



QUARTERLY EARNINGS DIGEST | DECEMBER 2024

AMBEON
SECURITIES

Report date:
14.03.2025



Executive summary

The report assesses the revenues, operating profit, and profit after tax (PAT) performance on a YoY and QoQ basis, for the quarter ended Dec 2024

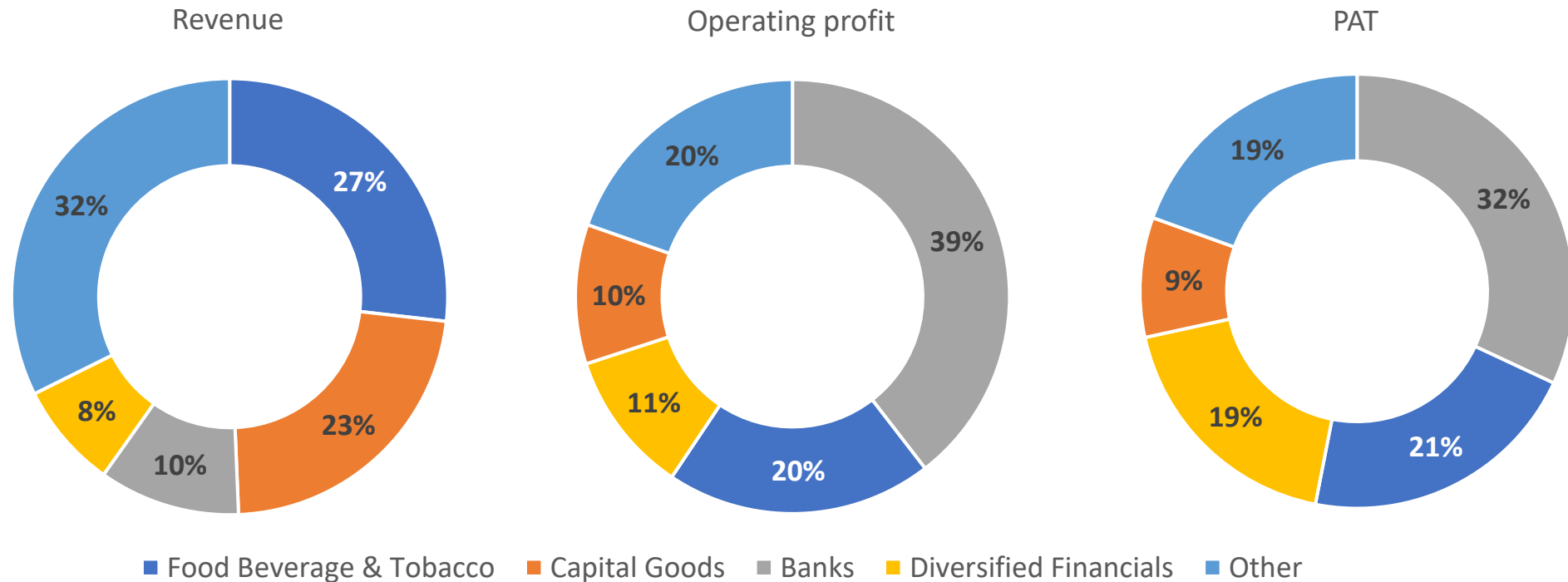
Overall revenue and profit growth

- All companies reported a YoY decline in revenues of 0.3%, while operating profit increased by 60.2%, and PAT grew by 21.6%.
- All companies recorded a QoQ increase in revenues (+0.08%), operating profits (+58.8%), and PAT (+0.3%).
- Food beverage and tobacco sector accounted for the largest share of revenues (27%) in Dec 24, while the banking sector held the largest share in operating profit (39%) and PAT (32%).
- COMB and HNB were the top positive contributors to the YoY PAT growth, while LOLC and BIL were the top negative contributors.
- BIL, BRWN, and LOLC collectively recorded acquisition-related gains of LKR 27.76Bn, significantly contributing 12% to the overall PAT. Excluding these non-operating gains, the YoY PAT would reflect an increase of 59.3%, compared to a 21.6% growth when including the non-operating gain.

Sector-wise revenue and profit growth

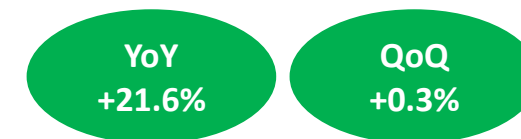
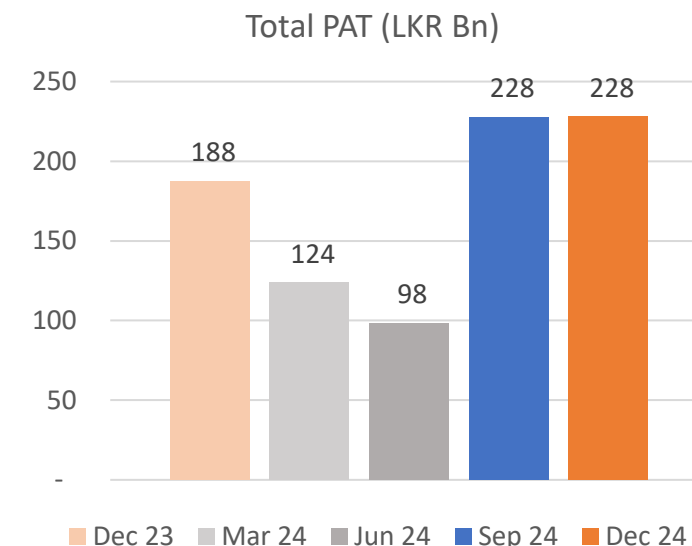
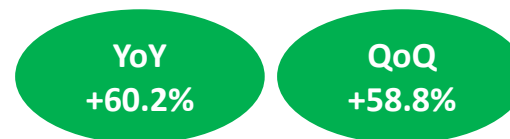
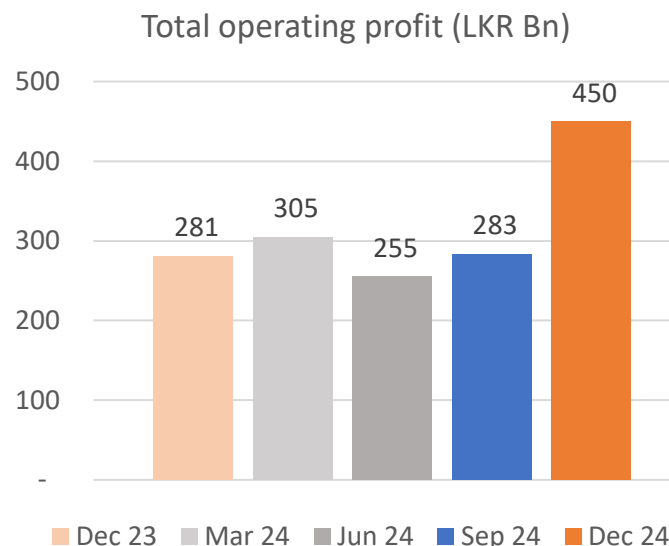
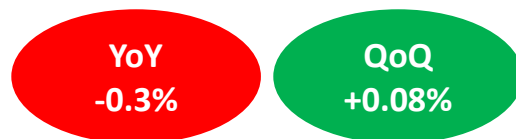
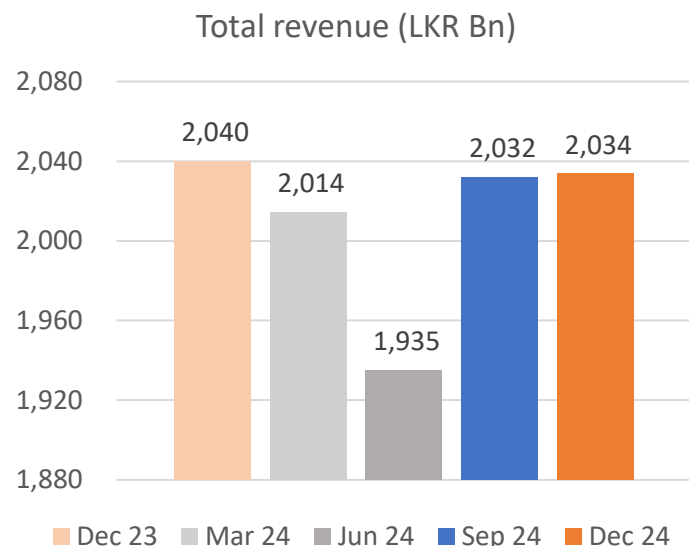
- Food beverage and tobacco saw the largest YoY revenue growth (+18%), while the banking sector saw the largest YoY decline (-40%). Food beverage and tobacco sector saw the largest QoQ revenue growth (+7%), while the banking sector saw the largest QoQ decline (-30%).
- The banking sector saw the largest YoY operating profit growth (+289%), and the utilities sector saw the largest YoY decline in operating profits (-20%). The banking sector saw the largest QoQ operating profit growth (+125%), while the utilities sector saw the largest QoQ decline in operating profits (-11%).
- The banking sector saw the largest YoY PAT growth (+207%), while the diversified financial sector saw the largest YoY decline in PAT (-10 %). The banking sector saw the largest QoQ PAT growth (+93%), while food beverage and tobacco sector saw the largest QoQ decline in PAT (-39%).
- The banking sector improved as most banks adjusted the reversal of SLISB impairments in 4Q 2024, along with a reversal in loan and advance impairments driven by recoveries.

Food, beverage & tobacco sector led in revenue, while banks led in profits in Dec 2024



CARS, BUKI, and MELS were the main contributors to revenue and profits in the food, beverage, and tobacco segment. HAYL, JKH, and HHL emerged as the primary contributors to revenue in the capital goods segment. COMB, HNB, and SAMP were the leaders in both operating profit and profit after tax.

Aggregate revenues and PAT for all companies indicated a YoY increase

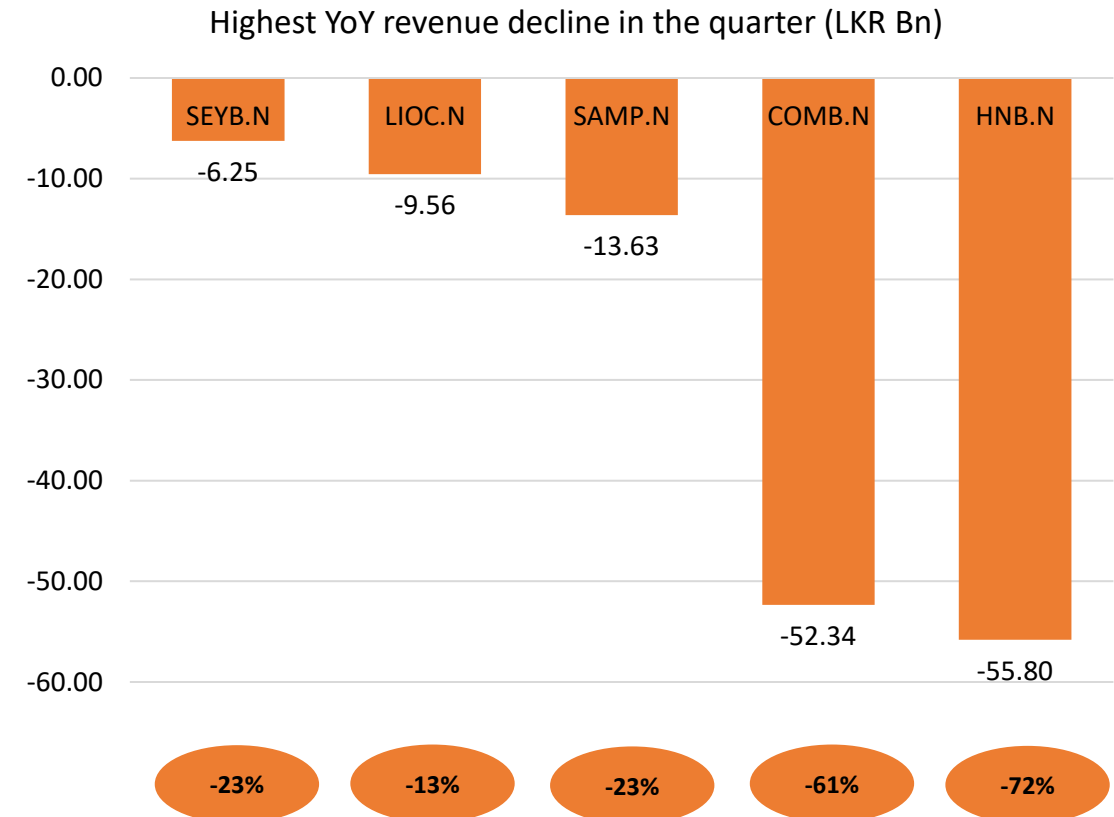
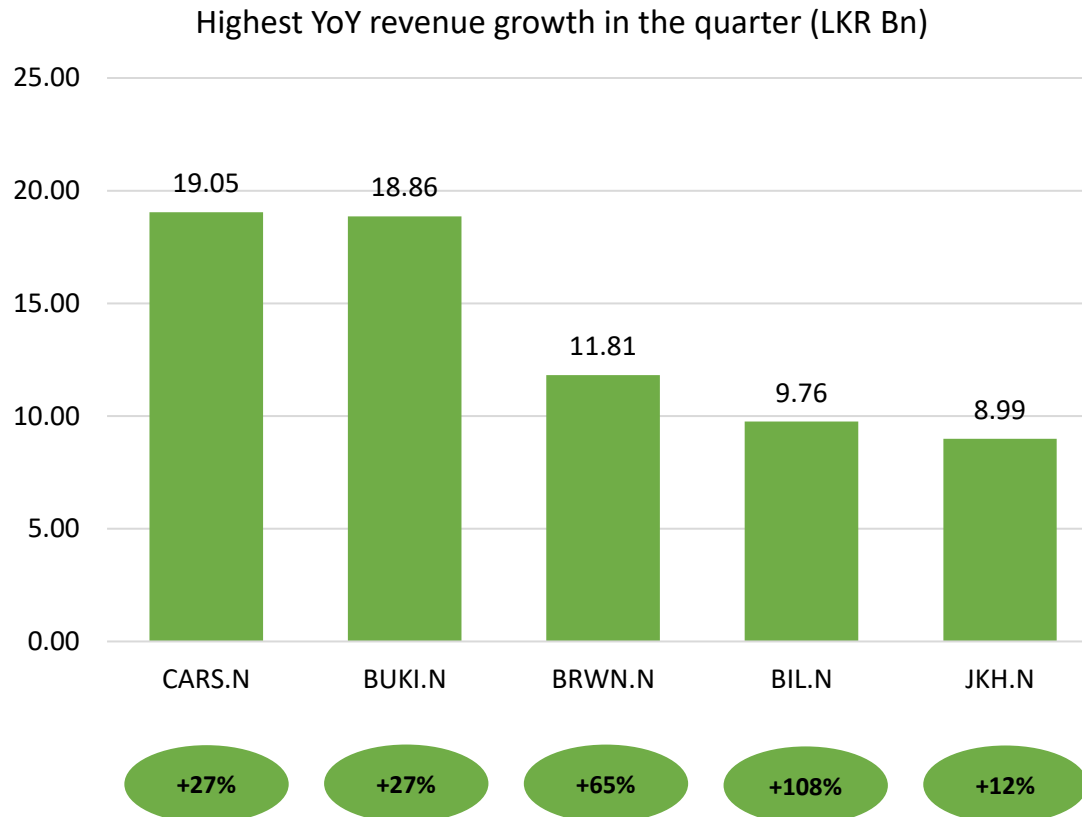


