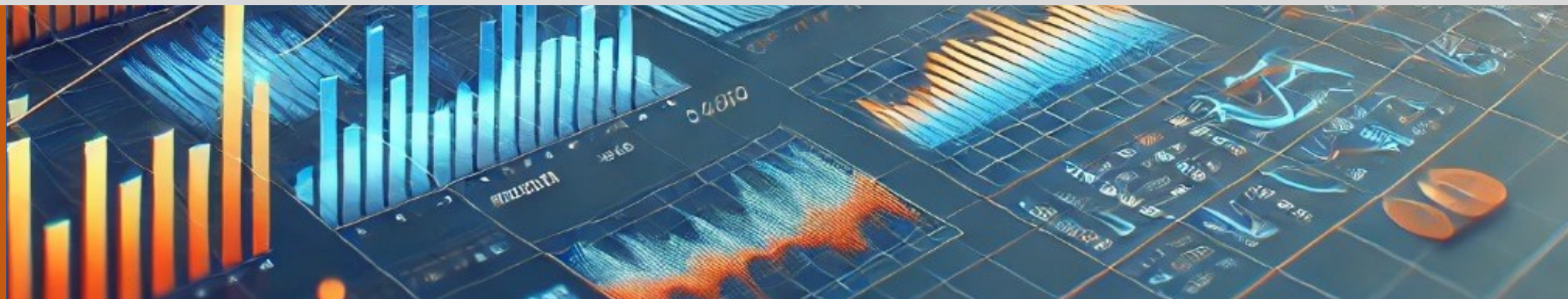




## QUARTERLY EARNINGS DIGEST | JUNE 2024

**AMBEON**  
SECURITIES

Report date:  
05.09.2024



## 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 Jun 2024

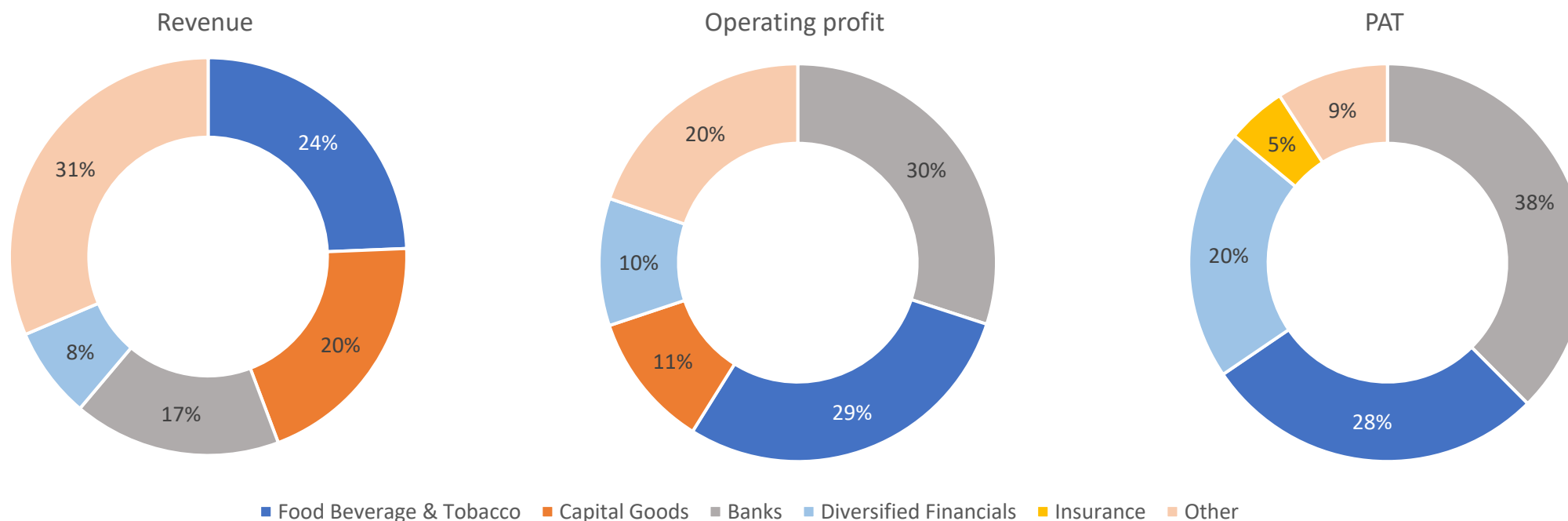
### Overall revenue and profit growth

- All companies recorded a YoY increase in revenues (+3.4%), operating profits (+26.0%) and PAT (+85.7%).
- All companies recorded a QoQ decline in revenues (-4.0%), operating profits (-16.8%), and PAT (-20.3%).
- Food beverage and tobacco sector accounted for the largest share of revenues (24%) in Jun 24, while the banking sector held the largest share in operating profit (30%) and PAT (38%).
- HNB and COMB were the top positive contributors to the YoY PAT growth while DIAL and JKH were the top negative contributors.

### Sector-wise revenue and profit growth

- Food Beverage & Tobacco saw the largest YoY revenue growth (+6%) while banking sector saw the largest YoY decline (-13%) driven by lower interest rates. Food & Staples Retailing sector saw the largest QoQ revenue growth (+10%) while capital goods sector saw the largest QoQ decline (-6%).
- Banking sector saw the largest YoY operating profit growth (+74%), and consumer durables & apparel sector saw the largest YoY decline in operating profits (-60%). Banking sector saw the largest QoQ operating profit growth (+15%) while capital goods sector saw the largest QoQ decline in operating profits (-44%).
- Banking sector saw the largest YoY PAT growth (+83%) while telecommunication services sector saw the largest YoY decline in PAT (-308%). Food beverage & tobacco sector saw the largest QoQ PAT growth (+24%) while capital goods sector saw the largest QoQ decline in PAT (-98%).

