

Stock

Briefing Note



Company Name & Ticker

ACL CABLES PLC | ACL.N

Industry

CSE | CAPITAL GOODS

Date Published

07th NOVEMBER 2024

AMBEON
SECURITIES

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1. Executive Summary

1.1. Company Overview

ACL Cables PLC (ACL) is Sri Lanka's largest electric cable manufacturer, recognized as an industry pioneer with over six decades of expertise. Founded in 1962 and listed on the Colombo Stock Exchange in 1976, ACL has solidified its position as the market leader in the Sri Lankan cable industry, providing the widest range of high-quality cables and conductors.

With a market capitalization of LKR 22.38Bn, ACL maintains a strong asset base valued at LKR 39.42Bn as of June 2024. The company is supported by an extensive network of 1,595 employees, 1,559 dealers, and 214 distributor centers. For FY24, ACL distributed a total dividend of LKR 1.25, achieving a payout ratio of 10.48% and recording a 33.43% gain in its share price (ACL.N) year-to-date.

ACL primarily operates in two segments—cable manufacturing and PVC compound production. Cable manufacturing contributes ~99% of revenue and ~80% of profits. Additionally, 24.39% of its total revenue is generated from exports to over 10 countries worldwide, further strengthening ACL's global footprint.

Domestically, ACL has emerged as a dominant player in the institutional market, serving a substantial client base including key government bodies and construction firms. Notably, the Ceylon Electricity Board, one of ACL's major clients, accounts for 20% of the company's total revenue. Other prominent clients include SLT, MAGA, the Ministry of Defense, and Access Engineering, positioning ACL as a preferred supplier for large-scale tender projects and critical infrastructure developments.

1.2. Valuation Summary

We have estimated the weighted average fair values of **ACL.N at LKR 119.03**. Based on the current market prices, ACL.N offers an **upside potential of 27.44%**. The weighted average intrinsic value of ACL shares has been calculated using different valuation methods: the PE-based valuation is LKR 109.78, the PBV-based valuation is LKR 106.75, EV/EBITDA-based valuation is LKR 143.15 and the Net Asset Value (NAV) as of the 30th of June 2024 stands at LKR 116.44 per share. The potential boost in the construction sector could further enhance the company's value.

1.3. Key Financials

In Q1FY25, ACL achieved impressive growth, with PAT surging by LKR 947.94Mn (312.09%YoY). EBIT also saw a substantial rise, up by LKR 591.75Mn (54.42%YoY). This strong performance was primarily driven by a 33.18% YoY increase in revenue, which grew by LKR 2,173.98Mn.

Additionally, net finance costs turned into net finance income in Q1FY25 compared to Q1FY24 by changing by LKR 634.77Mn. This increase includes an exchange gain of LKR 123.56Mn recorded during the quarter.

Gross profit and net profit margins were reported as 26.94% and 14.34% respectively. As of the end of June 2024, the Return on Assets stood at 3.17% while the Return on Equity was at 4.49%.

LKR Mn	FY22	FY23	FY24	1Q FY25
Revenue	35,329	30,147	29,196	8,726
Gross profit	7,932	10,988	7,143	2,350
Operating profit	5,846	9,079	4,819	1,679
Profit attributable to shareholders	4,305	5,952	2,858	1,252
Total assets	33,620	36,111	38,268	39,425
EPS (LKR)	17.97	24.84	11.93	5.22
NAVPS (LKR)	72.71	98.11	111.15	116.44
Net margin (%)	12.19%	19.74%	9.79%	14.34%
ROE (%)	24.72%	25.33%	10.74%	4.49%
ROA (%)	12.81%	16.48%	7.47%	3.17%

Source: Company reports

2. Dashboard

Company Name	ACL Cables PLC
Ticker	ACL.N
Market Price (LKR)	93.40
Exchange Listed	Colombo Stock Exchange
GICS Sector	Capital Goods
Board Listed	Main Board
Listed Date	01st January 1976
No. of Shares (Mn)	239.57
MCAP (LKR Bn)	22.38
Public Holding	37.17%
Financial Year Ends	31st March

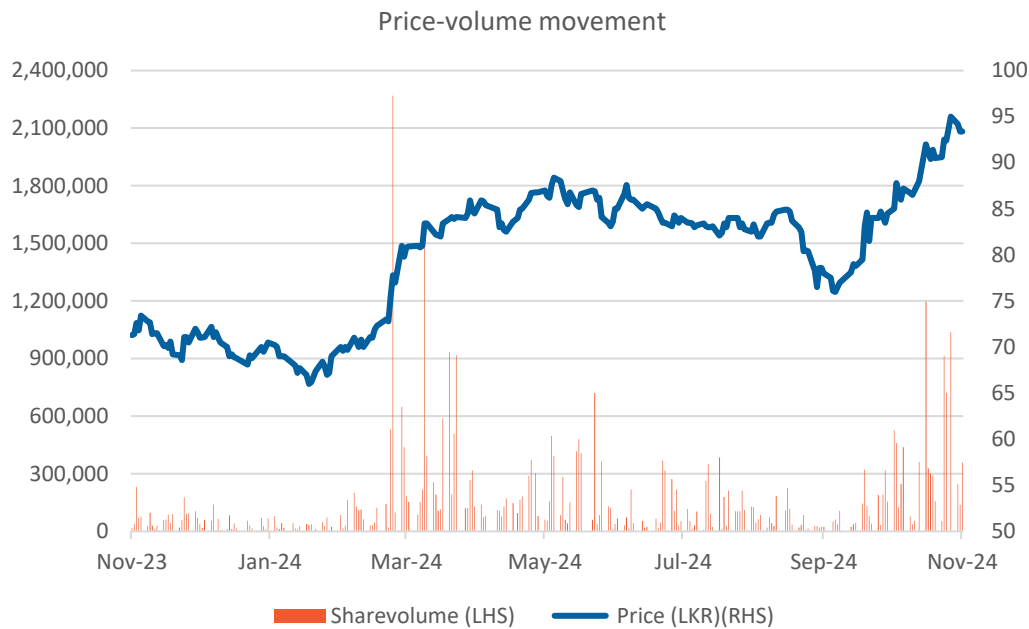
Top 05 shareholders

Name	Percentage
Mr. U. G. Madanayake	38.15%
Mr. Suren Madanayake	22.21%
Employees Provident Fund	4.93%
Citibank Newyork S/A Norges Bank	2.59%
Sri Lanka Insurance Corporation Ltd - Life Fund	2.43%