Notes:

1. The earnings for Dec 24 include earnings released up to 04.03.2025.
2. The largest growth/decline has been identified based on absolute terms, not based on percentages.
3. PAT reflects profit after tax for equity holders of the parent.
4. Revenues of banks, diversified financials and insurance companies reflect gross revenues.
5. YoY refers to year-on-year; QoQ refers to quarter-on-quarter.

Growth in PAT remains positive after adjusting for the one-off gains from LOLC, BIL, and BRWN (+59.3% YoY and +71.8% QoQ).

Overall revenue growth (YoY) – top 5 positive and negative contributors

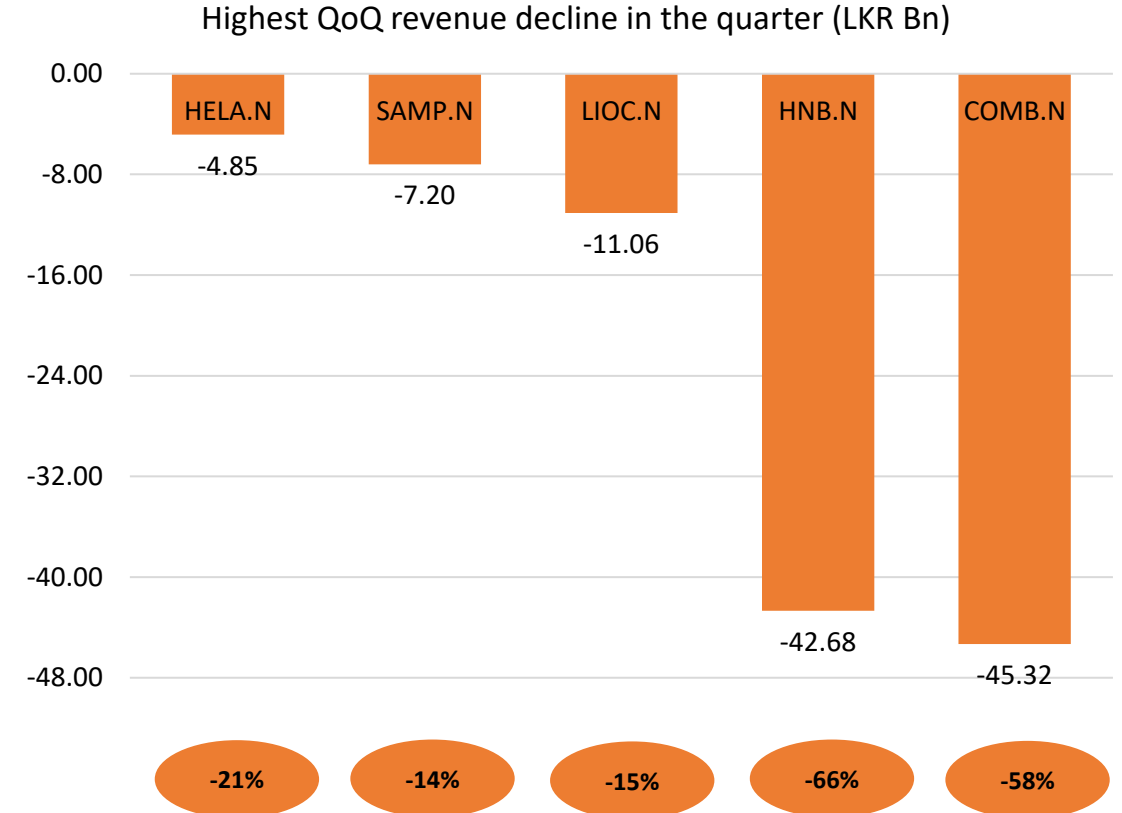
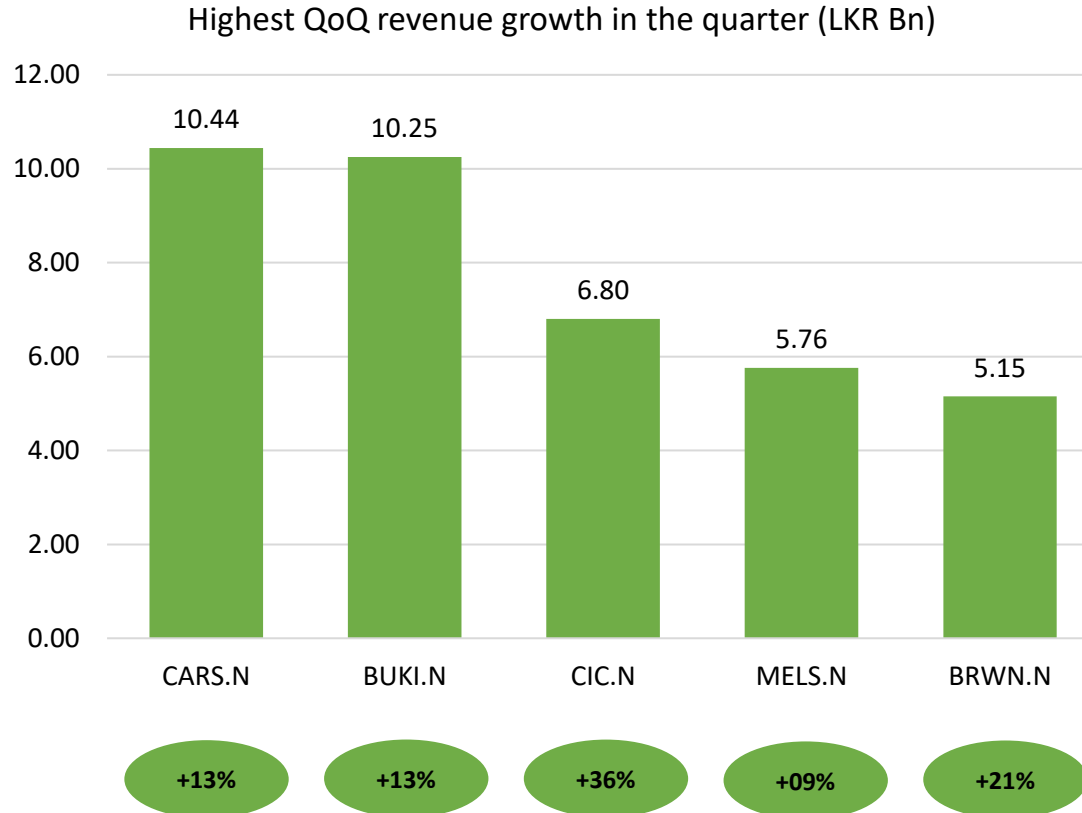


CARS revenue growth is mainly driven by the Oil Palm Plantations segment, which generated LKR 11.32Bn (+42% YoY). BUKI also experienced revenue growth attributed to the Oil Palm Plantations segment.

HNB's gross income declined mainly due to net losses of LKR 49.46Bn from the de-recognition of international sovereign bonds and an 11%YoY decrease in interest income, totaling LKR 7.18Bn. COMB also reported a loss of LKR 45.11Bn from restructuring SLISBs and a 7%YoY drop in interest income of LKR 4.98Bn.

Source: Company reports, Ambeon estimates

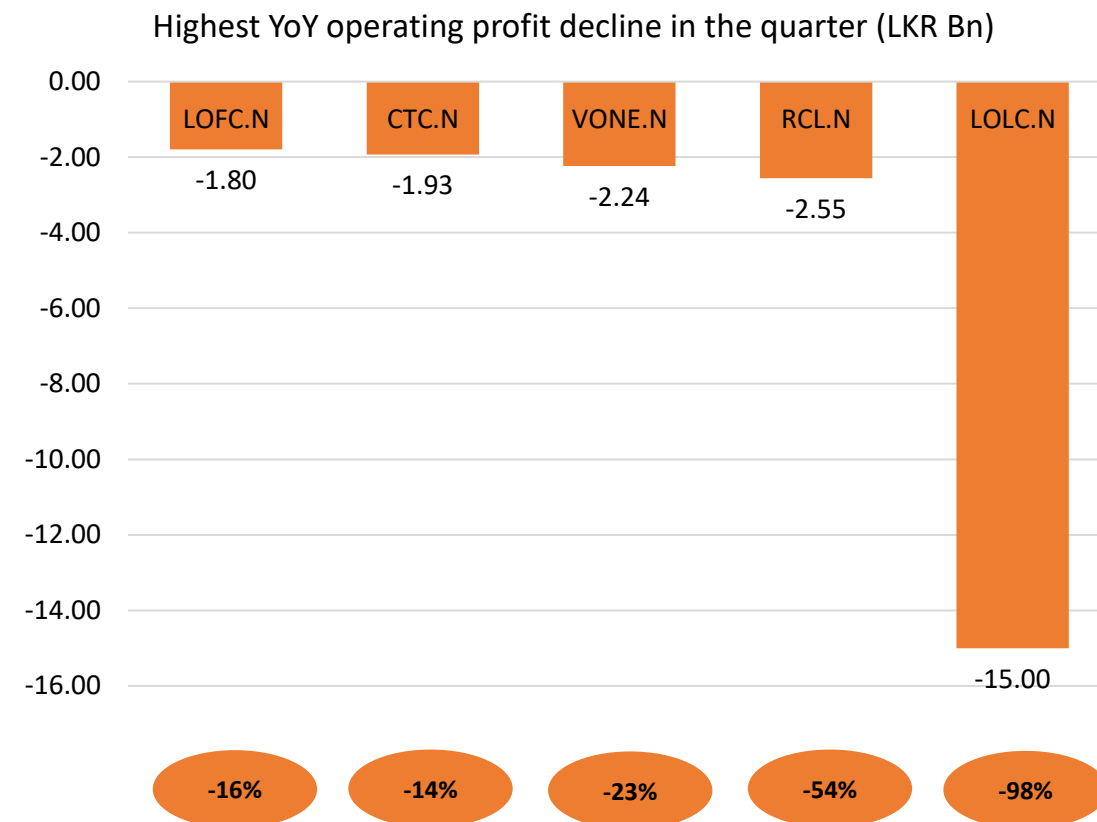
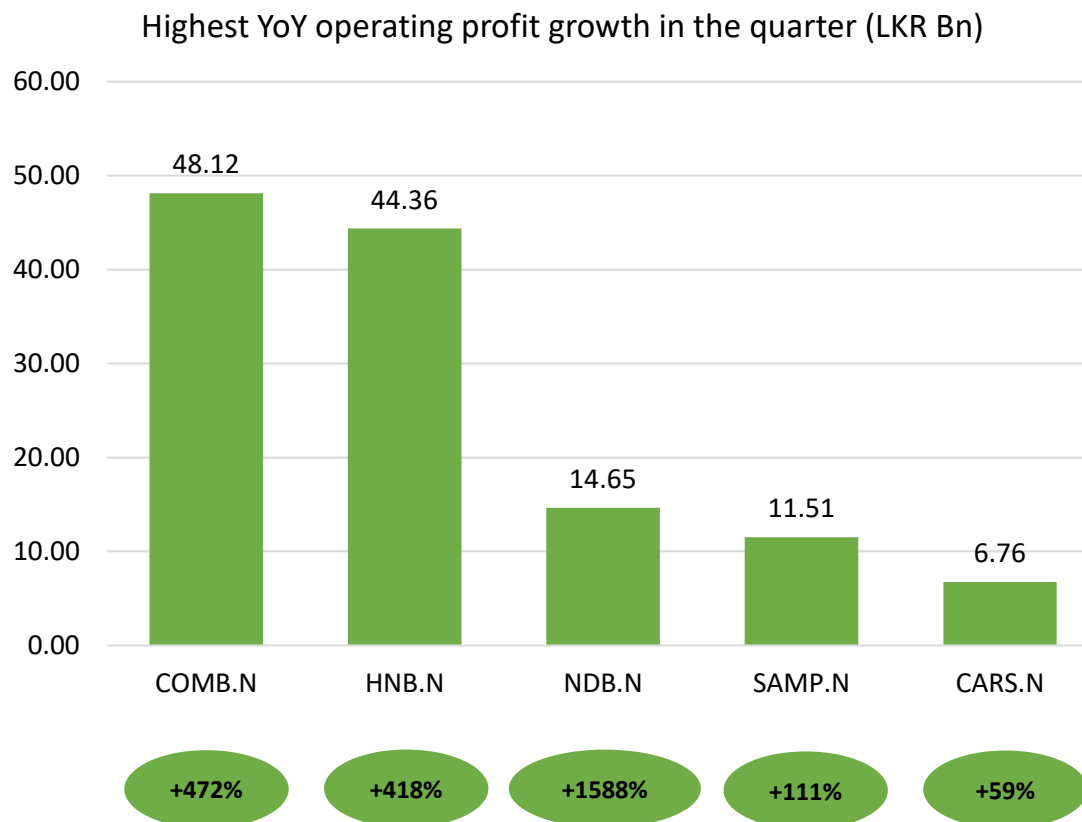
Overall revenue growth (QoQ) – top 5 positive and negative contributors