## Food beverage & tobacco sector accounts for the largest share of revenues, while banks account for the largest share of profits in June 2024

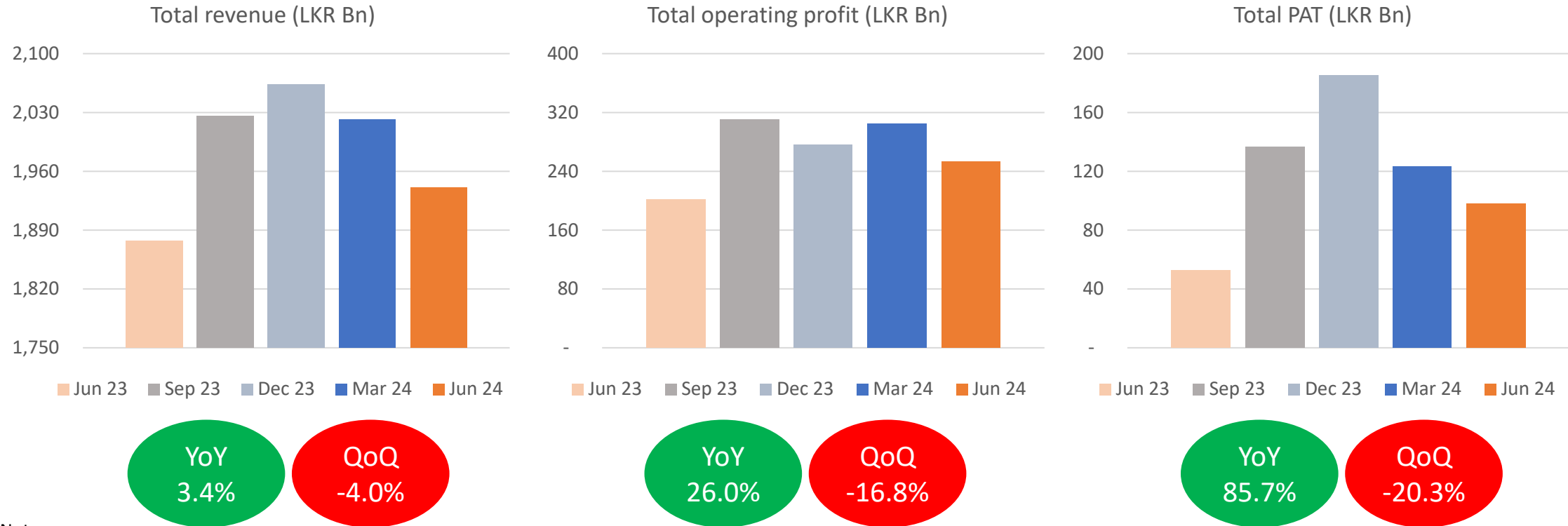


CARS, BUKI, and MELS were the main contributors to revenues in food beverage and tobacco segment while profits in the segment were dominated by CTC, DIST and MELS.

HAYL and JKH were the main contributors to revenue in capital goods segment.

HNB, SAMP, and COMB dominated the PAT and operating profit in the banking sector and also contributed to the revenue.

## Aggregate revenues and PAT for all companies indicated a YoY increase



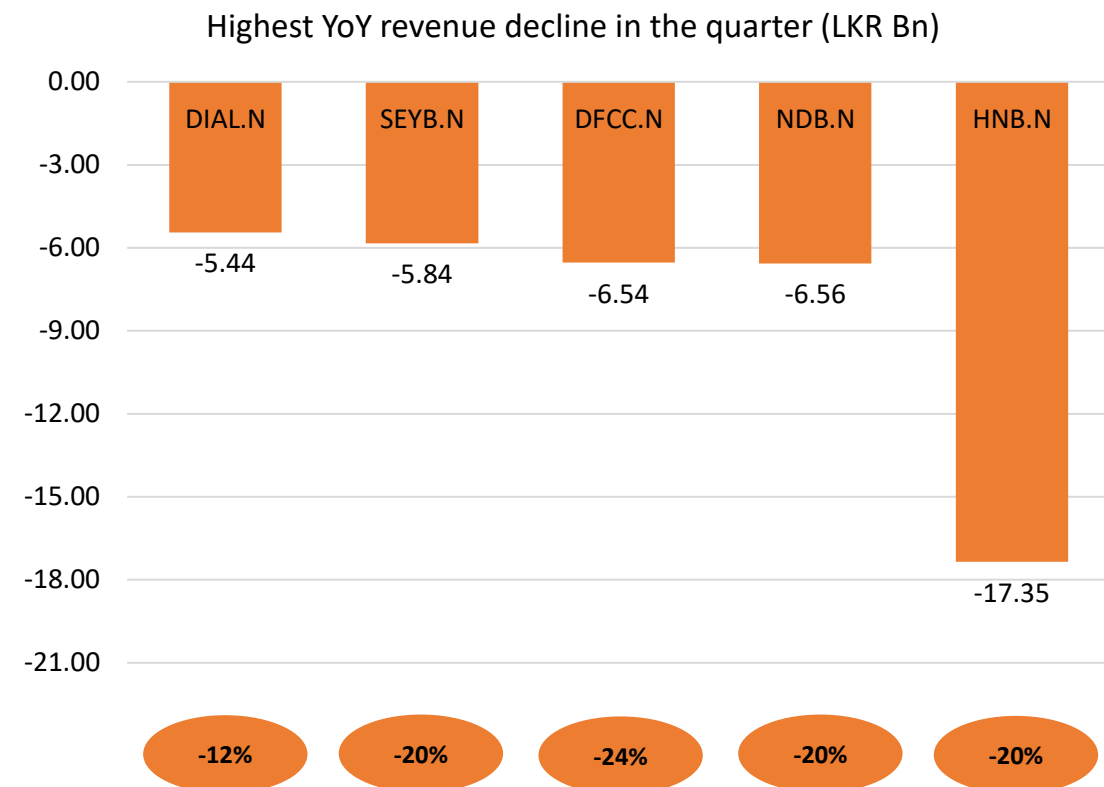
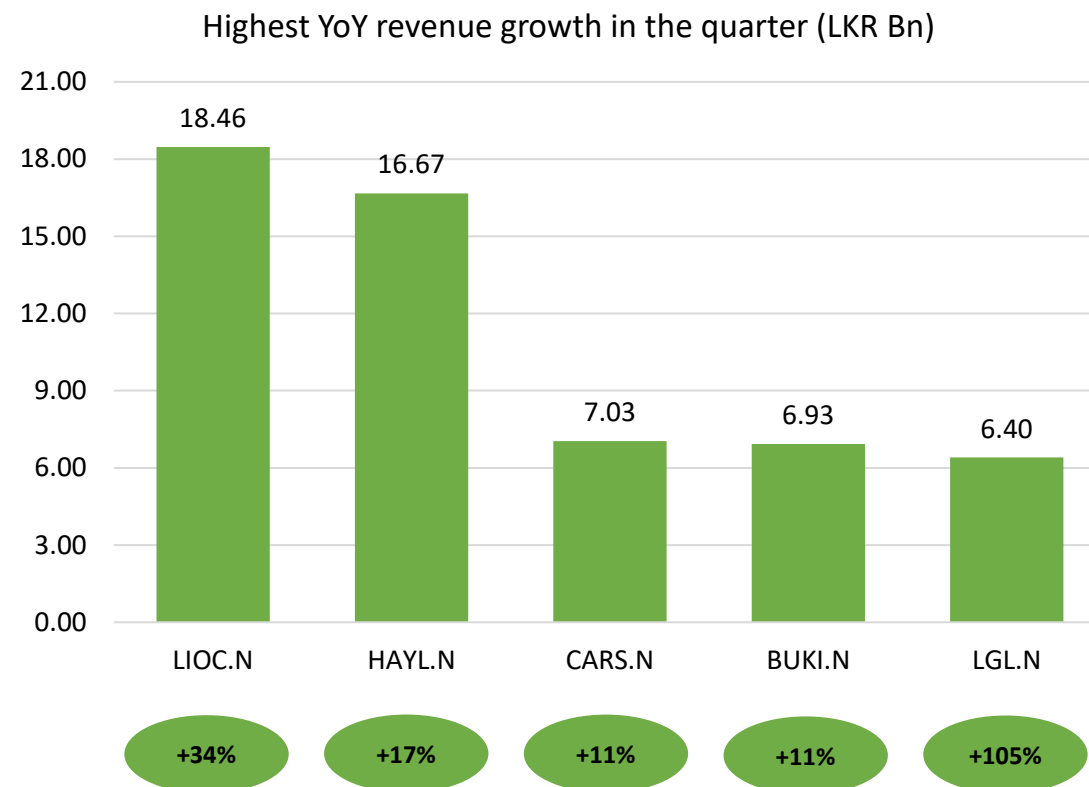
**Notes:**