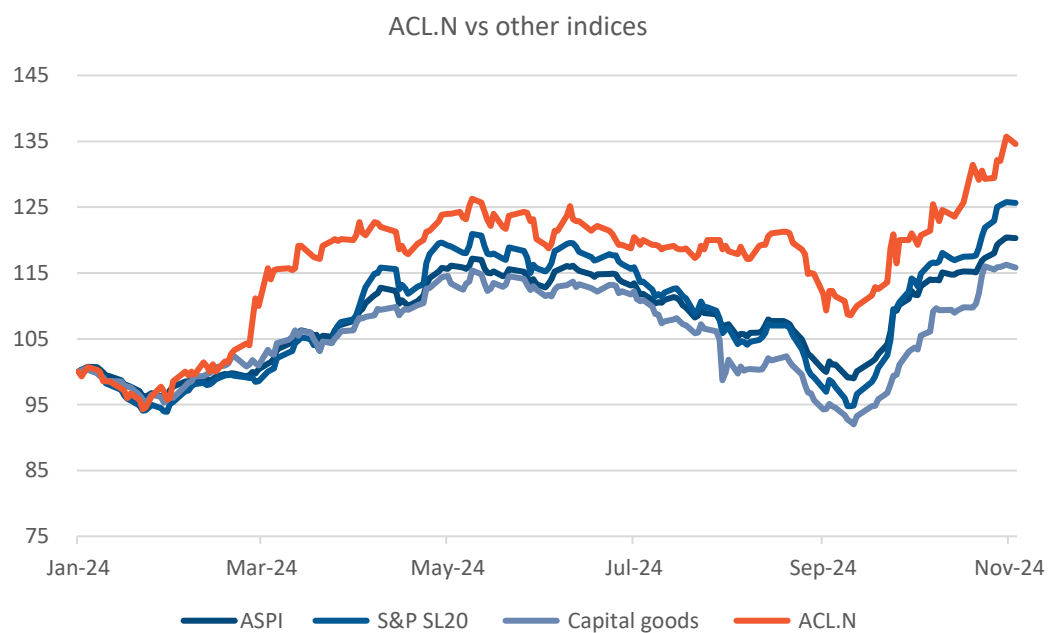
The Float Adjusted Market capitalization as of 30.06.2024 was LKR 7.44Bn.

Key Data	
Historical Returns (Nov 2023 – Nov 2024)	
1-year capital gain	33.43%
1-year dividend yield	1.34%
1-year total return	34.77%
Beta	1.05
1-year high (LKR)	95.00
1-year low (LKR)	66.00
Valuation Multiples	
PE Ratio	5.88
PB Ratio	0.80
Per Share Data (LKR)	
EPS (TTM)	15.89
NAVPS (Jun 2024)	116.44
DPS (FY24)	1.25
Dividend Payout	10.48%

Sources: CSE, Company reports



Source: CSE



Note: The chart is indexed

Source: CSE

3. Valuation Summary

3.1. Valuation Upside

We have estimated the average weighted fair value of ACL.N at LKR 119.03. Based on the current market prices, ACL.N offers an upside potential of 27.44%. The historical 1-year dividend yields were 1.34% for ACL.N.

Weighted average intrinsic value	LKR
PE-based valuation	109.78
PBV-based valuation	106.75
EV/EBITDA based valuation	143.15
NAV (30th June 2024)	116.44
Weighted average fair value per share (LKR)	119.03

3.2. PE-Based Valuation

Average PER of peers	6.91
TTM EPS of ACL (LKR)	15.89
Value per share (LKR)	109.78

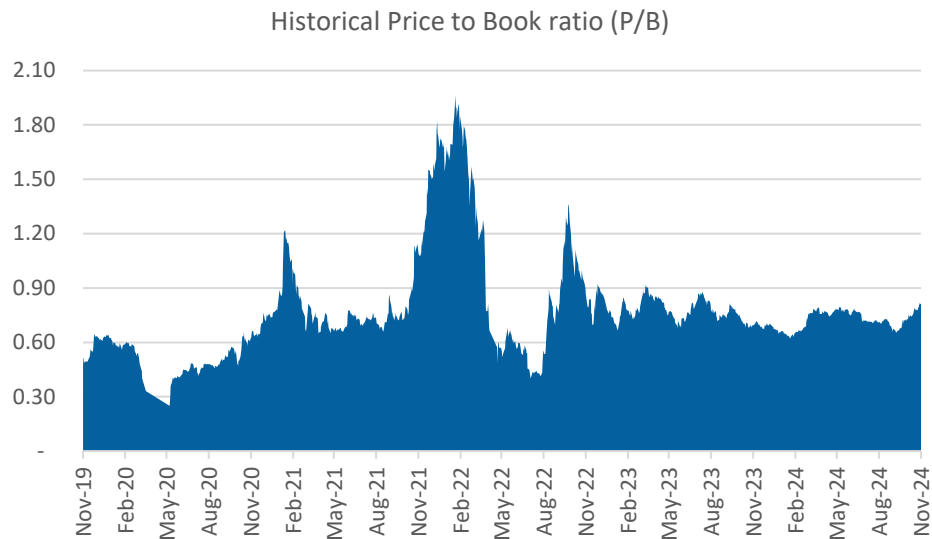


Source: Bloomberg

Over the last 12 months, ACL has traded at an average PE multiple of 6.17. The current trailing PE of 5.88 reflects a discount from the historical average PE.

3.3. PBV Based Valuation

Average PBV of peers	0.92
NAVPS of ACL (LKR)	116.44
Value per share (LKR)	106.75



Source: Bloomberg

Over the last 12 months, the ACL has traded at an average PBV multiple of 0.72. The current trailing PBV of 0.80 reflects a discount from the historical average PBV.

3.4. EV/EBITDA Based Valuation

TTM EBITDA of ACL (LKR Mn)	5,755.98
Average EV/EBITDA of peers	5.01
Enterprise Value (EV) (LKR Mn)	28,816.02
Less: debt (LKR Mn)	2,350.00
Add: cash & cash equivalent (LKR Mn)	7,829.73
Equity value (LKR '000)	34,295.75
No. of shares in Mn	239.57
Value per share (LKR)	143.15

The peers of ACL are listed below. The valuation process incorporates PER, PBV, and EV/EBITDA multiples.