CARS and BUKI experienced QoQ revenue growth driven by the Oil Palm Plantations segment. CIC's revenue growth was led by a LKR 6.63Bn increase (+102% QoQ) in the crop solution segment.

COMB and HNB experienced a QoQ decline in gross income due to net losses from the de-recognition of SLISBs during the quarter ending December 24.

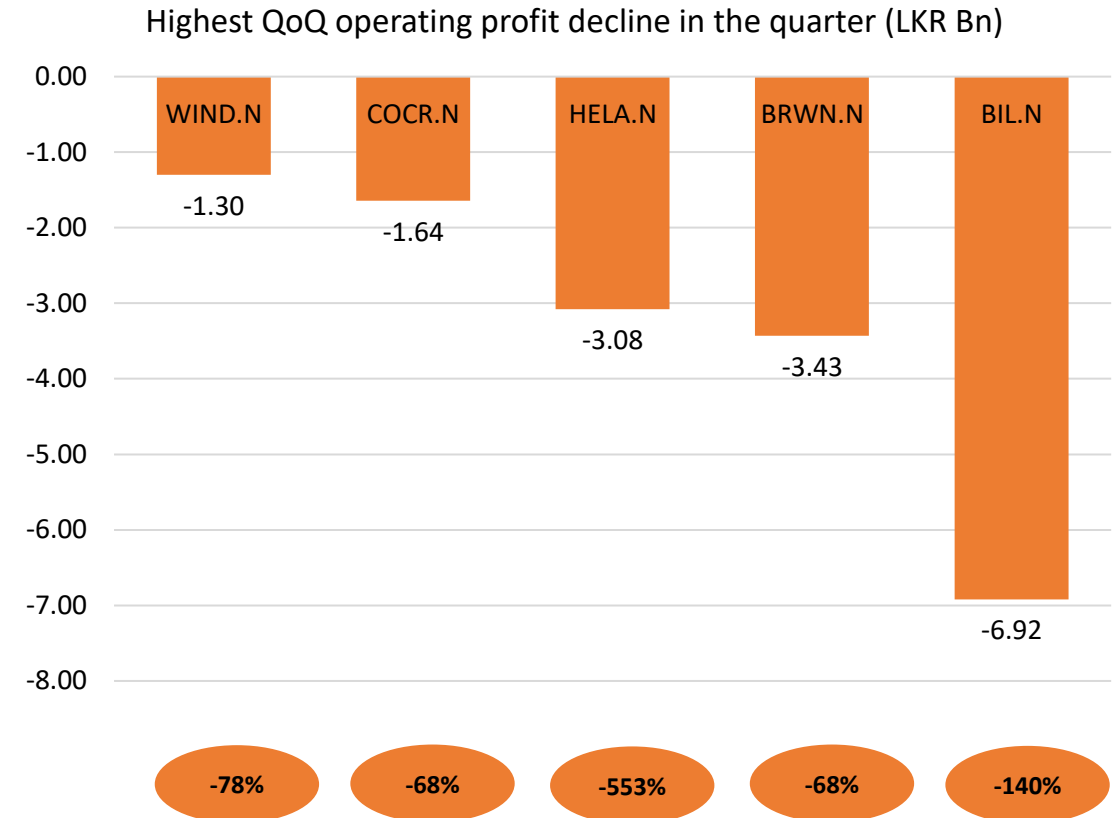
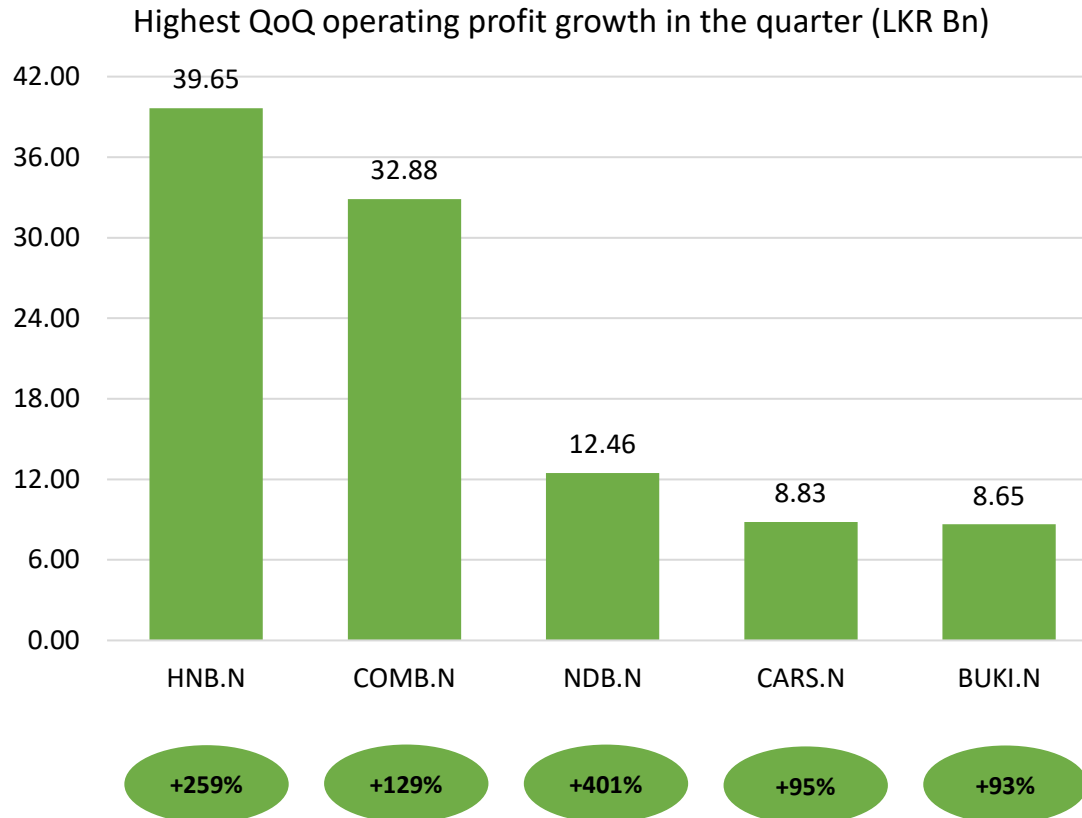
Overall operating profit growth (YoY) – top 5 positive and negative contributors



COMB and HNB reported significant growth in operating profit due to the reversal of impairment provisions for SLISBs amounting to LKR 91.6Bn and LKR 62.3Bn, respectively.

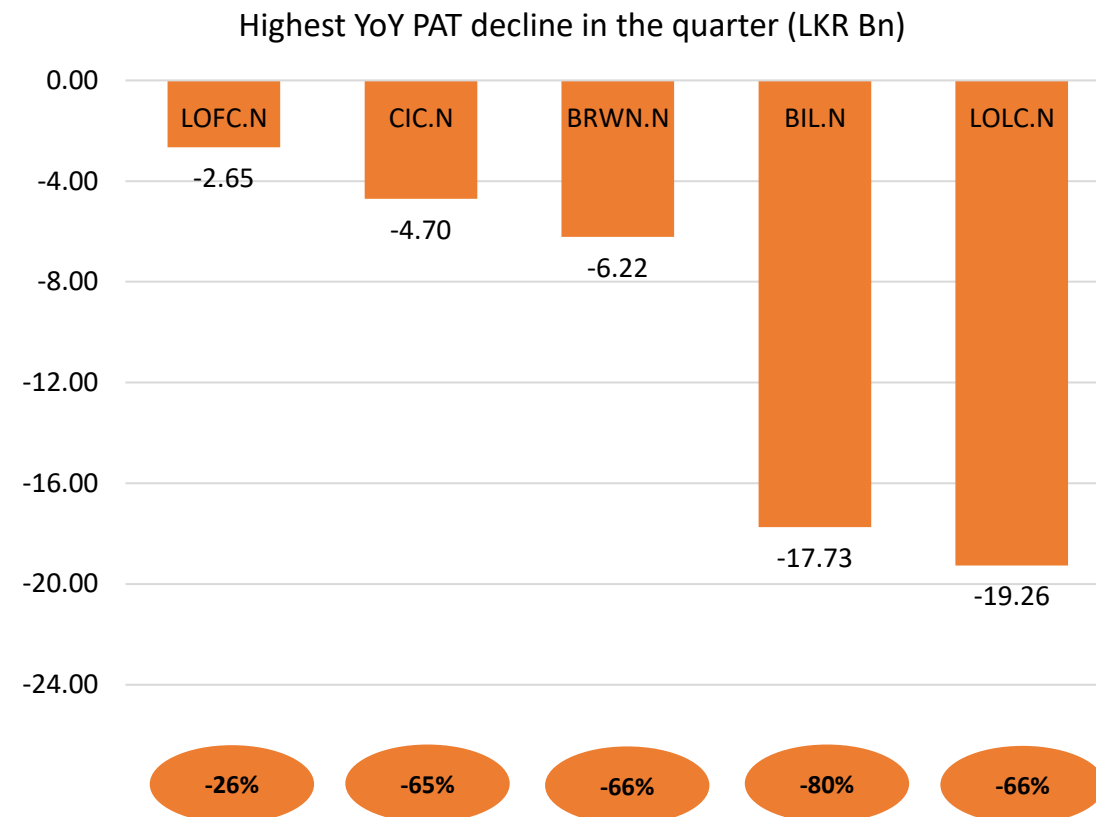
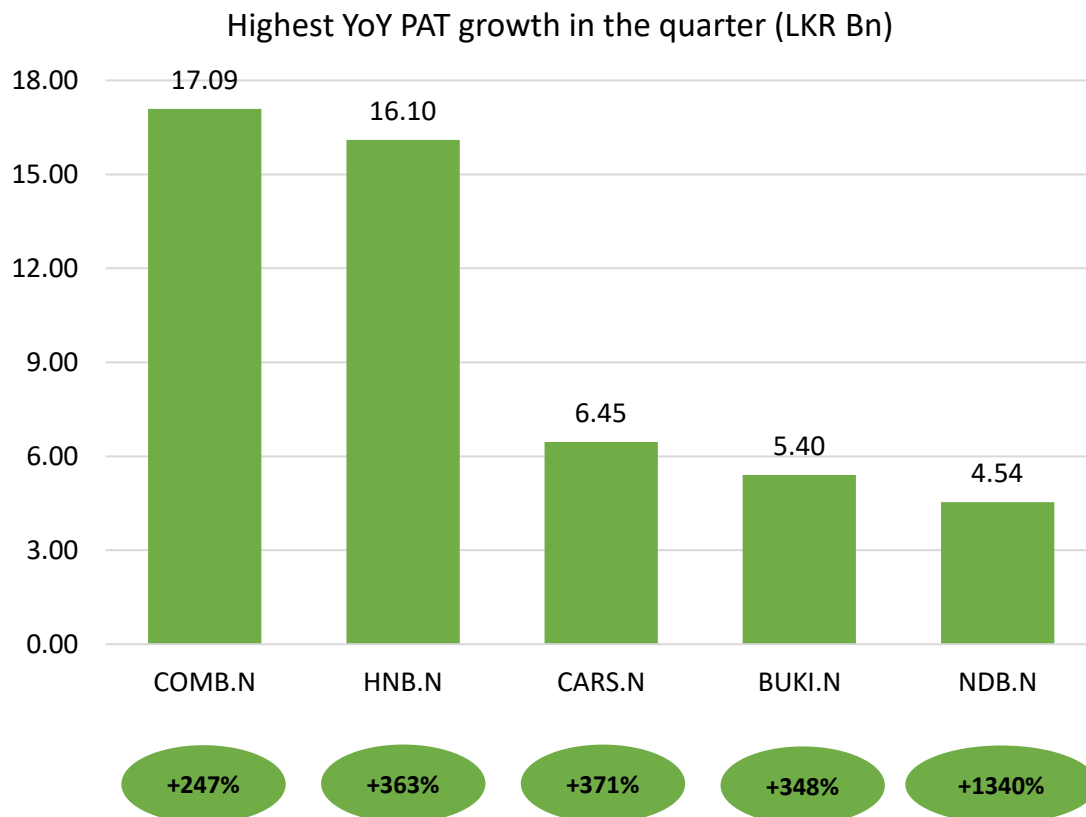
LOLC experienced a decline in other operating income by LKR 13.69Bn and an increase in other operating expenses by LKR 9.98Bn, which led to a decrease in operating profit.

