%	12%
Return on Assets (ROA) (%)	7%	10%	11%	11%	11%
Return on Equity (ROE) (%)	11%	15%	16%	16%	16%
Revenue Growth (%)	-3%	28%	17%	15%	16%
Net Profit Growth (%)	-52%	60%	16%	11%	14%
Dividend Payout Ratio (%)	10%	10%	10%	12%	13%
<b>Activity Ratios</b>					
Inventory Turnover Ratio (Times)	1.95	2.19	2.30	2.19	2.31
Receivables Turnover Ratio (Times)	7.41	7.12	7.16	7.13	7.07
Payables Turnover Ratio (Times)	27.4	20.5	17.5	17.0	16.2
Days of Sales Outstanding (DSO)	49.28	51.26	51.00	51.20	51.60
Days of Inventory on Hand (DOH)	187.48	166.88	158.90	166.72	158.01
Days of Payables Outstanding (DPO)	13.32	17.79	20.80	21.50	22.60
Asset Turnover Ratio (Times)	0.76	0.86	0.91	0.92	0.95
<b>Gearing Ratio</b>					
Debt to Total Assets	0.05	0.03	0.04	0.02	0.03
Debt to Equity	0.07	0.05	0.05	0.03	0.04
Interest Coverage Ratio (Times)	0.06	(0.06)	0.03	0.01	0.02
<b>Liquidity Ratio</b>					
Current Ratio (Times)	5.24	5.86	5.55	6.46	5.79
Quick Ratio (Times)	3.14	3.69	3.57	4.00	3.62
Cash Ratio (Times)	1.62	1.38	1.35	1.53	1.46
Cash Conversion Cycle (Days)	223.43	200.35	189.10	196.42	187.01

Source: Company Reports, Ambeon Estimates

**Annexure IV: Recommendation criteria**

The recommendations are based on the stock returns compared against the 1-year Treasury bill rate as a benchmark.

BUY	Return of the stock > 1-year T-bill rate plus 5%
HOLD	1-year T-bill rate plus 5% > Return of the stock > 1-year T-bill rate
SELL	Return of the stock < 1-year T-bill rate

1-year T-bill rate used for comparison = 8.24%

**Abbreviations**

APLA	ACL Plastics PLC
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CBSL	Central Bank of Sri Lanka
CSE	Colombo Stock Exchange
CSLK	Cable Solutions PLC
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EPS	Earnings Per Share
GDP	Gross Domestic Product
GWh	Gigawatt-hour
KCAB	Kelani Cables PLC
MW	Megawatt
PBV	Price-to-Book Value
PER	Price-to-Earnings Ratio
PMI	Purchasing Manager Index
PVC	Polyvinyl Chloride
T&D	Transmission & Distribution
XLPE	Cross-Linked Polyethylene
YoY	Year-on-Year

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