Peer valuation multiples	PER	PBV	EV/EBITDA
Direct peers			
Kelani Cables PLC (KCAB.N)	3.95	0.63	2.79
Sierra Cables PLC (SIRA.N)	7.41	1.03	6.89
Cable Solutions PLC (CSLK.N)	19.97	2.71	10.51
Other peer companies			
ACL Plastics PLC (APLA.N)	3.60	0.56	1.88
Lanka Aluminium Industries PLC (LALU.N)	7.76	0.64	3.47
Access Engineering PLC (AEL.N)	3.42	0.71	5.41
Lanka Tiles PLC (TILE.N)	5.84	0.88	4.36
Lanka Walltiles PLC (LWL.N)	6.52	0.63	4.85
Royal Ceramics Lanka PLC (RCL.N)	5.38	0.78	5.19
Lanka Ceramic PLC (CERA.N)	5.23	0.59	4.72
Peer average	6.91	0.92	5.01

Sources: CSE, Bloomberg, Company reports

4. Return Analysis

4.1. Historical Returns

Historical Dividends

	FY20	FY21	FY22	FY23	FY24
Dividend Per Share (DPS)(LKR)	0.75	1.75	1.00	1.25	1.25
Dividend payout ratio	20.16%	27.05%	5.56%	5.03%	10.48%
Dividend yield*	4.82%	4.87%	1.75%	1.52%	1.49%

*Dividend yield is calculated based on the share's closing price at the financial year-end.

Note: Figures for 2021 and prior are adjusted for share sub-division (1:2)

Year	Type	Dividend per share (LKR)	Payment date
FY24	First interim	1.25	20-Sep-24
FY23	First interim	1.25	1-Sep-23
FY22	First interim	1.00	23-Sep-22
FY21	First interim	1.00	23-Aug-21
FY21	Interim Dividend*	0.75	23-Sep-20
FY20	First interim*	0.75	21-Aug-19

*Adjusted for share subdivision (1:2)

Annual price movement (%) (April-March)	
FY25 (YTD)	11.19%
FY24	3.83%
FY23	46.70%
FY22	56.59%
FY21	206.84%
FY20	-5.47%

Note:

1. Closing prices as of 6th November 2024 are considered for calculating YTD.
2. Figures for 2021 and prior are adjusted for share subdivision (1:2).

So far in FY25, ACL.N prices have increased by 11.19%. From the start of FY20 to date, ACL.N has posted a total price gain of 467.78%.

Sources: CSE, Company reports

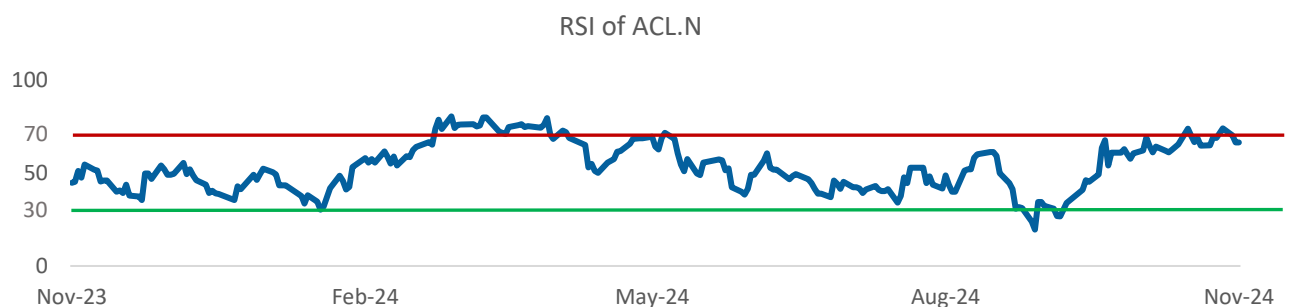
5. Technical Indicators

5.1. ACL.N Saw an Upward Trend from September 2024



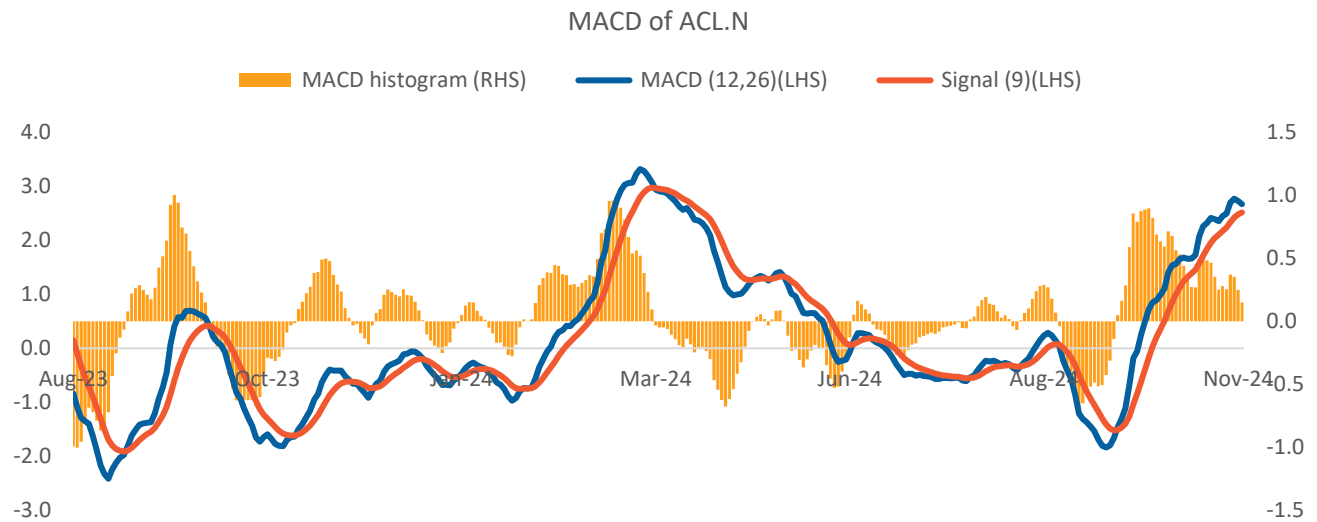
Between May to June, the stock fluctuates around the 85 level, experiencing short uptrends and downtrends but staying within a narrow range, showing indecision or consolidation. From late June to mid-September the stock indicated a temporary market sell-off or negative sentiment with more red (downward) candles. From mid-September to October, a reversal has begun, with the stock recovering significantly from its lows around 75, breaking above the 85 level. This strong upward trend, with more green (upward) candles, suggests renewed buying interest or positive sentiment in the market. Currently, the stock price has reached around 90, experiencing slight consolidation or minor pullbacks, which could indicate profit-taking or resistance at this level.

5.2. Relative Strength Index



The Relative Strength Index (RSI) of ACL has decreased to 66.37, moving out of the overbought zone, which suggests that the stock may no longer be in excessively bullish condition. The 14-day Simple Moving Average (SMA) of the RSI remains elevated at 67.90, indicating that overall momentum is still strong. This combination signals that while the stock is no longer in the overbought zone, it remains close to it, and the underlying momentum still points toward bullishness.