Overall operating profit growth (QoQ) – top 5 positive and negative contributors



COMB and HNB saw a notable increase in operating profit quarter-over-quarter due to the reversal of impairment provisions for SLISBs. BIL experienced a decline in PAT due to a significant drop in other income, which fell by LKR 4.34Bn (-89% QoQ).

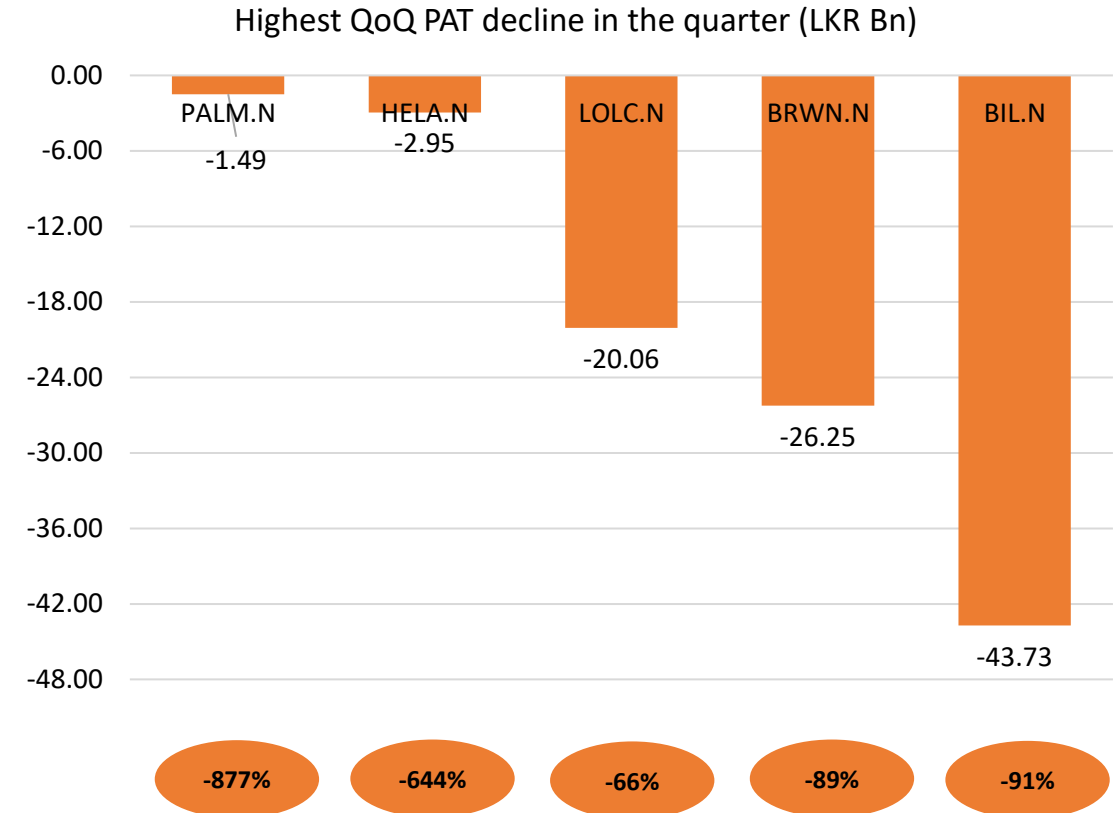
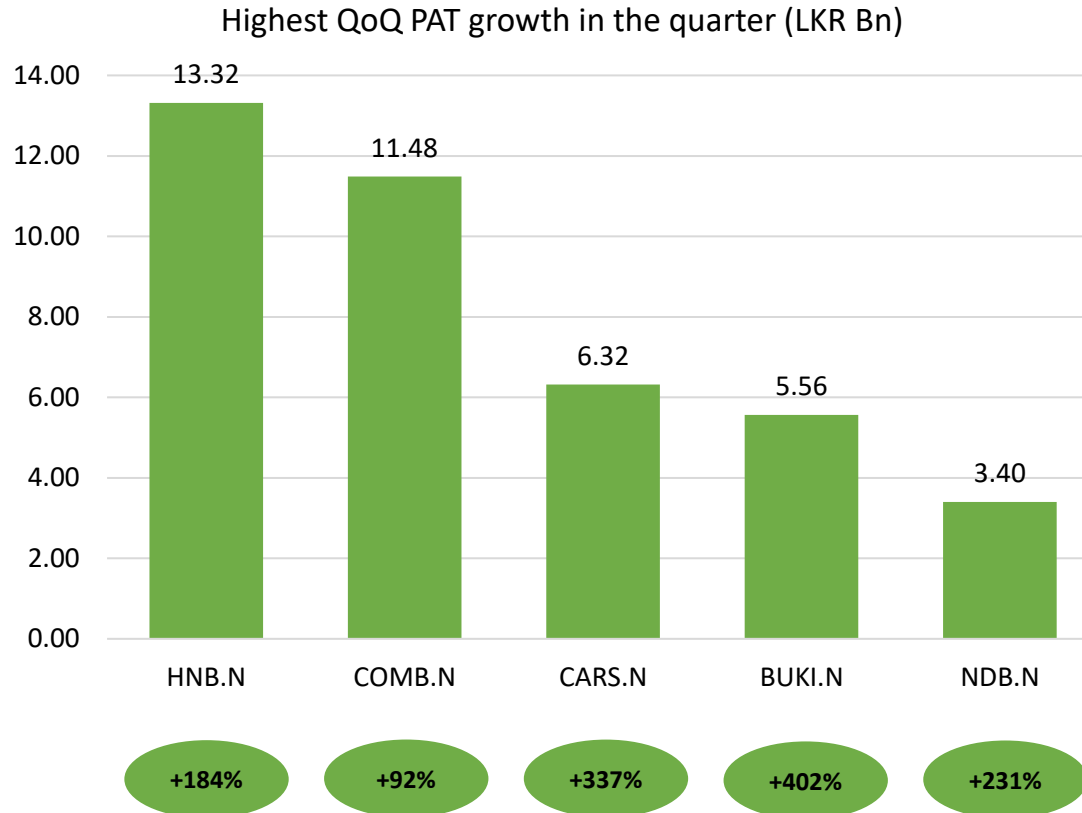
Overall PAT growth (YoY) – top 5 positive and negative contributors



LOLC, BIL, and BRWN reported declines in PAT due to the absence of bargain purchase gains recorded in the Dec 23 quarter, amounting to LKR 15.95Bn, LKR 29.57Bn, and LKR 16.34Bn, respectively.

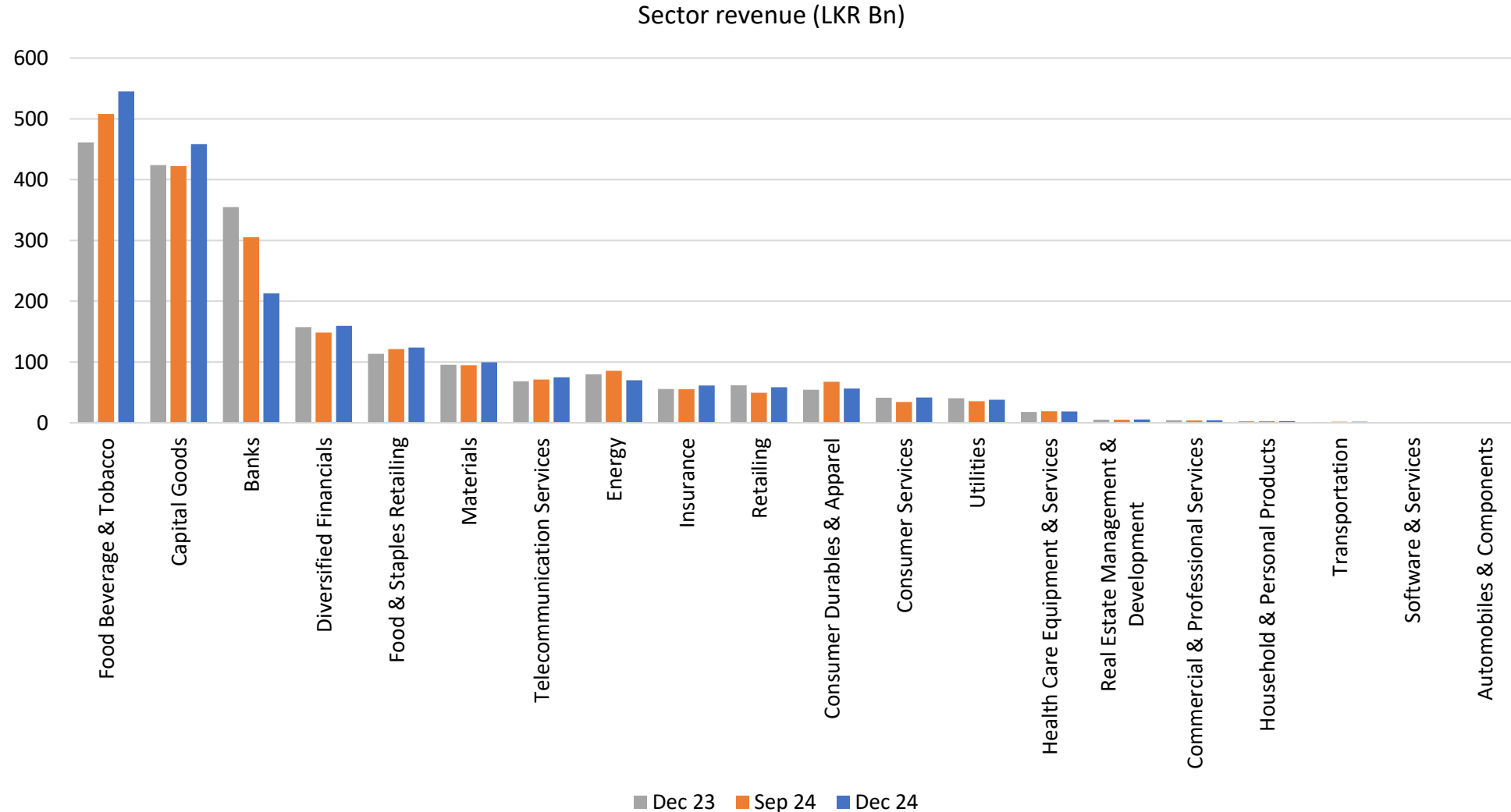
Additionally, BIL's PAT was further impacted by a LKR 2.60Bn (+36% YoY) increase in finance costs. LOLC also experienced a significant decline in other operating income along with an increase in other operating expenses.