1. Three companies were delisted in the Jun 24 quarter – ALUF, EXPO and ASPM.
2. Figures for past quarters have been adjusted for the delisting, providing a comparable basis.
3. Jun 24 and Jun 23 data also include the newly listed MFPE and CSLK earnings.
4. The earnings for Jun 24 include earnings released up to 26th Aug 2024.
5. The largest growth/decline has been identified based on absolute terms, not based on percentages.
6. PAT reflects profit after tax for equity holders of the parent.
7. Revenues of banks, diversified financials and insurance companies reflect gross revenues.
8. YoY refers to year-on-year; QoQ refers to quarter-on-quarter.

Source: Company reports, Ambeon estimates



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

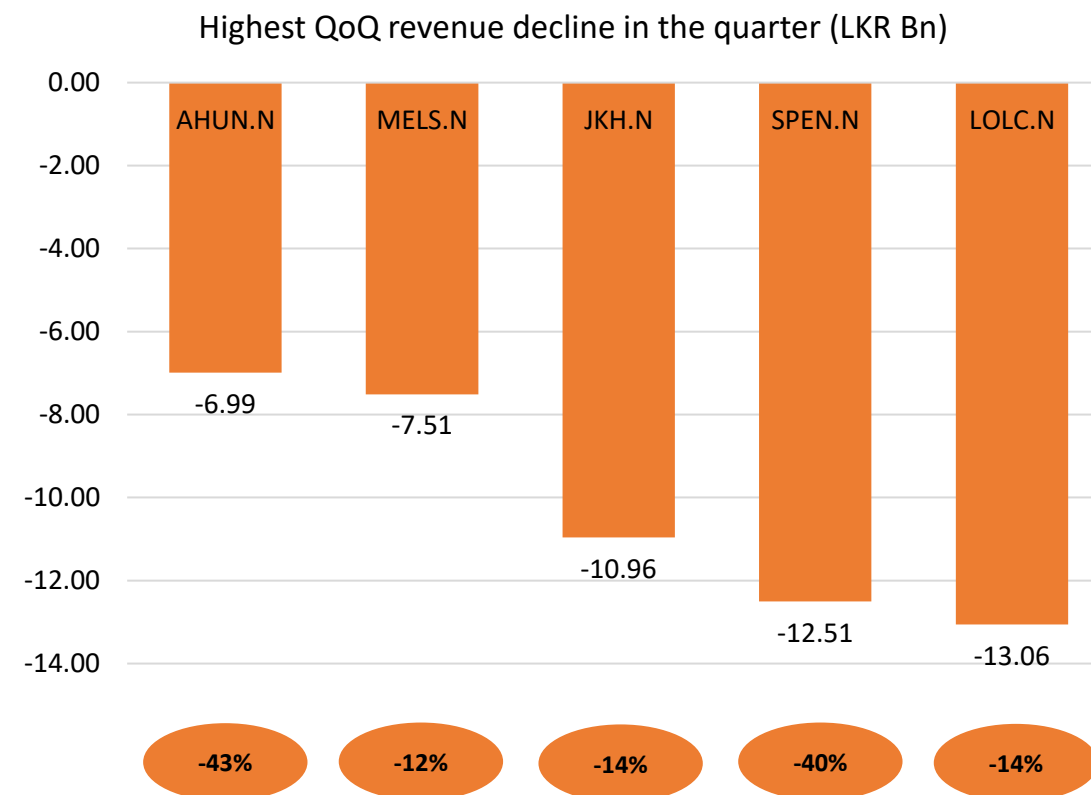
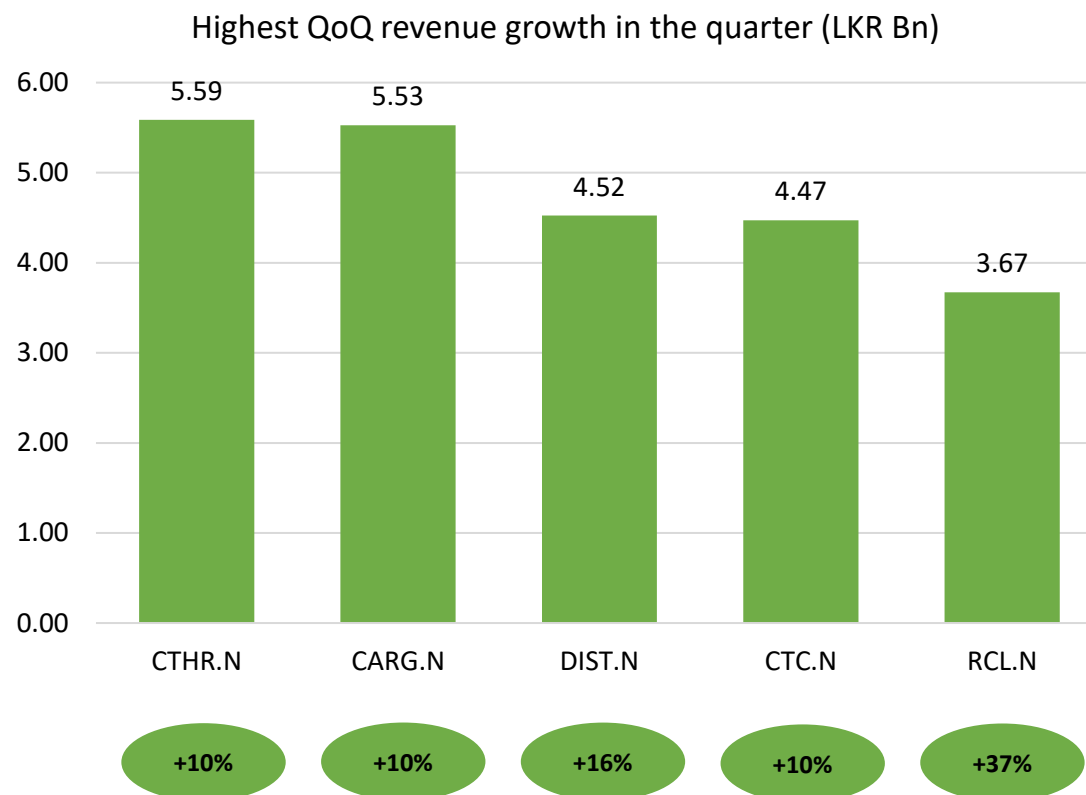