5.3. MACD



The MACD and signal lines had been trending upward, with the MACD line above the signal line, indicating bullish momentum. However, the MACD line has slightly declined from its peak. Currently, the MACD line is at 2.67, slightly above the signal line at 2.52, suggesting a potential shift in market sentiment.

5.4. Support and Resistance Level

The current market price of 93.40 sits below the pivot point of 84.8, suggesting a neutral-to-bullish outlook in the short term. This pivot point often acts as a psychological level, and a sustained move above it could signal potential upward momentum toward resistance levels. Immediate resistance is seen at 103.6, while 74.6 provides an immediate support level for ACL.

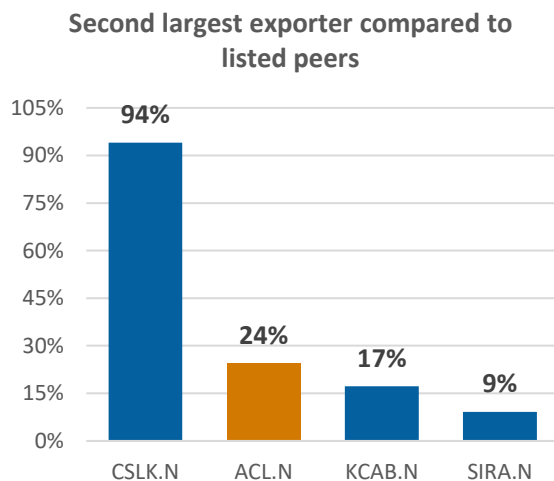
6. Segmental Analysis

ACL operates primarily in two segments: cable manufacturing and the production of PVC compounds. It serves both the institutional and retail markets, generating revenue from local sales and exports.

6.1. Export Revenue Accounts for ~24% of Overall Revenue

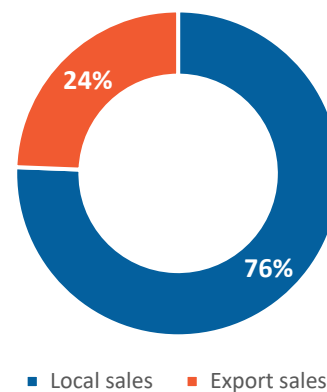
ACL exports a range of products, including domestic cables, power cables, switches, and accessories, to customers in over 10 countries worldwide, such as the USA, the UK, Germany, India, the UAE, and Australia.

In FY24, ACL recorded export revenue of LKR 7.12Bn, contributing 24.39% to the group's total revenue, making it the second-largest exporter among listed peers.



Source: Company reports

ACL's export revenue contributes ~24% of total revenue



Source: Company reports

6.2. A Dominant Player in the Institutional Market

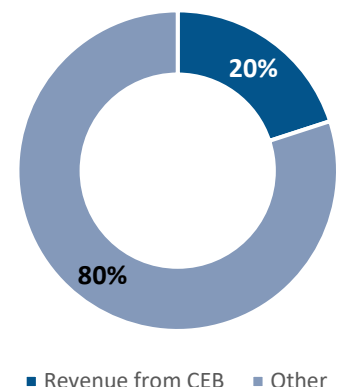
ACL has established itself as a leading player in the institutional market, supported by strong pre-qualification credentials, a diverse product portfolio, unique manufacturing capabilities, and extensive product availability throughout the island.

The company's institutional product range includes low-voltage power cable control and telecommunication cables, medium- and high-voltage conductors, and various other solutions.

ACL's client base consists of major government entities and construction firms. Notably, the Ceylon Electricity Board, one of ACL's key clients, represents 20% of ACL's total revenue.

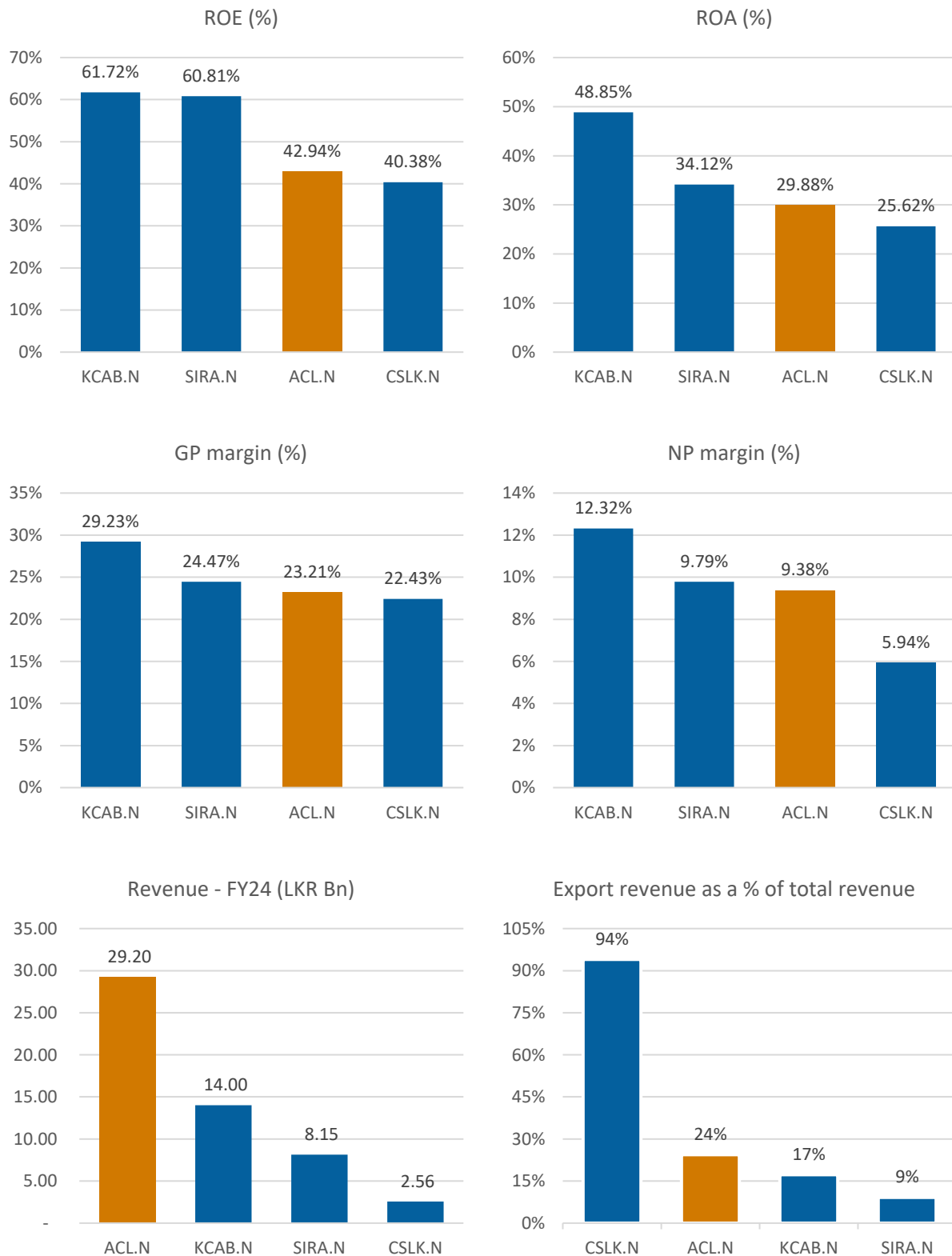
Other significant clients include Sri Lanka Port Authority, Ministry of Defense, National Water Supply and Drainage Board, Sri Lanka Railway Department, Airport and Aviation Services (Sri Lanka) (Pvt) Ltd, ICC Development (Pvt) Ltd, Sri Lanka Telecom, Hayleys Fentons, Sanken Construction, MAGA, and Access Engineering. This extensive client base positions ACL as a preferred supplier for large-scale tender projects and critical infrastructure developments.