Overall PAT growth (QoQ) – top 5 positive and negative contributors



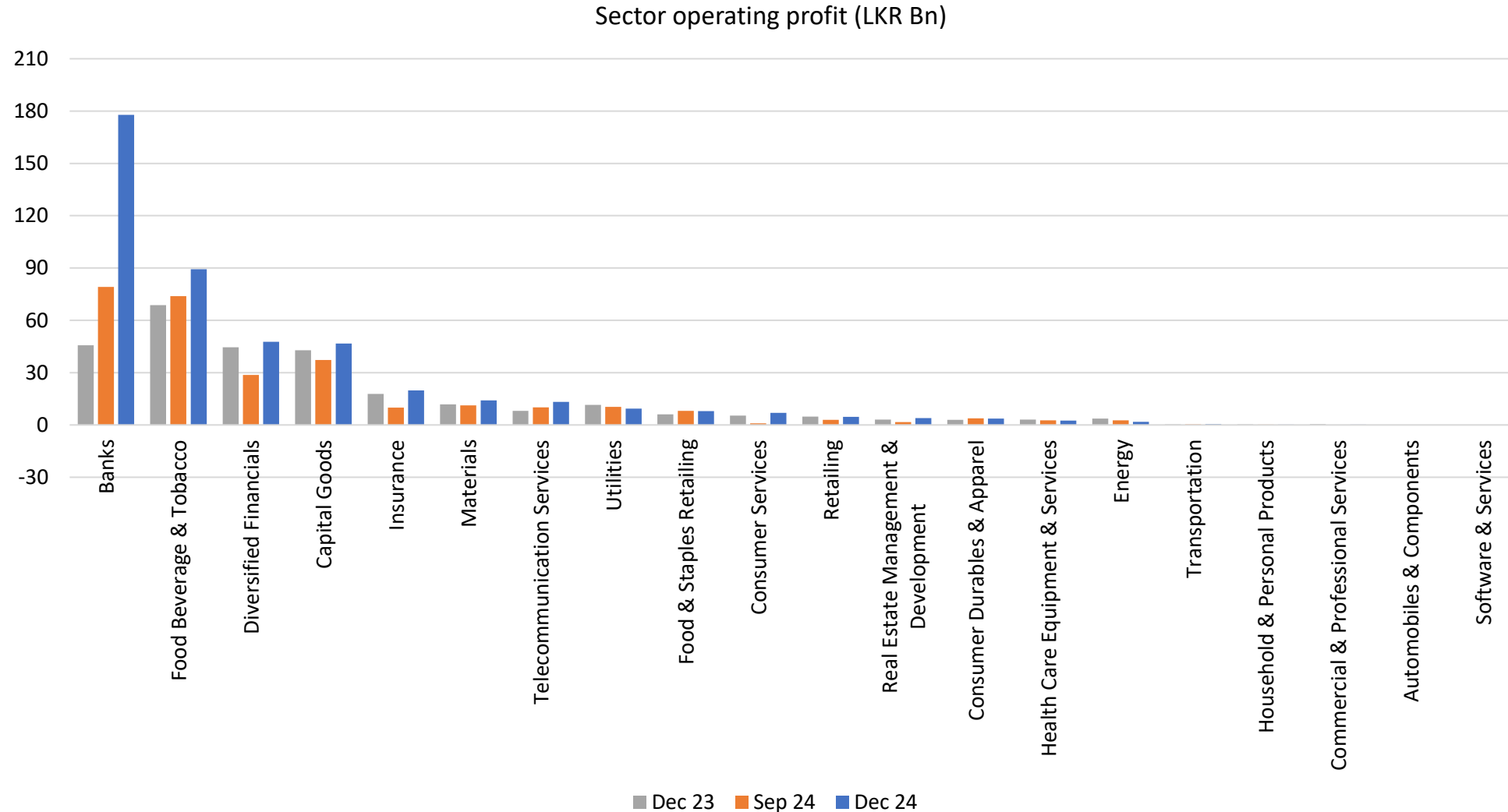
BIL, BRWN and LOLC reported declines in PAT due to the absence of bargain purchase gains recorded in the Sep 24 quarter, amounting to LKR 50.80Bn, 32.79Bn and 27.34Bn, respectively. Additionally, BIL's PAT was further impacted by a LKR 4.34Bn (-89% QoQ) decline in other income.

Sector-wise revenues



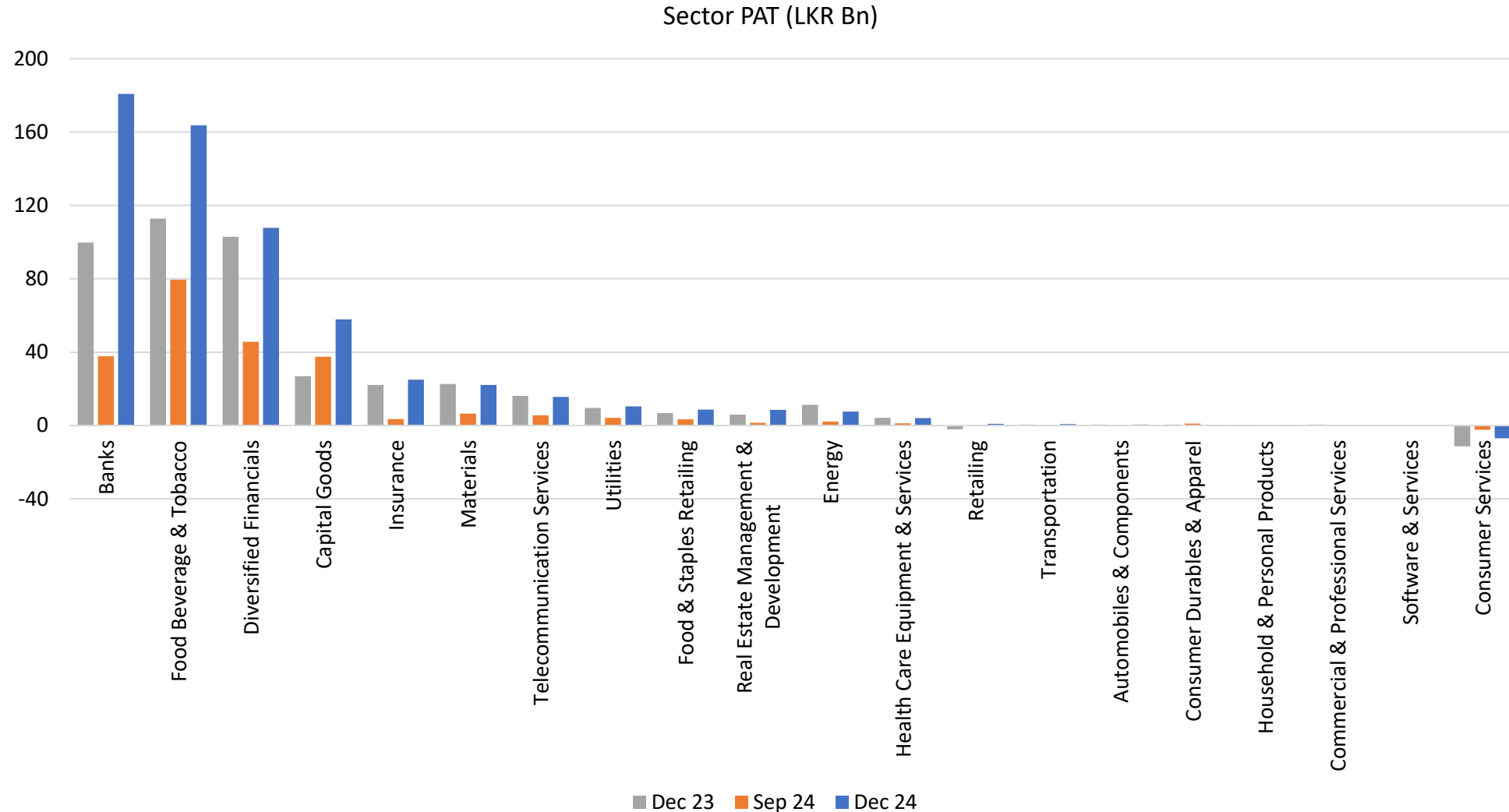
Source: Company reports, Ambeon estimates

Sector-wise operating profits



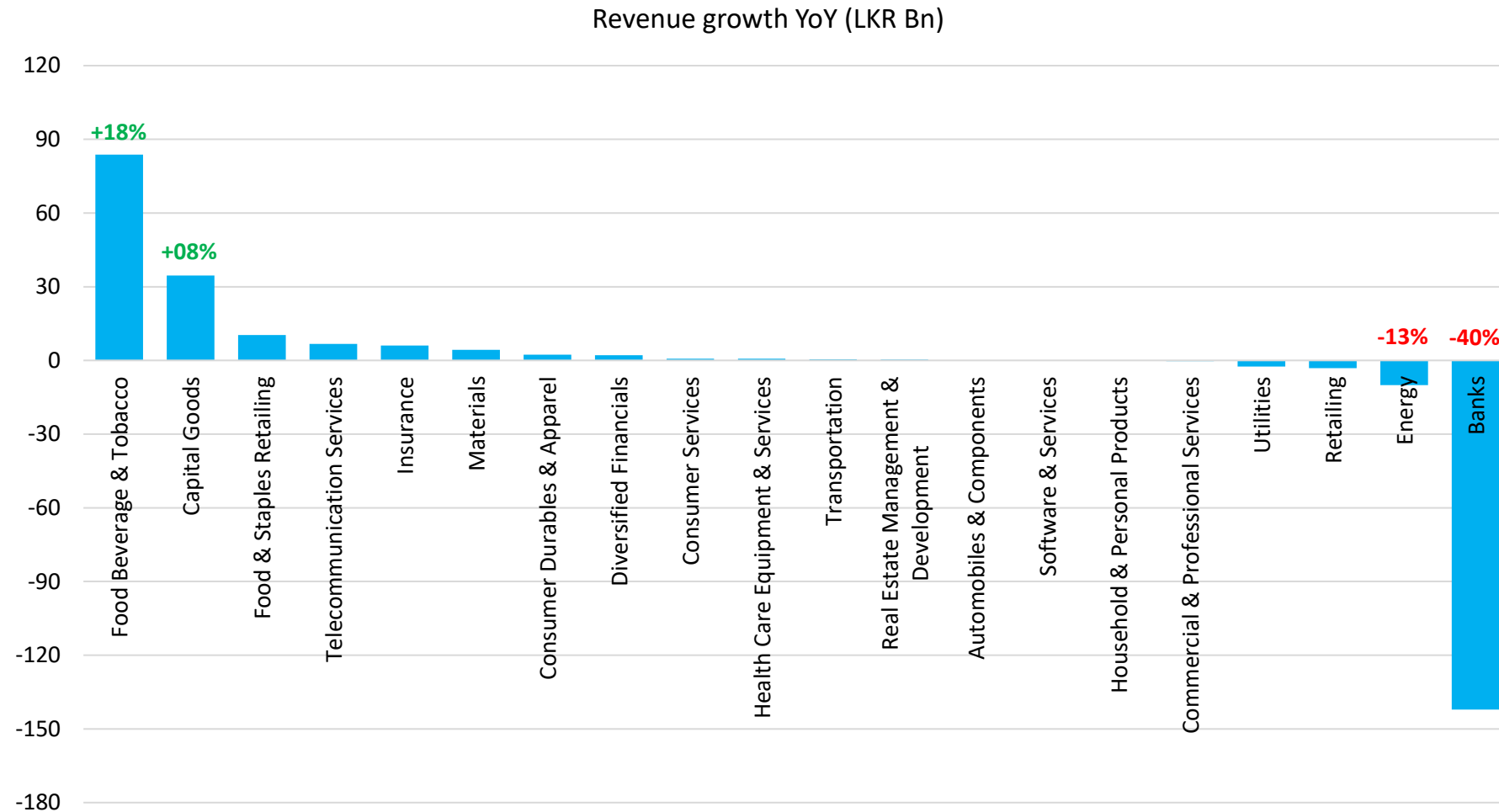
Source: Company reports, Ambeon estimates