LIOC's significant growth was primarily driven by the bunkering fuel and automotive fuel segments, contributing LKR 9.33Bn and LKR 8.78Bn, respectively. For HAYL, substantial growth came from the consumer & retail, transportation & logistics, and projects & engineering segments, which contributed LKR 8.03Bn, LKR 4.97Bn, and LKR 2.45Bn, respectively.

HNB experienced a notable decline in revenue due to a drop in interest income by LKR 21.78Bn (-27%YoY).

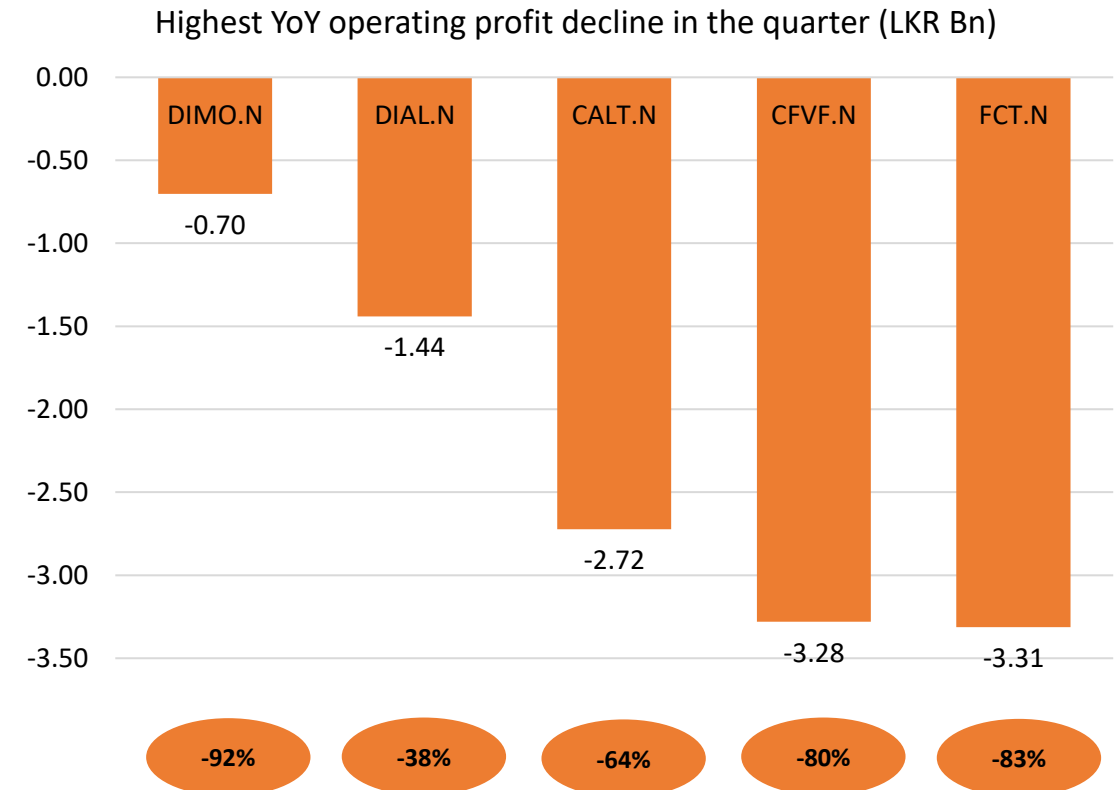
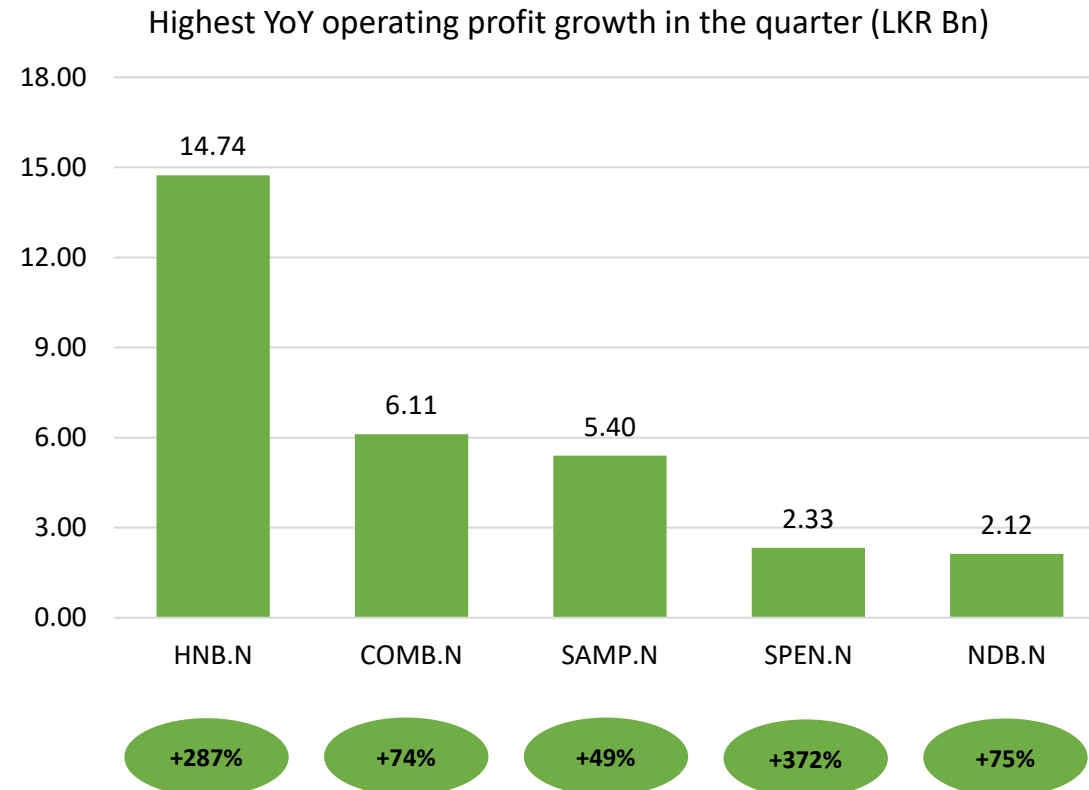
Source: Company reports, Ambeon estimates