CEB accounts for ~20% of total turnover



Source: Company reports

7. Peer Comparison



Note: Peer comparison is based on FY24 data.

Source: Company reports

8. Financial Review

8.1. Major Changes Compared with the Previous Year (FY24 vs FY23):

Favorable Changes

- The debt-to-equity ratio decreased to 0.07 from 0.18 in FY23, indicating a lower leverage level.

Unfavorable Changes

- Total revenue declined by 3.15% in FY24 to LKR 29.20Bn, compared to LKR 30.15Bn in FY23.
- Export revenue fell by 23.02%, from LKR 9.25Bn to LKR 7.12Bn.
- Gross profit margin dropped from 36.45% to 24.47%.
- Operating profit decreased by 46.92%, from LKR 9.08Bn to LKR 4.82Bn.
- Net profit attributable to equity holders declined by 51.97%, from LKR 5.95Bn to LKR 2.86Bn.
- Net profit margin was 9.79% in FY24, compared to 19.74% in FY23.

8.2. Major Changes Compared with the Previous Quarter (1Q FY25 vs 4Q FY24):

Favorable Changes

- Overall revenue increased by 13.03%, rising by LKR 1Bn from LKR 7.72Bn in the final quarter of FY24 to LKR 8.73Bn in the first quarter of FY25.
- Gross profit margin saw a slight increase to 26.94% in 1QFY25, up from 25.33% in 4QFY24.
- Operating profit grew by 31.43%, reaching LKR 1.68Bn from LKR 1.28Bn.
- Profits attributable to equity holders of the company rose by 93.95%, with an increase of LKR 606.33Mn in 1QFY25 compared to the previous quarter.
- Net profit margin increased to 14.34% from 8.36% in the previous quarter.
- Net finance costs turned into net finance income in 1QFY25 compared to 4QFY24 by changing by LKR 634.77Mn. This increase includes an exchange gain of LKR 123.56Mn recorded during the quarter.

Unfavorable Changes

- The debt-to-equity ratio increased to 0.08 in 1QFY25, up from 0.07 in 4QFY24.

8.3. Total Revenue Increased by 33.18%YoY in 1QFY25

In FY24, total revenue declined by 3.15%YoY (LKR 0.95Bn), falling to LKR 29.20Bn from LKR 30.15Bn in FY23. This decrease was primarily due to a significant drop in export revenue, which declined by 23.02% YoY (LKR 2.13Bn) from LKR 9.25Bn in FY23 to LKR 7.12Bn in FY24. Meanwhile, local sales rose by 5.64% YoY (LKR 1.18Bn), increasing from LKR 20.90Bn in FY23 to LKR 22.08Bn in FY24.

Additionally, revenue from the manufacturing cables segment decreased by LKR 0.86Bn (-2.86%YoY), and revenue from manufacturing PVC compounds dropped by LKR 0.09Bn (-73.42%YoY).

However, in 1QFY25, total revenue rose by LKR 2.17Bn, marking a 33.18%YoY increase. Local sales saw a substantial rise of LKR 2.10Bn, up 45.74%YoY compared to 1QFY24. Export revenue also grew by 3.69%YoY, adding LKR 0.07Bn in 1QFY25. The manufacturing cables segment demonstrated notable growth of LKR 2.15Bn (32.85%YoY), compared to 1QFY24.

8.4. Operating Profit Grew by 54.42%YoY in 1QFY25

The decline in operating profit was primarily driven by a drop in gross profit of LKR 3.84Bn (-34.99% YoY). This decrease in gross profit resulted from a 15.11% YoY increase in the cost of sales combined with a 3.15% YoY decline in revenue. Additionally, other income fell by 57.06% YoY (LKR 0.27Bn), while administrative costs and distribution costs rose by 12.76% YoY (LKR 0.13Bn) and 5.26% YoY (LKR 0.08Bn), respectively.

In the first quarter of FY25, operating profit increased by 54.42%YoY (LKR 0.59Bn), primarily due to a 48.72%YoY rise in gross profit (LKR 0.77Bn), driven by a 33.18%YoY growth in revenue (LKR 2.17Bn).

8.5. The Debt-to-Equity Ratio Decreased to 0.07 FY24, Indicating A Lower Leverage Level

At the end of FY24, ACL Group's total exposure to interest-bearing borrowings stood at LKR 1.92Bn, a decrease of 55.37% compared to FY23. The Group's gearing ratio declined to 0.07 in FY24 from 0.18 in FY23. Working capital rose from LKR 20.34Bn to LKR 22.88Bn, primarily due to the reduction in borrowings.

However, in 1QFY25 debt to equity ratio saw a slight increase to 0.08 compared to 0.07 in 4QFY24.

9. Environment, Social and Governance

9.1. Policy on Environmental Capital Management

ACL Cables PLC is dedicated to sustainable practices that protect and enhance natural resources, demonstrating a strong commitment to environmental stewardship. The company prioritizes recycling key raw materials, namely copper and aluminum, which are essential in cable manufacturing and represent a substantial portion of production costs. To minimize emissions from manufacturing, ACL has implemented dust collectors and exhaust devices along material feeding lines. Scrap materials are recycled and reintegrated into production, supporting resource conservation.

In line with its renewable energy goals, ACL added 2 MW of rooftop solar during the financial year, increasing the total installed solar capacity across its group companies to 4.5 MW. This initiative underscores the company's focus on reducing its carbon footprint and transitioning toward cleaner energy sources.