Sector-wise PAT



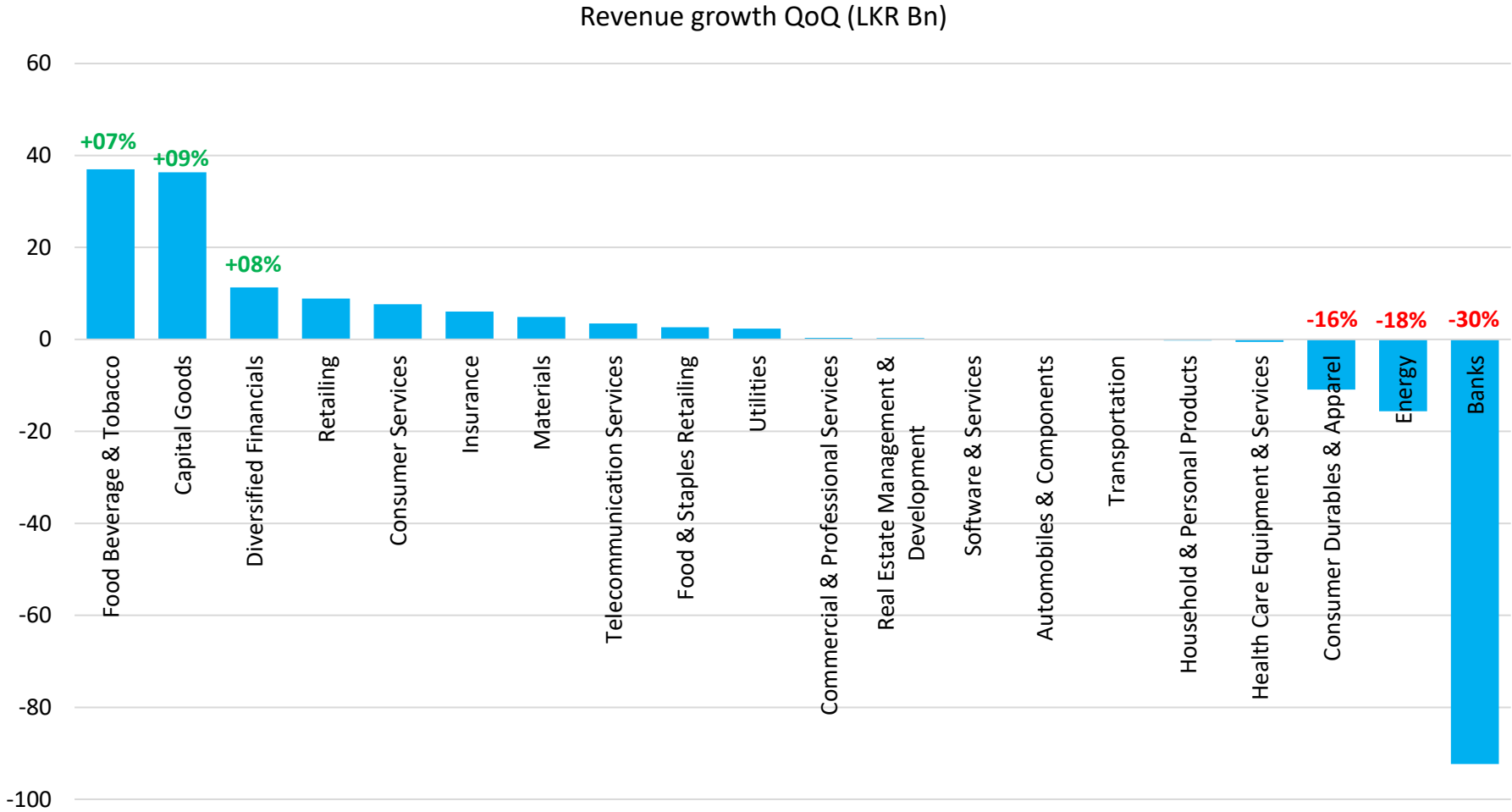
Source: Company reports, Ambeon estimates

Food beverage & tobacco sector saw the largest YoY revenue growth while banking sector saw the largest YoY decline



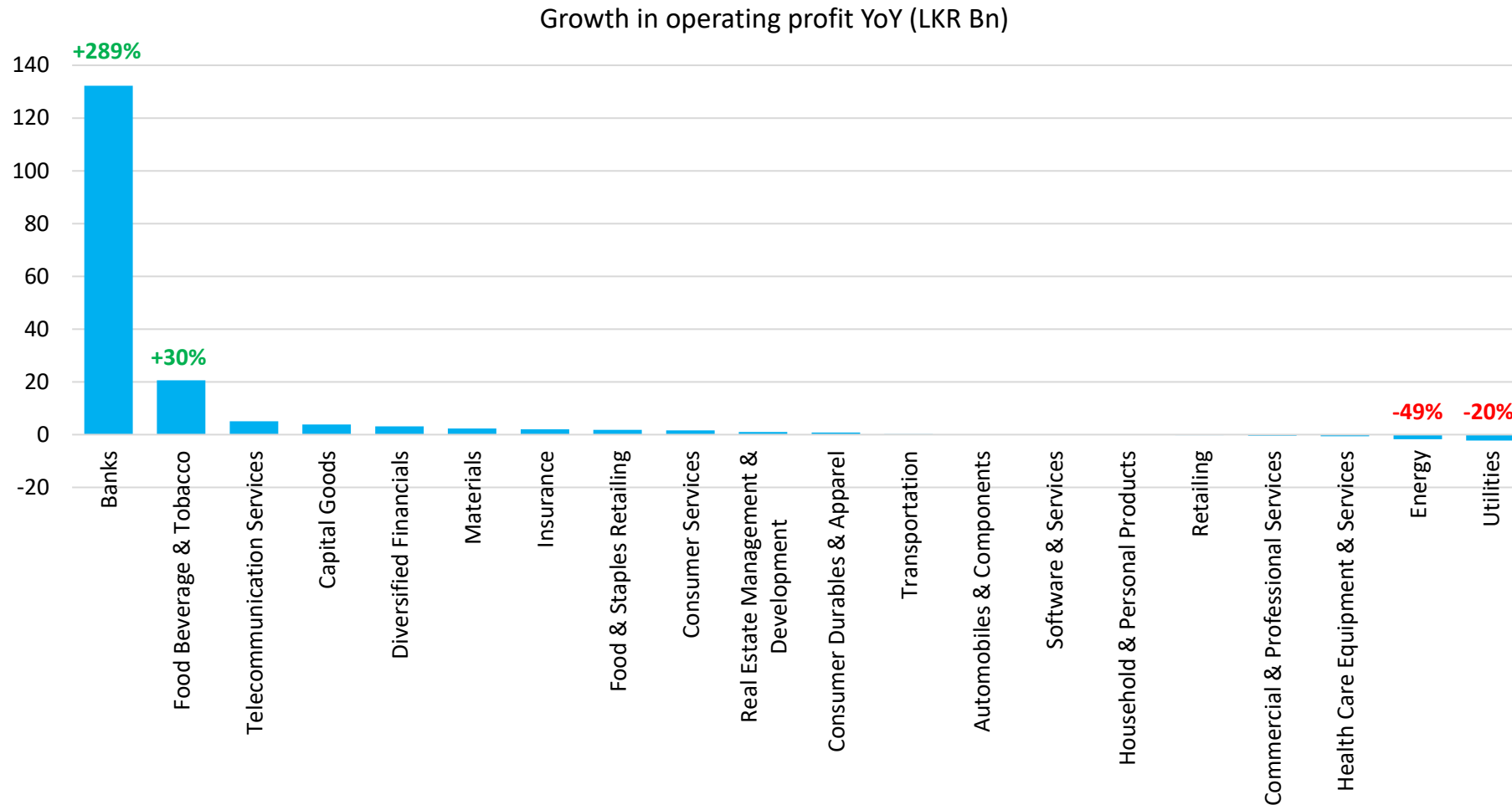
Source: Company reports, Ambeon estimates

Food beverage & tobacco sector saw the largest QoQ revenue growth while banking sector saw the largest QoQ decline



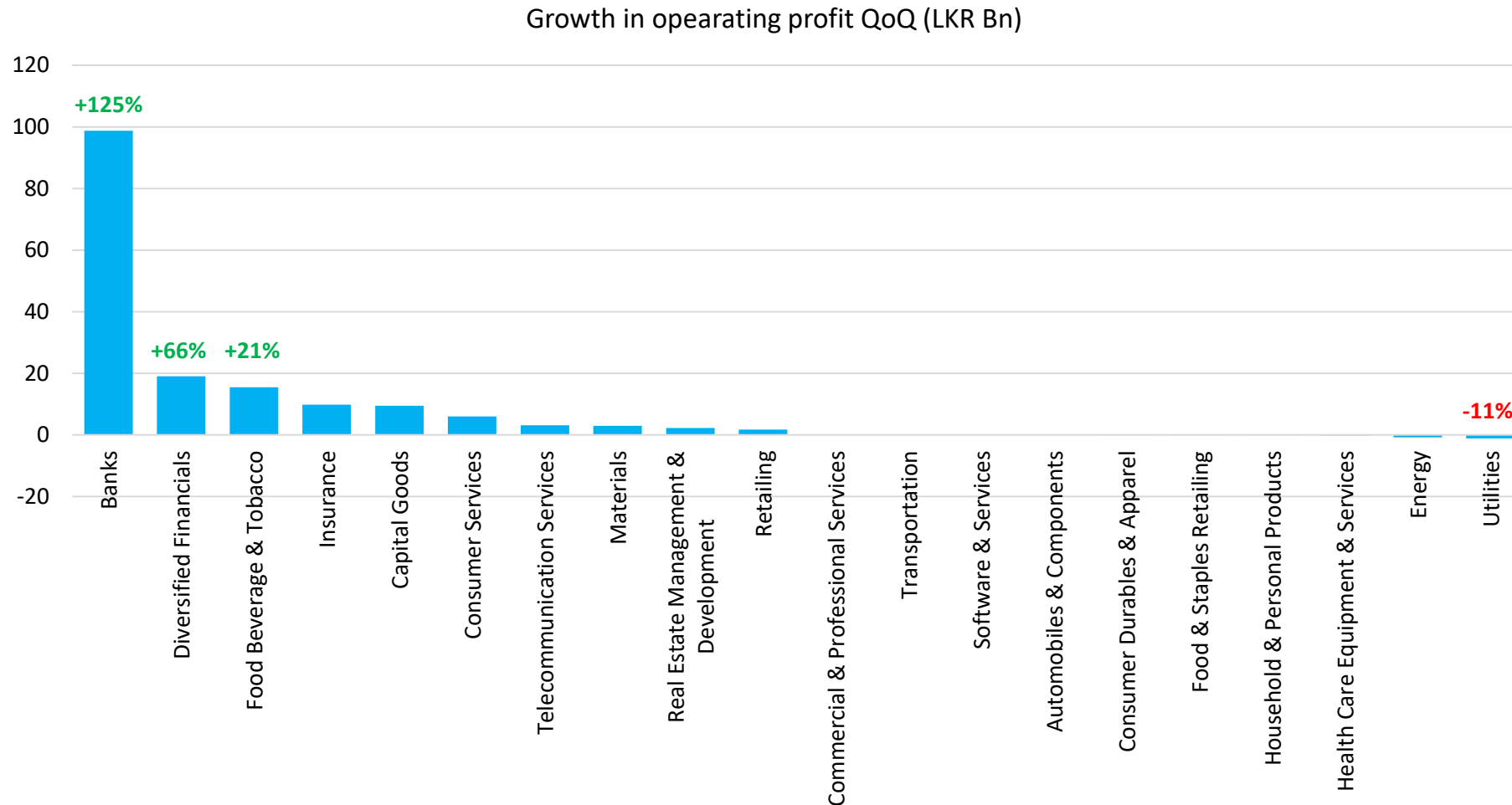
Source: Company reports, Ambeon estimates

Banking sector saw the largest YoY operating profit growth while utilities sector saw the largest YoY decline



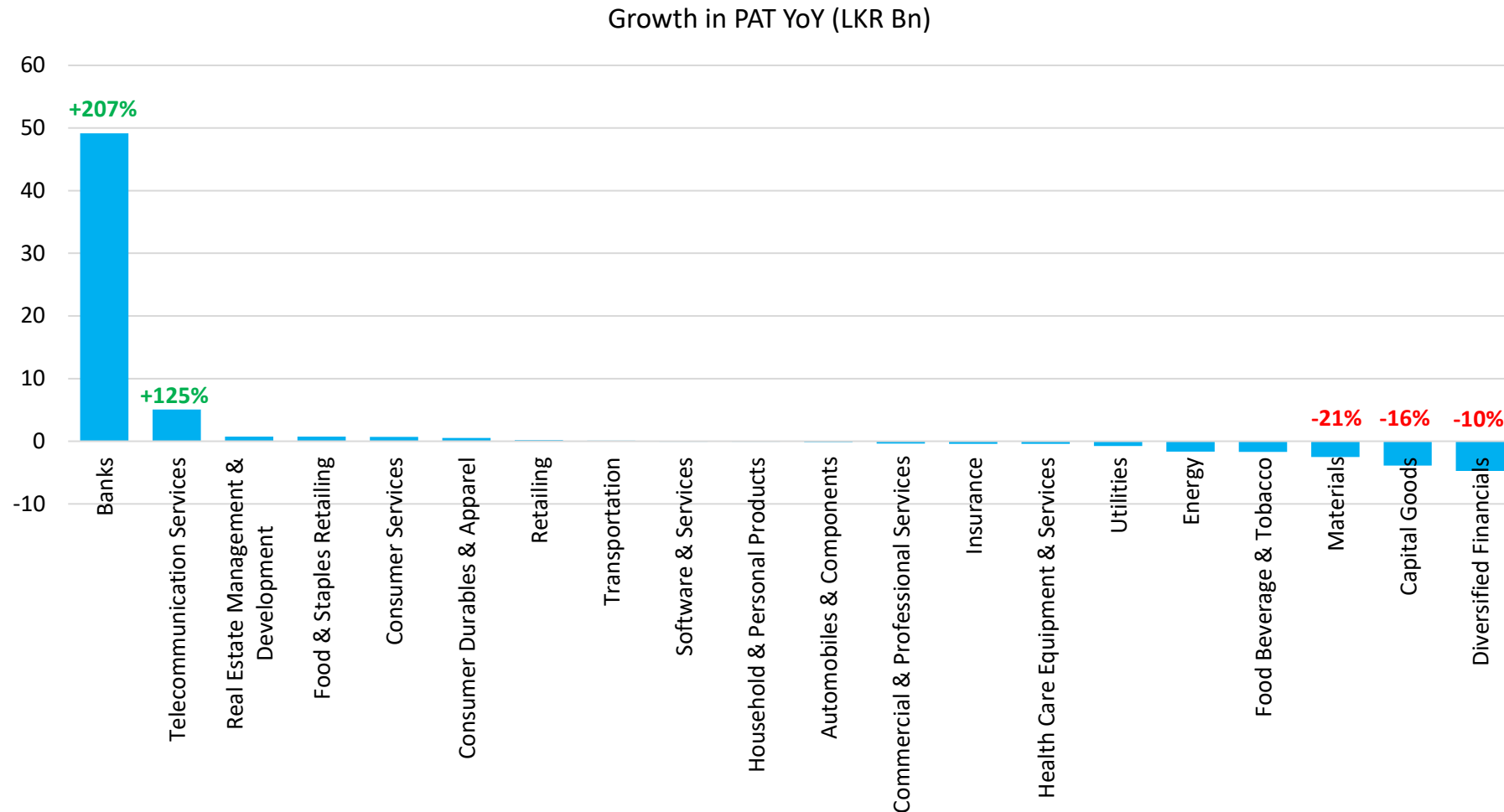
Source: Company reports, Ambeon estimates