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



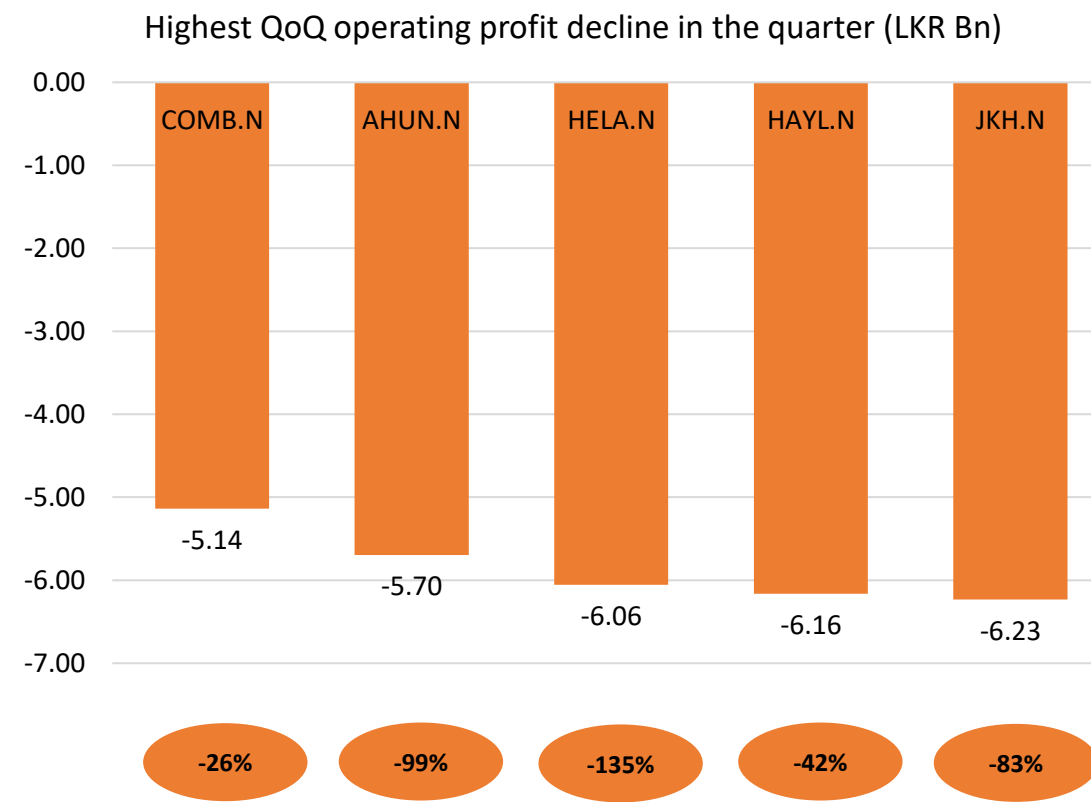
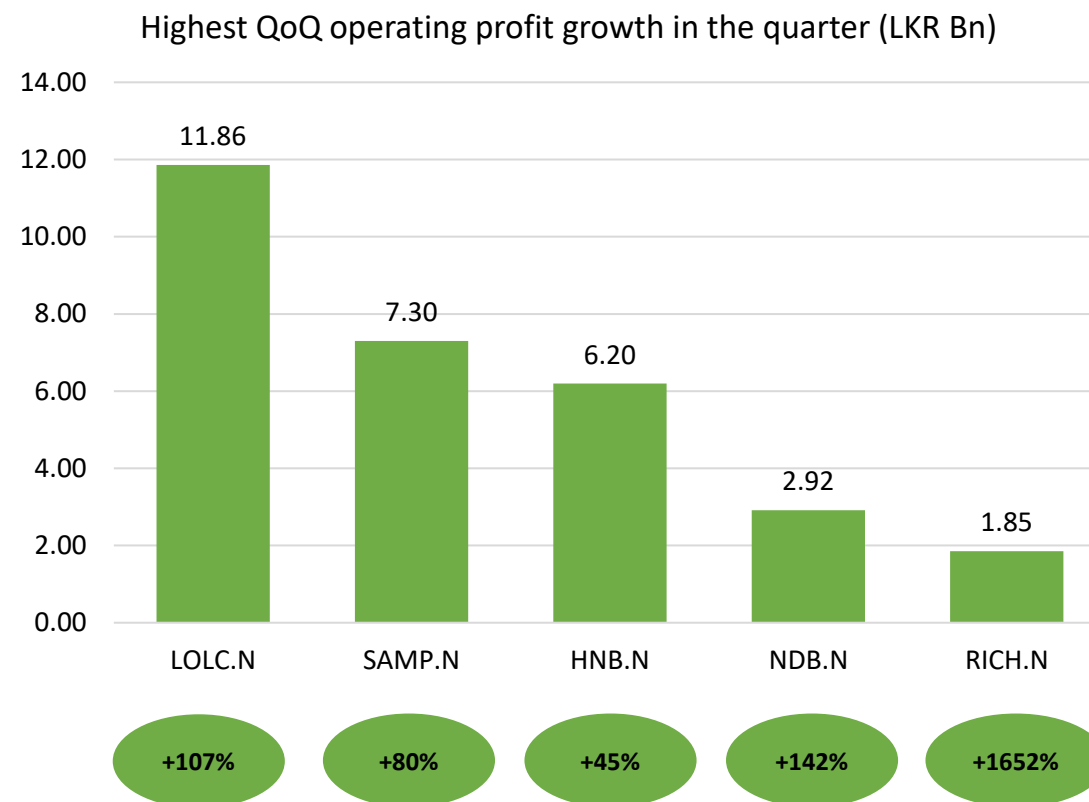
CTHR and CARG experienced a boost in revenue within the retail segment, driven by seasonal sales in April, reaching LKR 4.09Bn, reflecting a 10%QoQ growth. LOLC saw a significant decline in income, primarily due to an LKR 8.96Bn drop in other income.

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



HNB reported a significant increase in operating profit, driven by a substantial reduction of LKR 16.96Bn in impairment charges for loans and other losses, representing a 95%YoY decline. FCT experienced a decrease in operating profit due to a LKR 2.17Bn decline in gains on fair value.