ACL also emphasizes effective water resource management by recycling wastewater. Advanced cooling systems with cooling towers have been installed, and top management oversees this critical procedure. Their water management philosophy centers on recycling and reusing, with state-of-the-art recycling units in place at the manufacturing plant.

Further reinforcing its commitment to environmental sustainability, ACL Cables PLC has obtained the ISO 14001:2015 certification, reflecting its adherence to internationally recognized environmental management standards.

9.2. Employee Welfare and Community Engagement

Given the nature of work tasks, particularly in factory settings, ACL Cables PLC provides comprehensive corporate medical insurance coverage for over 500 employees, ensuring their well-being and security. The company also supports employees' families through a special reward program, "Nana Thilina," which offers educational benefits to employees' children, fostering growth and development beyond the workplace.

Additionally, ACL Cables engages in community outreach with an annual charity program dedicated to supporting the "Sheela Suva Arana" medical monastery in Horana, a facility established to provide medical care to monks. This initiative highlights ACL's commitment to contributing to the broader community and supporting local healthcare.

9.3. Governance Emphasizes Ethics, Independence, and Transparency

Board of Directors

Name	Directorship status	Skills and expertise
Mr. U. G. Madanayake	Chairman/ Executive Director	Legal
Mr. Suren Madanayake	Managing Director/ Executive Director	Mechanical Engineering
Mr. Ajit Jayaratne	Senior Independent Director/ Independent Non-Executive Director	Accounting and finance
Mrs. N. C. Madanayake	Non-Independent Non-Executive Director	Experience in the cable manufacturing industry
Mr. Hemaka Amarasuriya	Independent Non-Executive Director	Accounting and finance
Mr. Daya Wahalantantiri	Executive Director	Management
Dr. Sivakumar Selliah	Independent Non-Executive Director	MBBs, Master of Philosophy
Mr. Rajiv Casie Chitty	Independent Non-Executive Director	Economics/ Computer Science/Accounting and finance

Board sub-committees

Sub-committees	Members
Mandatory Committees	
Audit Committee	<ul style="list-style-type: none"> Mr. Suren Madanayake Mr. Ajit Jayaratne Mr. Rajiv Casie Chitty
Remuneration Committee	<ul style="list-style-type: none"> Mr. Ajit Jayaratne Mr. Rajiv Casie Chitty Mrs. N. C. Madanayake
Related Party Transactions Review Committee	<ul style="list-style-type: none"> Mr. Ajit Jayaratne Mr. Rajiv Casie Chitty Mr. Suren Madanayake
Nominations and Governance Committee	<ul style="list-style-type: none"> Mr. Ajit Jayaratne Mr. Rajiv Casie Chitty Mrs. N. C. Madanayake

63% of the board of directors comprises non-executive directors, with 80% of them classified as independent directors.

9.4. Group Structure

Company	ACL Cables PLC's Effective Shareholding in the Company
ACL Cables PLC	Parent Company
Kelani Cables PLC	79.30%
ACL Plastics PLC	65.20%
Ceylon Bulbs & Electricals Ltd	95.30%
Lanka Olex Cables (Pvt) Ltd	100.00%
ACL Kelani Magnet Wire (Pvt) Ltd	93.79%
ACL Polymers (Pvt) Ltd	65.20%
ACL Metals & Alloys (Pvt) Ltd	100.00%
Ceylon Copper (Pvt) Ltd	100.00%
ACL Electric (Pvt) Ltd	100.00%
Cable Solutions PLC	52.64%
RESUS Energy PLC	32.53%

Sources: Company reports

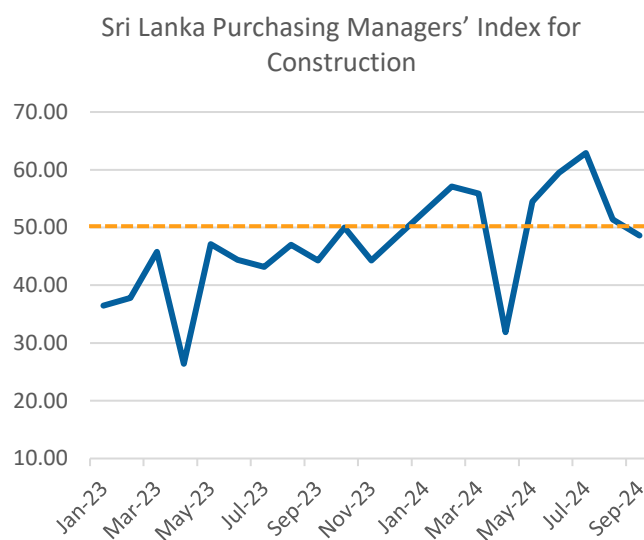
10. Industry & Macroeconomic Analysis

10.1. Construction PMI Growth Signals Strong Demand for the Construction Industry

SL Purchasing Managers' Index (PMI) serves as a key indicator of economic health, reflecting the prevailing condition in the construction industry.

Sri Lanka Purchasing Managers' Index for Construction (PMI - Construction) indicates a decline in construction activities in September 2024, as reflected by the Total Activity Index, which recorded an index value of 48.6. Many survey respondents observed a slight moderation in construction activities during the month, particularly attributable to the election-related disruptions.

However, the PMI for the construction industry indicates an increase in new orders, rising from a neutral 50.0 in August 2024 to 52.9 in September.



Source: CBSL

10.2. Impact of U.S. Dollar Strength on Metal Prices

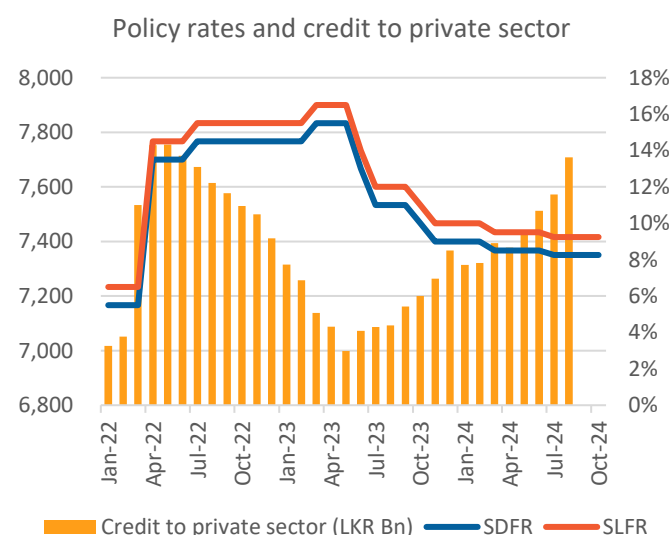
Commodity prices, including oil, metals, and grains, declined in the US presidential election as the U.S. dollar strengthened. Copper dropped more than 2% during Asian trading, weighed down by the appreciating dollar. Following Donald Trump's election victory, tariffs on Chinese goods are anticipated, which could impact metal prices due to China's status as a major consumer of copper, iron ore, and steel.