Banking sector saw the largest QoQ operating profit growth while utilities sector saw the largest QoQ decline



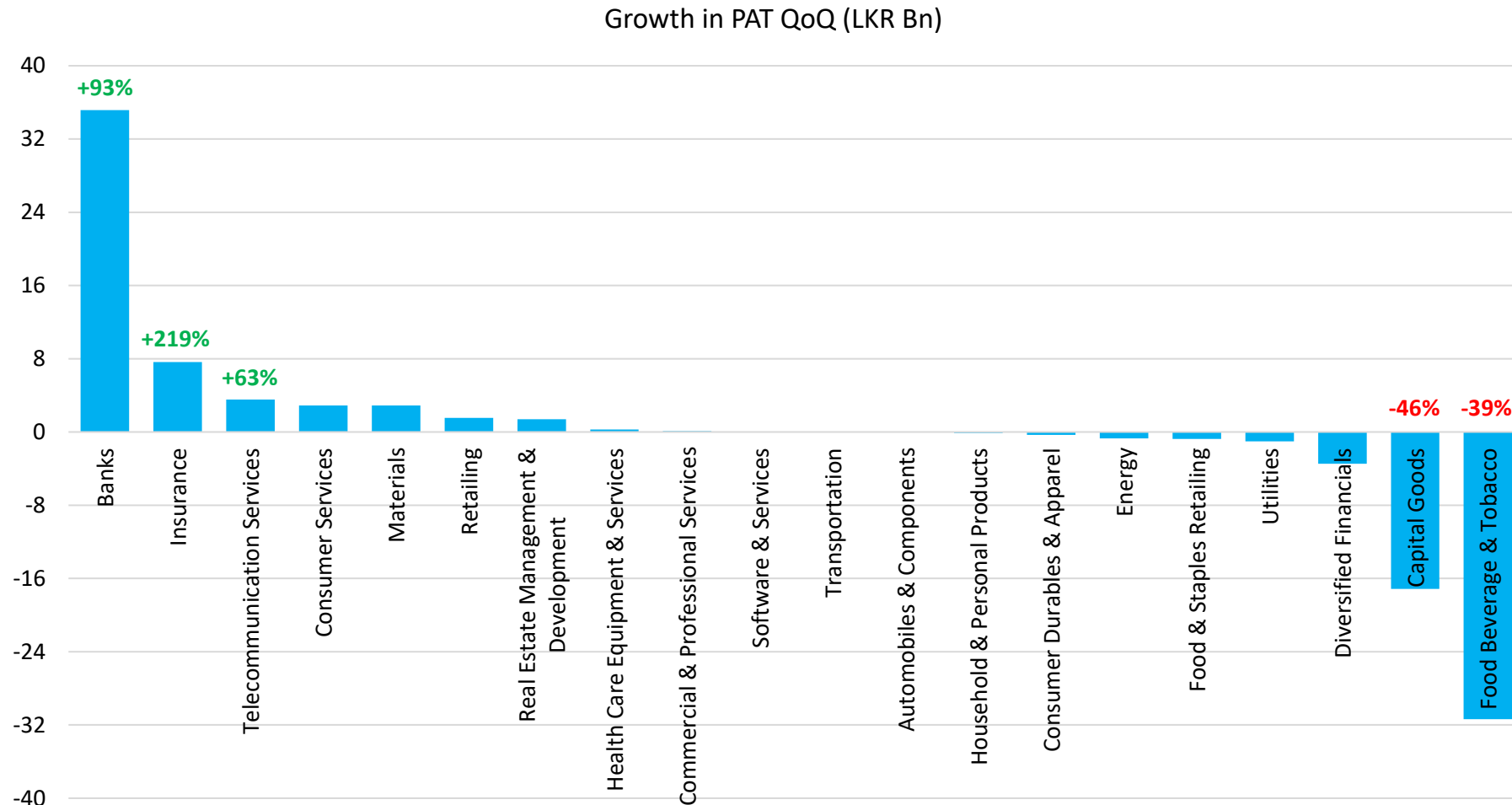
Source: Company reports, Ambeon estimates

Banking sector saw the largest YoY PAT growth while diversified financial sector saw the largest YoY decline



Source: Company reports, Ambeon estimates

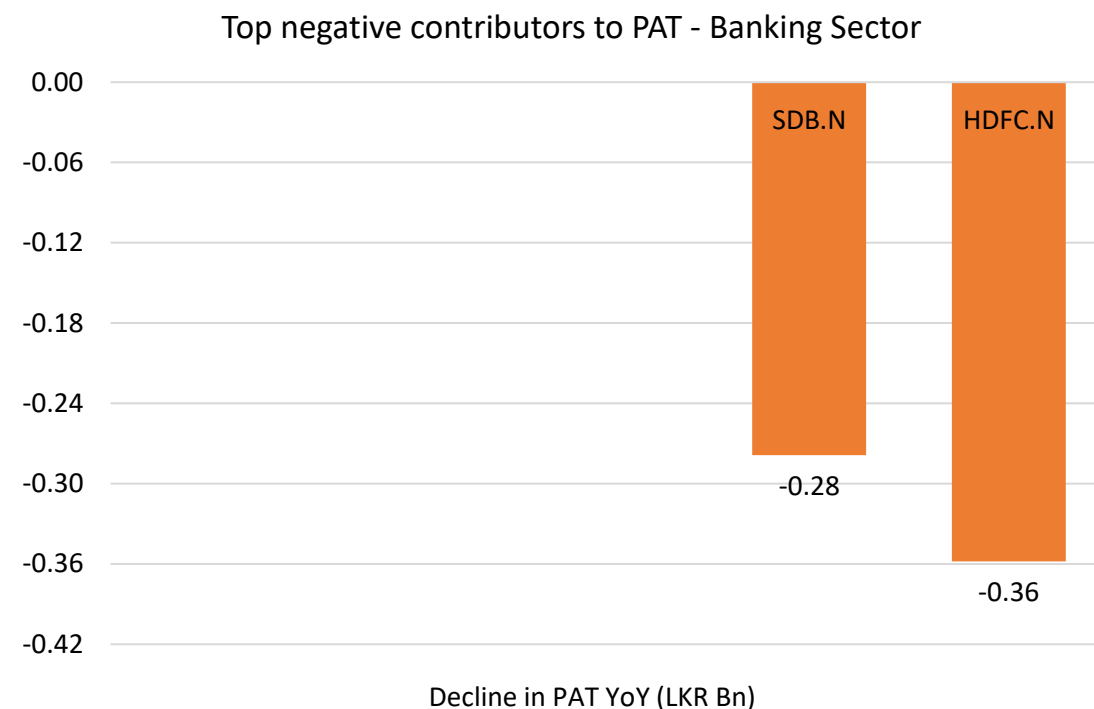
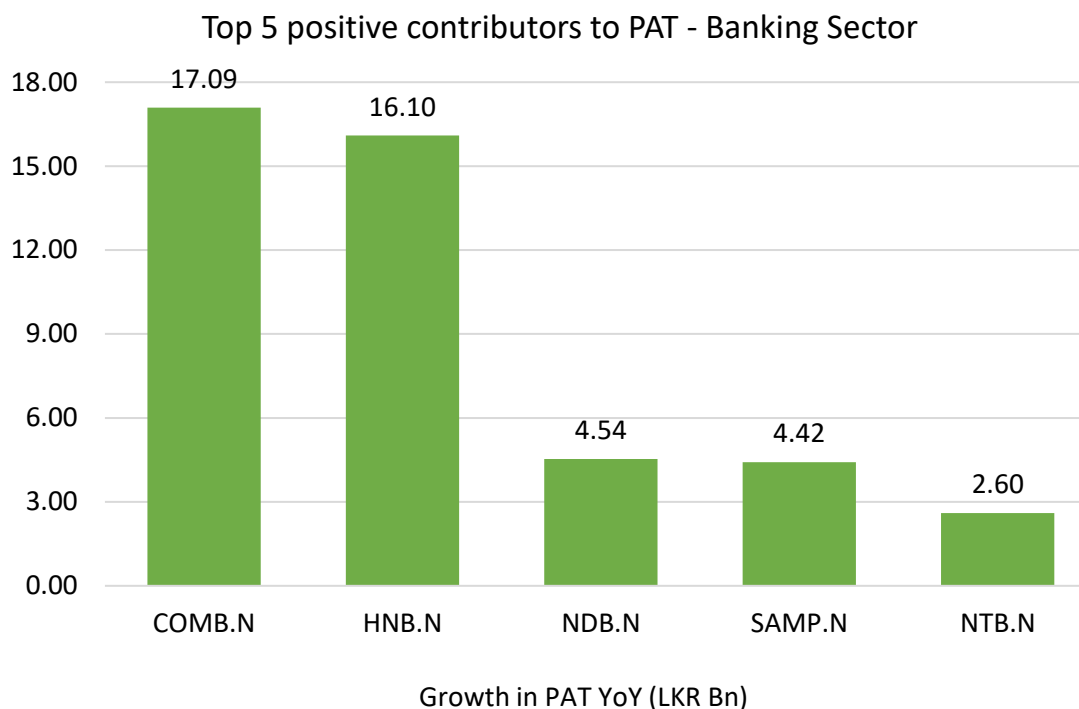
Banking sector saw the largest QoQ PAT growth while food beverage & tobacco sector saw the largest QoQ decline



Source: Company reports, Ambeon estimates

Banking sector profits – top positive and negative contributors

Sector PAT YoY +207% | QoQ +93%

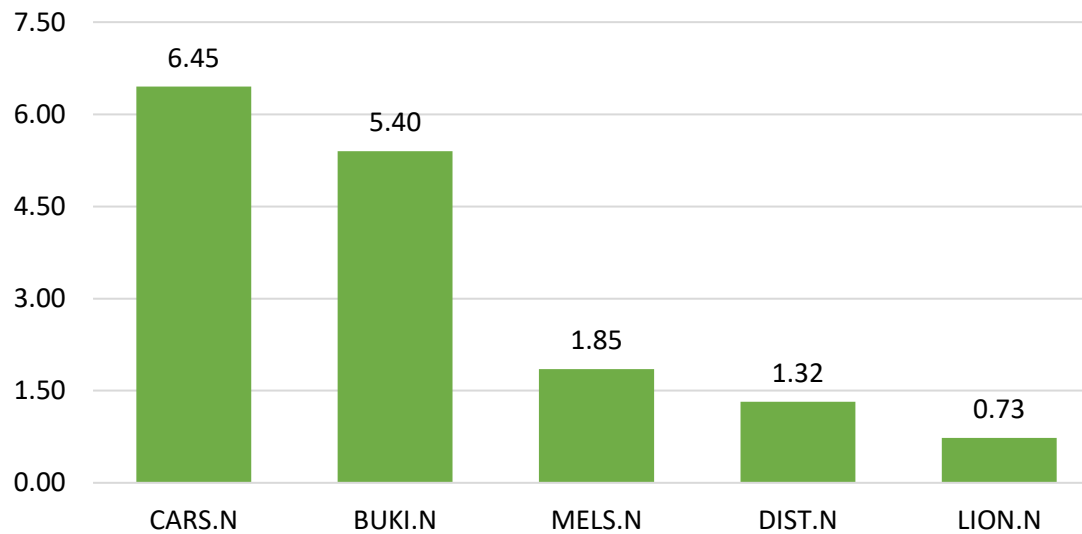


Most banks in the sector experienced an increase in PAT due to the reversal of SLISB impairments reported in 4Q 2024. HDFC experienced a decline in net other operating income by LKR 113Mn (-94% YoY), while personnel expenses increased by LKR 188Mn (+55% YoY). SDB's net interest income declined by LKR 1.13Bn (-46% YoY), driven by a decrease in interest income alongside a reduction in interest expenses.