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

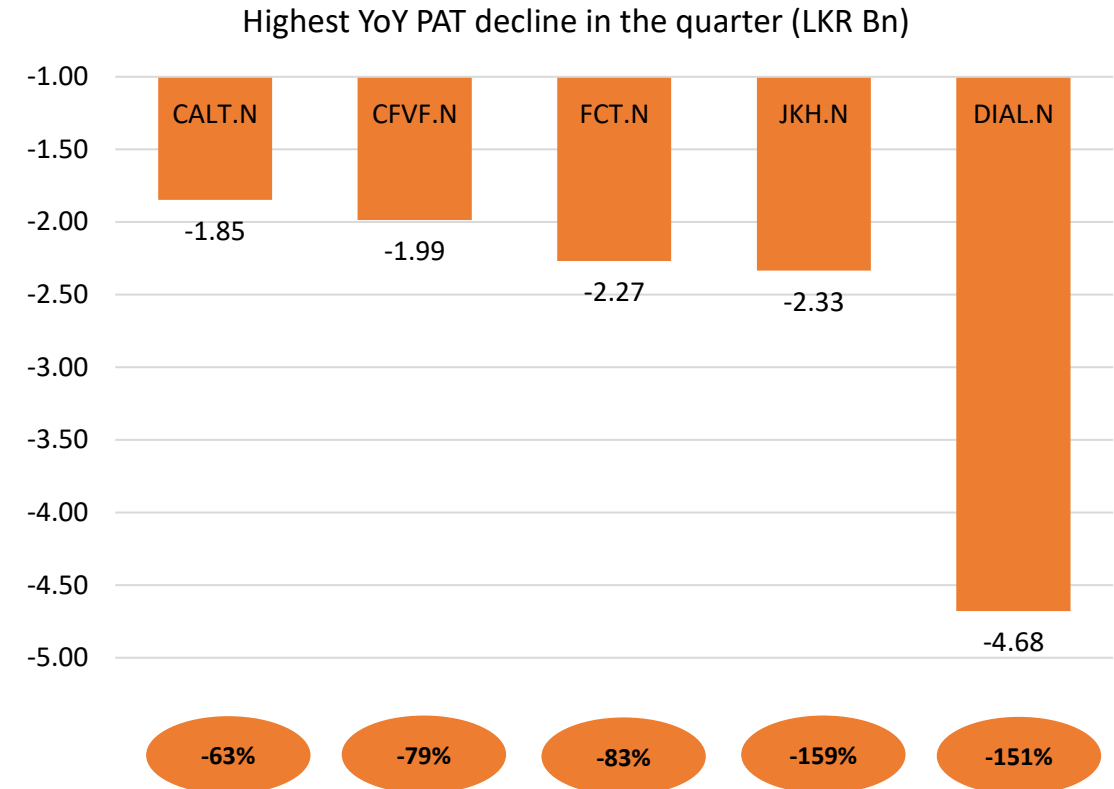
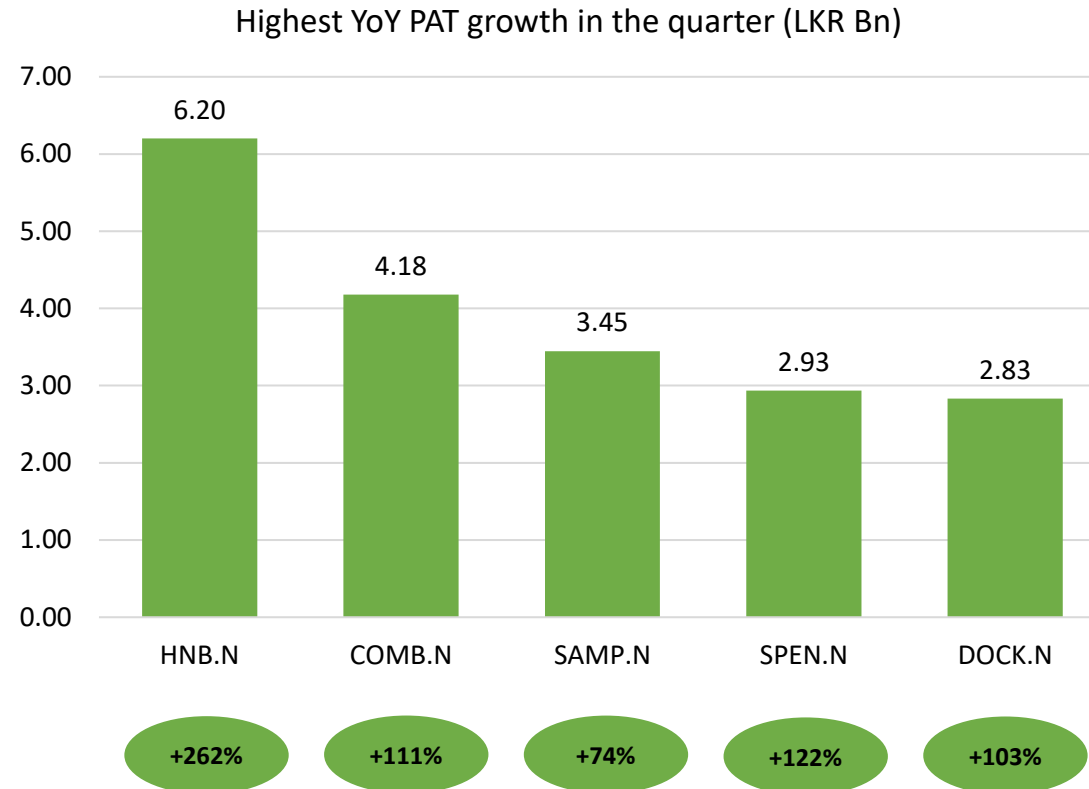


LOLC experienced a notable increase in operating profit due to a decline in other operating expenses by LKR 8.88Bn and a reduction in net impairment losses by LKR 7.64Bn. JKH's operating profit declined, driven by LKR 10.97Bn decrease in revenue. This drop was primarily due to reduced revenue in the leisure and transportation segments, amounting to LKR 7.32Bn and LKR 5.77Bn, respectively. HAYL experienced a decline in GP due to a significant increase in COS, which rose by LKR 7.05Bn. HELA saw a decline in operating profit due to the absence of the one-off gain of LKR 8.30Bn that was recorded in the previous quarter.