Copper and aluminium are essential raw materials for cable manufacturing. For ACL Cables PLC, which depends on these metals, a decrease in metal prices could reduce production costs and potentially enhance profit margins.

10.3. Decline in Interest Rates Expected to Drive Expansion in the Construction Sector

The decline in interest rates is expected to stimulate growth in the construction sector. With the Central Bank of Sri Lanka's recent monetary easing measures, interest rates have continued to decline, stimulating growth in credit flows to the private sector, particularly for infrastructure and housing projects. This expansionary environment is expected to increase construction activity, boosting the demand for cables used in building, wiring, and other applications.

With the current policy rate set at 9.25% for the Standard Lending Facility Rate (SLFR) and 8.25% for the Standard Deposit Facility Rate (SDFR), credit has become more accessible for industry participants, encouraging further investment and expansion.



Source: CBSL

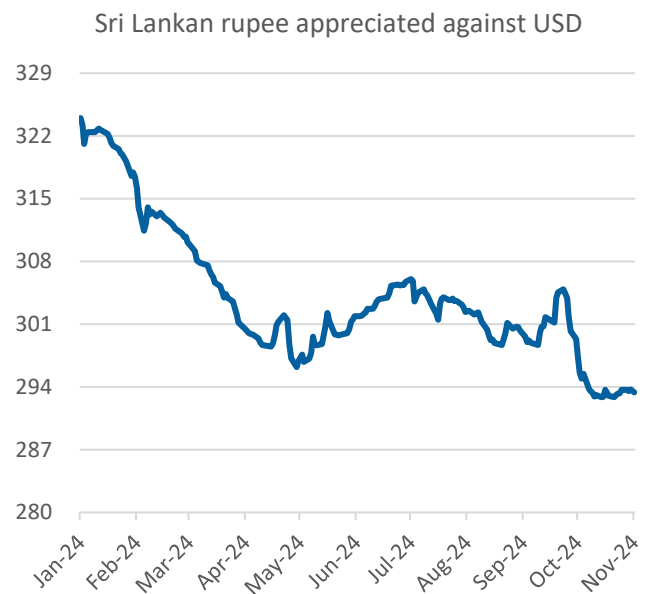
Private sector credit plays a vital role in driving construction activity, typically declining during economic downturns as businesses cut output and households reduce spending. In Sri Lanka, credit growth rose sharply before COVID-19, peaking in May 2022, but fell by 10% (LKR 756Bn) by May 2023 due to the economic crisis. As the economy recovered, private sector credit rebounded, increasing by 10% (LKR 709Bn) over the past 15 months.

10.4. The Sri Lankan Rupee Appreciated ~10% Against the US Dollar

From October 2023 to October 2024, the Sri Lankan rupee appreciated by around 10% against the US dollar, impacting the competitiveness of cable exports. This currency strength could create pricing challenges for ACL and other manufacturers in foreign markets, affecting export revenue. To counter the impact of these currency fluctuations, the industry may need to focus on high-quality, value-added products to maintain export competitiveness.

The appreciation of the LKR facilitates easier access to imported raw materials and components, potentially reducing production costs, boosting profit margins and enhancing competitiveness.

Most of ACL's raw materials are sourced from several countries, including the UAE, China, Singapore, and Vietnam.

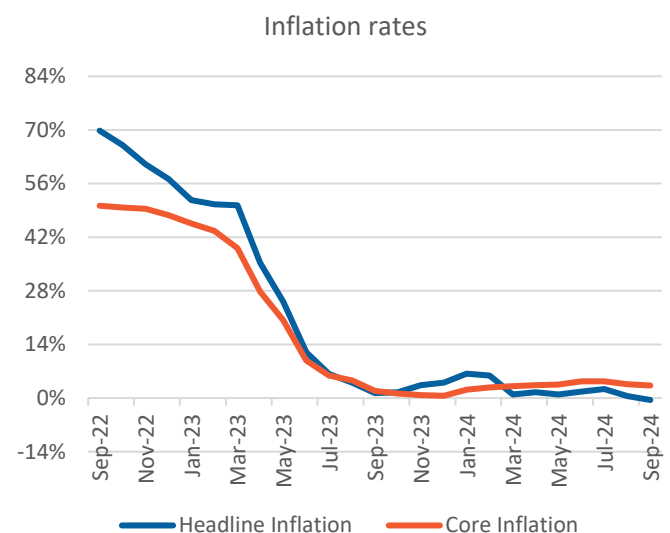


Source: CBSL

10.5. Inflation Trends Improve Purchasing Power in the Domestic Market

In October 2024, headline inflation in the Colombo Consumer Price Index (CCPI) remained in negative territory for the second consecutive month, with a deflation rate of 0.8% compared to 0.5% in September.

According to the Central Bank of Sri Lanka (CBSL), this deflationary trend is expected to persist for a few months due to adjustments in administratively determined prices and improved supply conditions. Thereafter, inflation is projected to gradually align with the target of 5%, supported by appropriate policy measures. The Asian Development Bank (ADB) forecasts Sri Lanka's inflation at 3.8% for 2024 and 5.5% for 2025.



Source: CBSL

This lower inflation level signals an increase in household consumption, which may drive higher demand in ACL's retail segment.

11. Financial Snapshot

11.1. Summary of Income Statement – Annual

LKR Mn	FY20	FY21	FY22	FY23	FY24
Revenue from contracts with customers	18,682	22,619	35,329	30,147	29,196
Gross profit	3,323	3,840	7,932	10,988	7,143
Operating profit	1,801	2,312	5,846	9,079	4,819
Net finance costs	(555)	(477)	237	(48)	(278)
Profit before income tax	1,303	1,942	6,237	9,165	4,663
Income tax expense	(279)	(188)	(1,123)	(2,153)	(1,217)
Profit for the year	1,024	1,754	5,114	7,013	3,446
Profit attributable to:					
Owners of the company	891	1,551	4,305	5,952	2,858
Non-controlling interests	133	203	809	1,061	587