Food and beverage sector profits – top 5 positive and negative contributors

Sector PAT YoY -03% | QoQ -39%

Top 5 positive contributors to PAT - Food Beverage & Tobacco Sector



Growth in PAT YoY (LKR Bn)

Top 5 negative contributors to PAT - Food Beverage & Tobacco Sector



Decline in PAT YoY (LKR Bn)

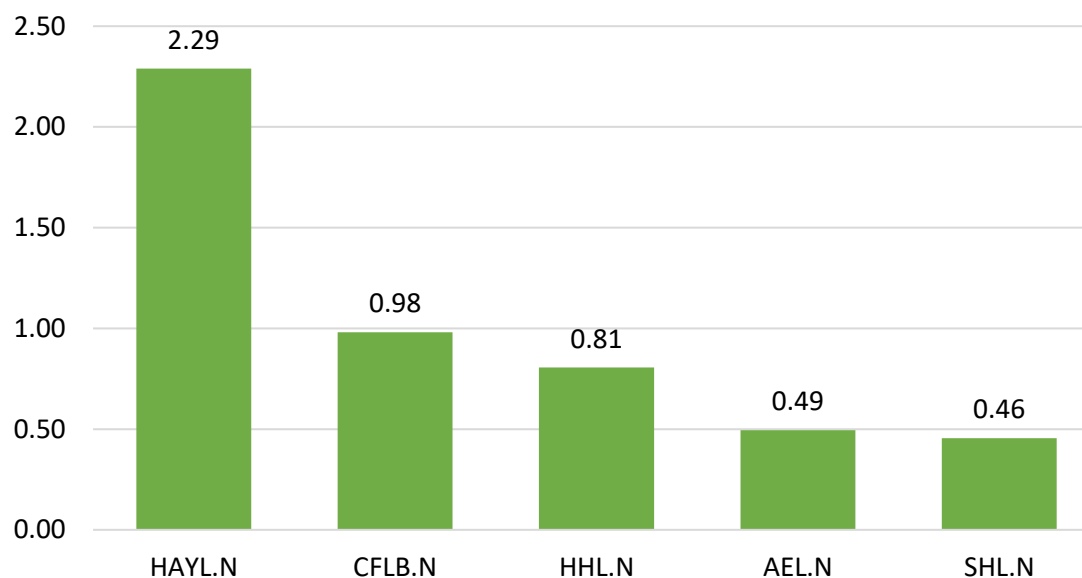
CARS's PAT growth was primarily driven by a LKR 5.23Bn increase in gross profit, along with an improvement in the fair value change of financial assets measured at fair value through profit or loss, which reversed from a LKR 0.71Bn loss in Dec 23 to a LKR 2.81Bn gain in Dec 24.

BIL reported a decline in PAT, primarily due to the absence of gain from the bargain purchase of LKR 29.57Bn reported in Dec 23 and an increase in finance costs of LKR 2.60Bn (+36% YoY).

Capital goods sector profits – top 5 positive and negative contributors

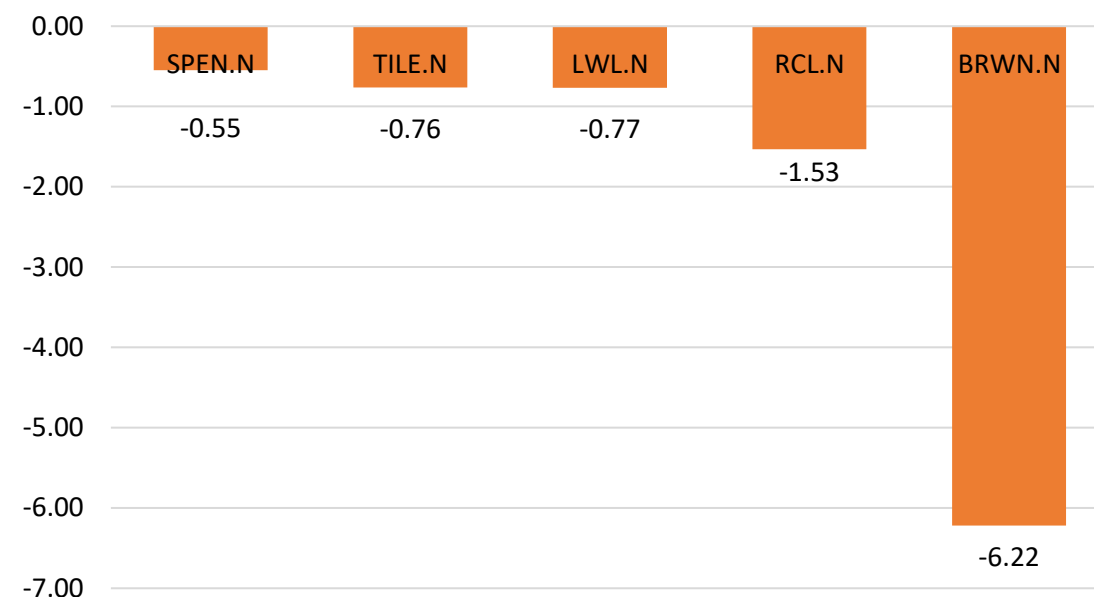
Sector PAT **YoY -16%** | **QoQ -46%**

Top 5 positive contributors to PAT - Capital Goods Sector



Growth in PAT YoY (LKR Bn)

Top 5 negative contributors to PAT - Capital Goods Sector



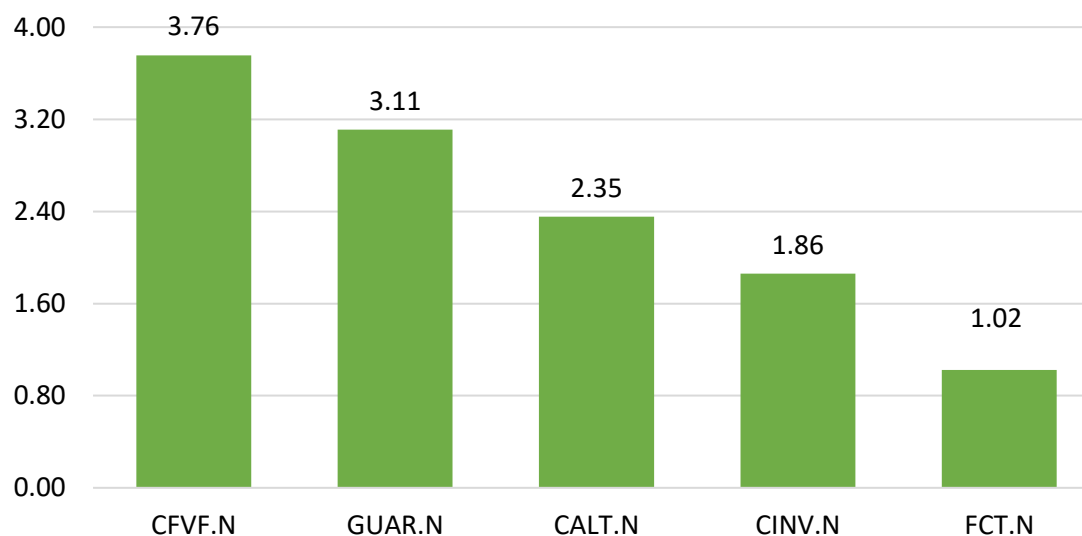
Decline in PAT YoY (LKR Bn)

HAYL experienced an increase in other income by LKR 2.17Bn. Additionally, gross profit rose by LKR 1.56Bn, while finance costs declined by LKR 1.36Bn. This resulted in a 108% YoY increase in PAT. The transportation & logistics and projects & engineering segments experienced an increase in revenue of LKR 2.99Bn (+13%YoY) and LKR 2.02Bn (+53%YoY), respectively. RCL's gross profit fell by LKR 2.78Bn (-34% YoY) due to a decrease in revenue.

Diversified financials sector profits – top 5 positive and negative contributors

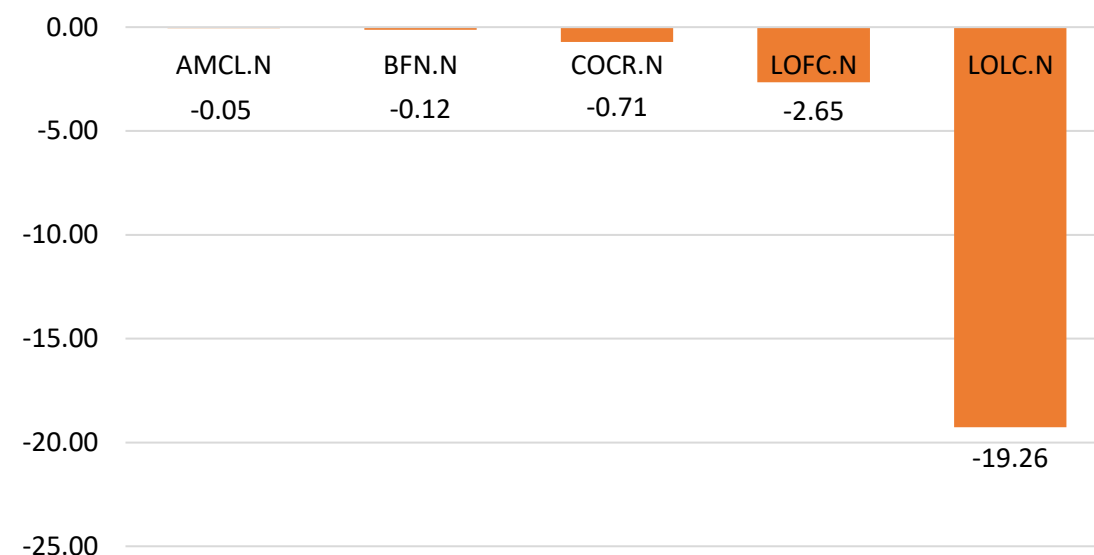
Sector PAT **YoY -10%** | **QoQ -08%**

Top 5 positive contributors to PAT – Diversified Financials Sector



Growth in PAT YoY (LKR Bn)

Top 5 negative contributors to PAT – Diversified Financials Sector



Decline in PAT YoY (LKR Bn)

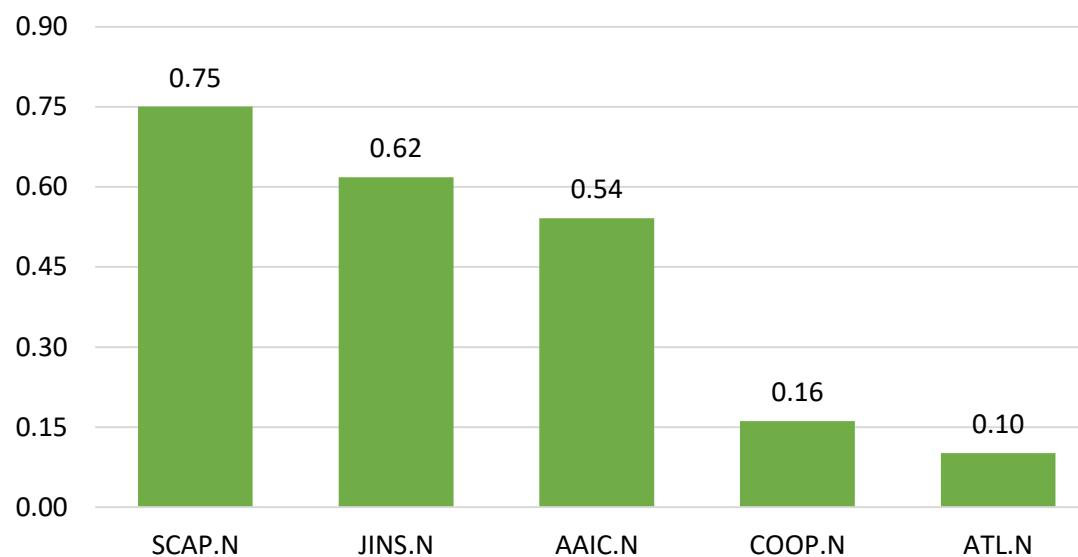
CFVF recorded an improvement in the fair valuation of financial assets measured at fair value through profit or loss, reversing from a loss of LKR 1.66Bn in Dec 2023 to a gain of LKR 3.53Bn in Dec 2024.

LOLC's decline in PAT is primarily due to a LKR 13.70Bn reduction in other income, a LKR 9.99Bn increase in other operating expenses, and the absence of a LKR 15.95Bn gain on bargain purchase reported in the December 23 quarter.

Insurance sector profits – top 5 positive and negative contributors

Sector PAT **YoY -04%** | **QoQ 219%**

Top 5 positive contributors to PAT - Insurance Sector



Growth in PAT YoY (LKR Bn)

Top 5 negative contributors to PAT - Insurance Sector



Decline in PAT YoY (LKR Bn)

SCAP experienced a LKR 1.86Bn increase in net earned premium (+26% YoY), while credit loss expenses on financial assets and other loans declined by LKR 1.09Bn (-87% YoY).

JINS experienced an increase in net income of LKR 3.09Bn (+134% YoY), driven by an improvement in fair value gains, shifting from a loss of LKR 242.9Mn in December 2023 to a gain of LKR 1.73Bn in December 2024.

CINS saw a significant drop in PAT due to the decline in investment and other income LKR 1.87Bn (-19% YoY).

Source: Company reports, Ambeon estimates

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