Source: Company reports, Ambeon estimates

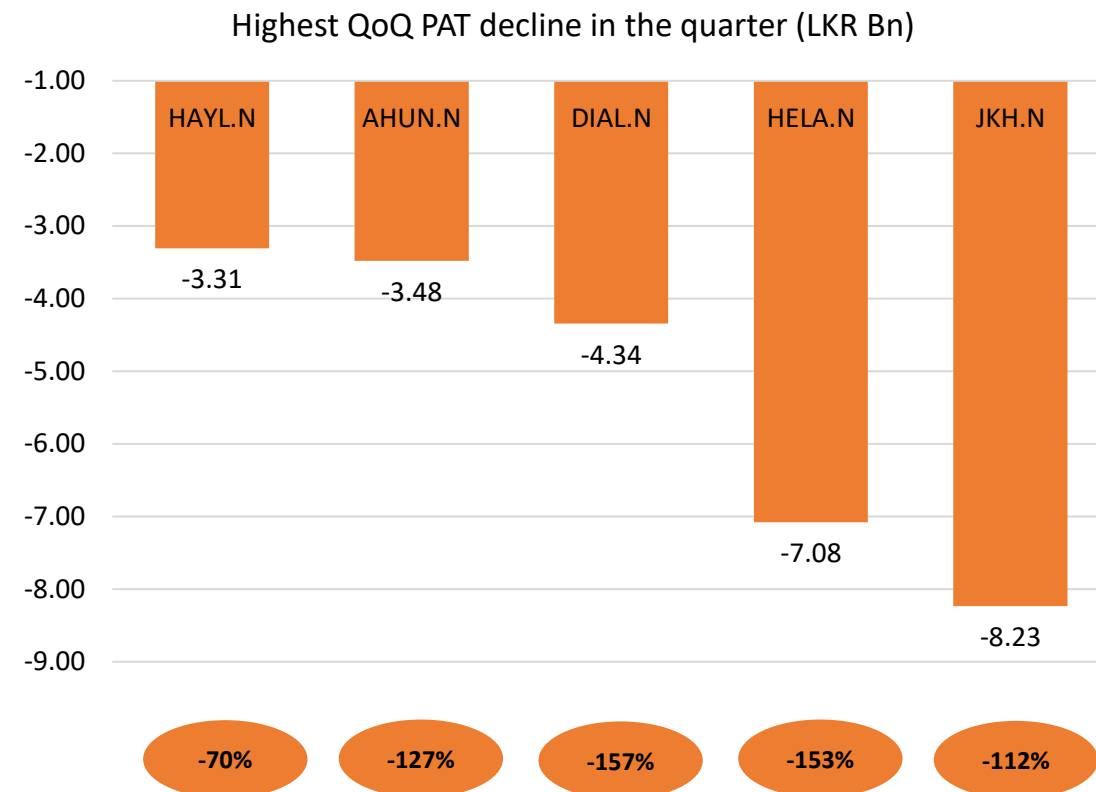
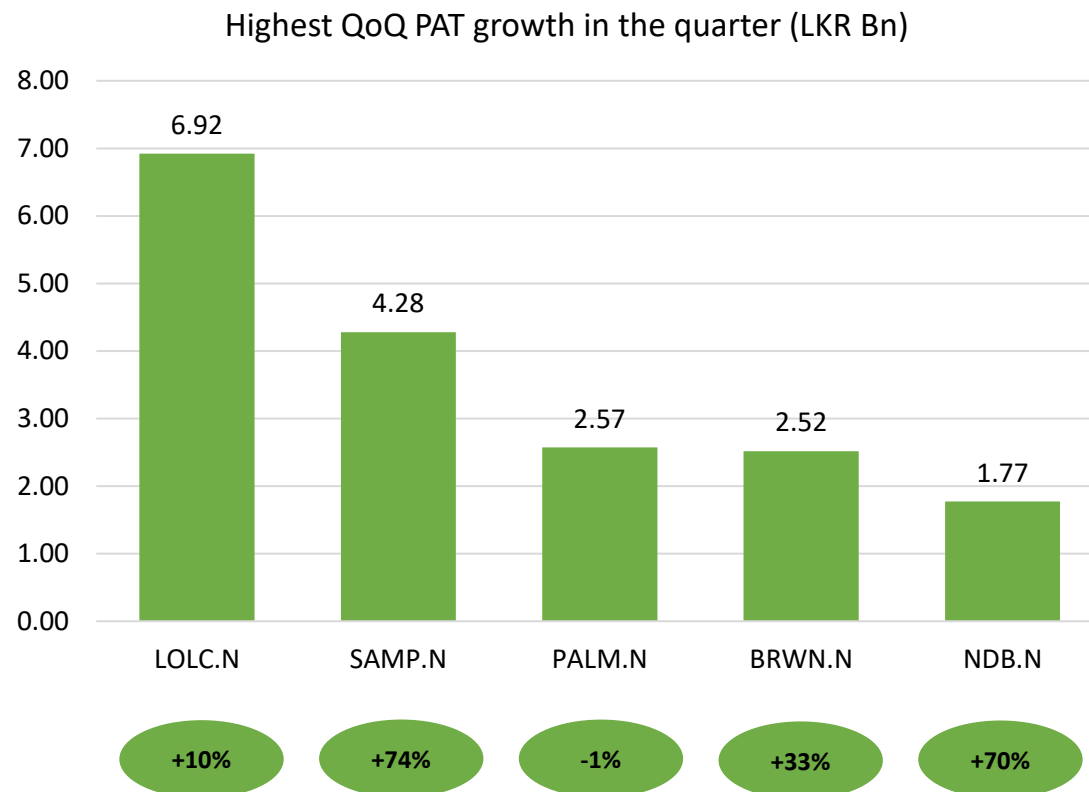


## Overall PAT growth (YoY) – top 5 positive and negative contributors



HNB's PAT increased YoY due to the reduction in impairment charges for loans and other losses. DIAL experienced a YoY decline in PAT, primarily driven by an LKR 3.45Bn reduction in foreign exchange gain.