Sources: Company reports

11.2. Summary of Income Statement – Quarterly

LKR Mn	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25
Revenue from contracts with customers	6,552	6,970	8,181	7,720	8,726
Gross profit	1,580	1,878	1,983	1,955	2,350
Operating profit	1,087	1,260	1,318	1,278	1,679
Net finance costs	(393)	382	123	(408)	242
Profit before income tax	688	1,648	1,491	930	1,968
Income tax expense	(276)	(416)	(401)	(169)	(493)
Profit for the year	412	1,232	1,090	761	1,475
Profit attributable to:					
Owners of the company	304	1,024	934	645	1,252
Non-controlling interests	108	209	156	116	223

Sources: Company reports

11.3. Summary of Statement of Financial Position - Annual

LKR Mn	FY20	FY21	FY22	FY23	FY24
Assets					
Property, plant and equipment	4,761	5,450	5,483	5,604	6,239
Investment properties	782	1,145	1,229	1,302	1,743
Inventories	6,421	7,902	9,347	11,720	11,327
Trade and other receivables	8,413	8,965	8,367	6,498	6,552
Cash and cash equivalents	2,262	2,530	7,598	8,933	8,760
Total assets	23,481	27,220	33,620	36,111	38,268
Equity					
Equity attributable to owners of the Company	11,237	13,333	17,417	23,500	26,625
Total equity	12,933	15,280	20,141	27,458	31,007
Liabilities					
Total borrowings	6,321	3,849	6,365	4,281	1,905
Total lease liabilities	36	34	34	26	18
Trade and other payables	2,748	6,551	5,085	900	1,729
Total liabilities	10,548	11,940	13,479	8,653	7,262

Sources: Company reports

11.4. Summary of Statement of Financial Position - Quarterly

LKR Mn	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25
Assets					
Property, plant and equipment	5,444	5,412	5,616	6,467	6,355
Investment properties	1,302	1,302	1,302	1,359	1,743
Inventories	11,347	11,423	10,579	11,266	11,626
Trade and other receivables	6,518	6,390	7,338	5,766	7,597
Cash and cash equivalents	8,052	9,001	9,382	8,752	7,830
Total assets	34,755	35,641	36,964	37,254	39,425
Equity					
Equity attributable to owners of the Company	24,045	24,524	25,447	26,796	27,895
Total equity	27,815	28,672	29,745	31,230	32,491
Liabilities					
Total borrowings	2,474	1,980	2,399	1,732	1,919
Total lease liabilities	26	26	26	23	18
Trade and other payables	480	1,173	1,366	828	887
Total liabilities	6,940	6,969	7,218	6,023	6,934

Sources: Company reports

11.5. Key Ratios - Annual

	FY20	FY21	FY22	FY23	FY24
Profitability					
Gross Profit Margin %	17.79%	16.98%	22.45%	36.45%	24.47%
EBIT Margin %	9.64%	10.22%	16.55%	30.12%	16.51%
Net Profit Margin %	4.77%	6.86%	12.19%	19.74%	9.79%
Return on Assets (ROA) %	3.80%	5.70%	12.81%	16.48%	7.47%
Return on Equity (ROE) %	7.93%	11.63%	24.72%	25.33%	10.74%
Activity ratios					
Inventory Turnover ratio (Times)	2.54	2.62	3.18	1.82	1.91
Receivables Turnover ratio (Times)	2.53	2.60	4.08	4.06	4.47
Payables Turnover ratio (Times)	8.03	4.04	4.71	6.40	16.77
Days of Sales outstanding (DSO)	144.08	140.21	89.53	89.99	81.57
Days of Inventory on hand (DOH)	143.77	139.19	114.90	200.68	190.73
Days of Payables outstanding (DPO)	45.48	90.37	77.52	57.01	21.76
Gearing ratios					
Debt to Assets	0.27	0.14	0.19	0.12	0.05
Debt to Equity Ratio	0.57	0.29	0.37	0.18	0.07
Interest coverage ratio (Times)	2.49	4.06	8.54	6.51	4.76
Liquidity ratios					
Current ratio (Times)	2.01x	1.95x	2.25x	3.99x	5.24x
Quick ratio (Times)	1.25x	1.15x	1.42x	2.27x	3.14x
Cash ratio (Times)	0.27x	0.25x	0.68x	1.31x	1.62x

Sources: Company reports

11.6. Key Ratios - Quarterly

	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25
Profitability					
Gross Profit Margin %	24.12%	26.94%	24.24%	25.33%	26.94%
EBIT Margin %	16.60%	18.08%	16.12%	16.55%	19.24%
Net Profit Margin %	4.64%	14.69%	11.41%	8.36%	14.34%
Return on Assets (ROA) %	0.87%	2.87%	2.53%	1.73%	3.17%
Return on Equity (ROE) %	1.26%	4.17%	3.67%	2.41%	4.49%
Activity ratios					
Inventory Turnover ratio (Times)	0.88	0.45	0.56	0.53	0.56
Receivables Turnover ratio (Times)	2.01	1.08	1.19	1.18	1.31
Payables Turnover ratio (Times)	20.72	6.16	4.88	5.26	7.44
Days of Sales outstanding (DSO)	181.55	337.98	306.26	309.76	279.48
Days of Inventory on hand (DOH)	416.56	816.12	647.87	691.56	655.31
Days of Payables outstanding (DPO)	17.62	59.26	74.77	69.44	49.07
Gearing ratios					
Debt to Assets	0.09	0.07	0.07	0.05	0.06
Debt to Equity Ratio	0.13	0.11	0.10	0.07	0.08
Interest coverage ratio (Times)	NA	NA	NA	NA	NA
Liquidity ratios					
Current ratio (Times)	5.03x	5.11x	5.05x	6.12x	5.69x
Quick ratio (Times)	2.83x	2.93x	3.15x	3.60x	3.43x
Cash ratio (Times)	1.56x	1.71x	1.68x	1.95x	1.52x

Sources: Company reports

12. News and Corporate Actions

14th June 2024

Listing of Cable Solutions Limited (CSLK) on the CSE

Cable Solutions Limited, a subsidiary of ACL Cables PLC with ACL holding a 52.64% stake, listed 80.79Mn ordinary voting shares through a combination of an offer for subscription and an offer for sale on the Diri Savi Board of the Colombo Stock Exchange in August 2024.

05th January 2023

ACL Cables PLC recognized as the sole cable brand in Business Today's top 40 corporates

ACL Cables PLC was ranked 32nd in Business Today's Top 40 Corporates for 2021/2022, marking its first-ever appearance in the prestigious list. ACL was the only cable company and one of three in the building materials sector to be included. The ranking highlighted ACL's exceptional performance, with record-breaking profits and growth. For FY22, ACL reported revenue of Rs. 35Bn (+56%YoY) and net profits of Rs. 5.1Bn, achieving a 200%YoY growth as a group.

Sources: CSE, Press Release

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