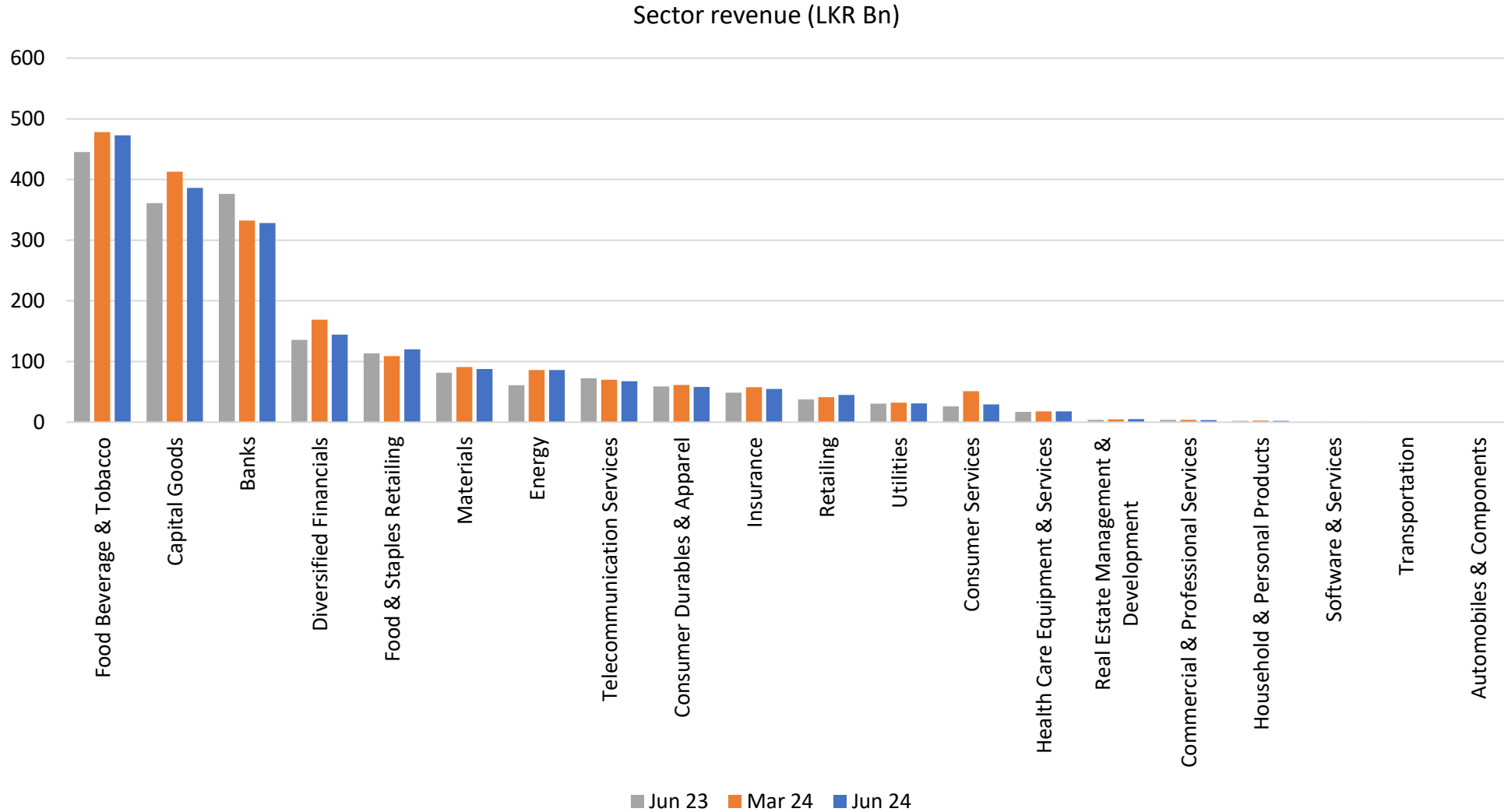
## Overall PAT growth (QoQ) – top 5 positive and negative contributors



SAMP's net trading loss significantly decreased, resulting in a net trading gain, which led to a notable QoQ increase in PAT. JKH's PAT experienced a significant QoQ decline, primarily due to a notable decrease in revenue, and a notable LKR 4.89Bn drop in net finance income, which turned into a net finance cost. HELA's QoQ PAT declined primarily due to the absence of one-off gain of LKR 8.30Mn that was recorded in the previous quarter.

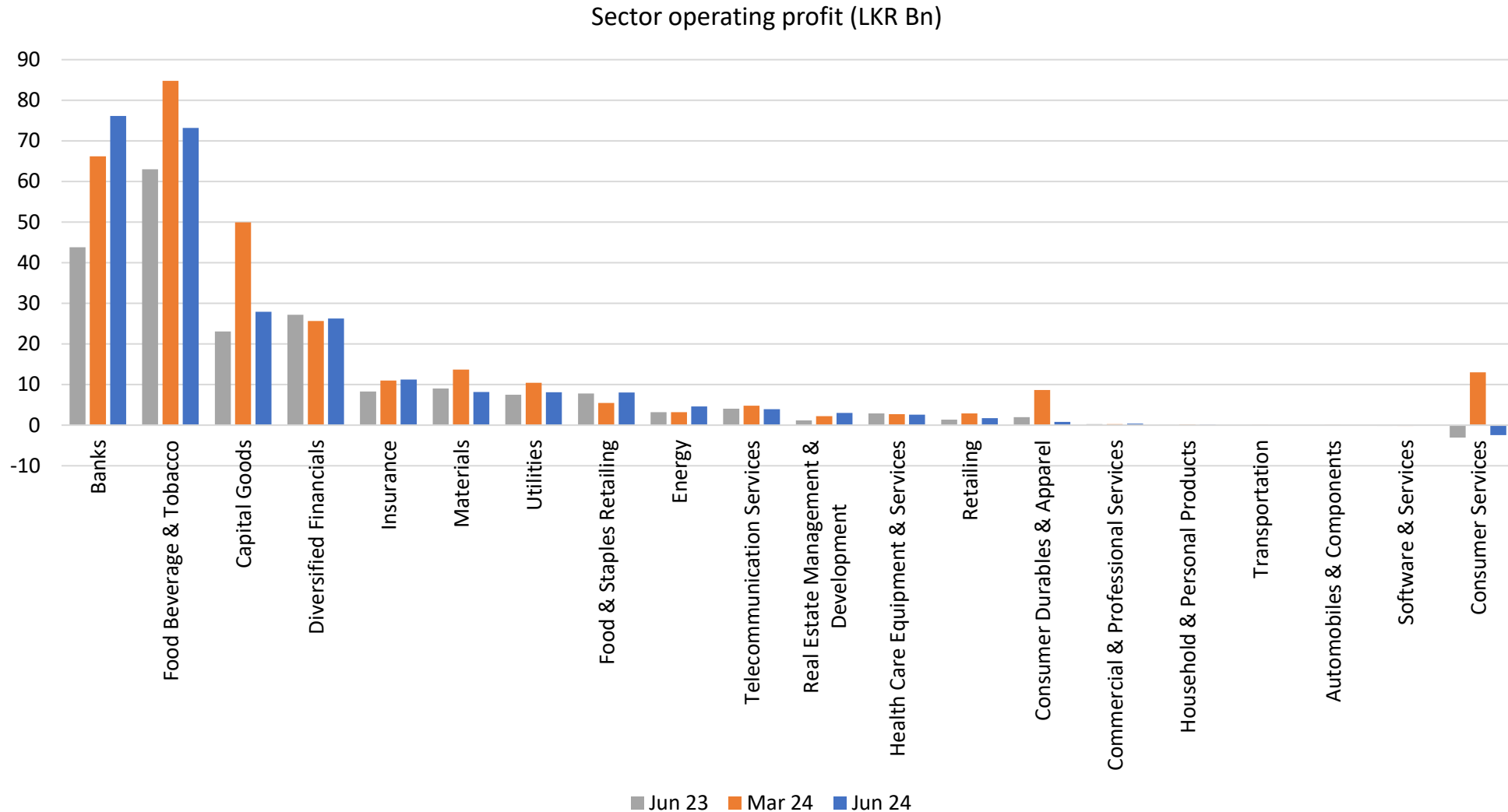
Source: Company reports, Ambeon estimates

## Sector-wise revenues



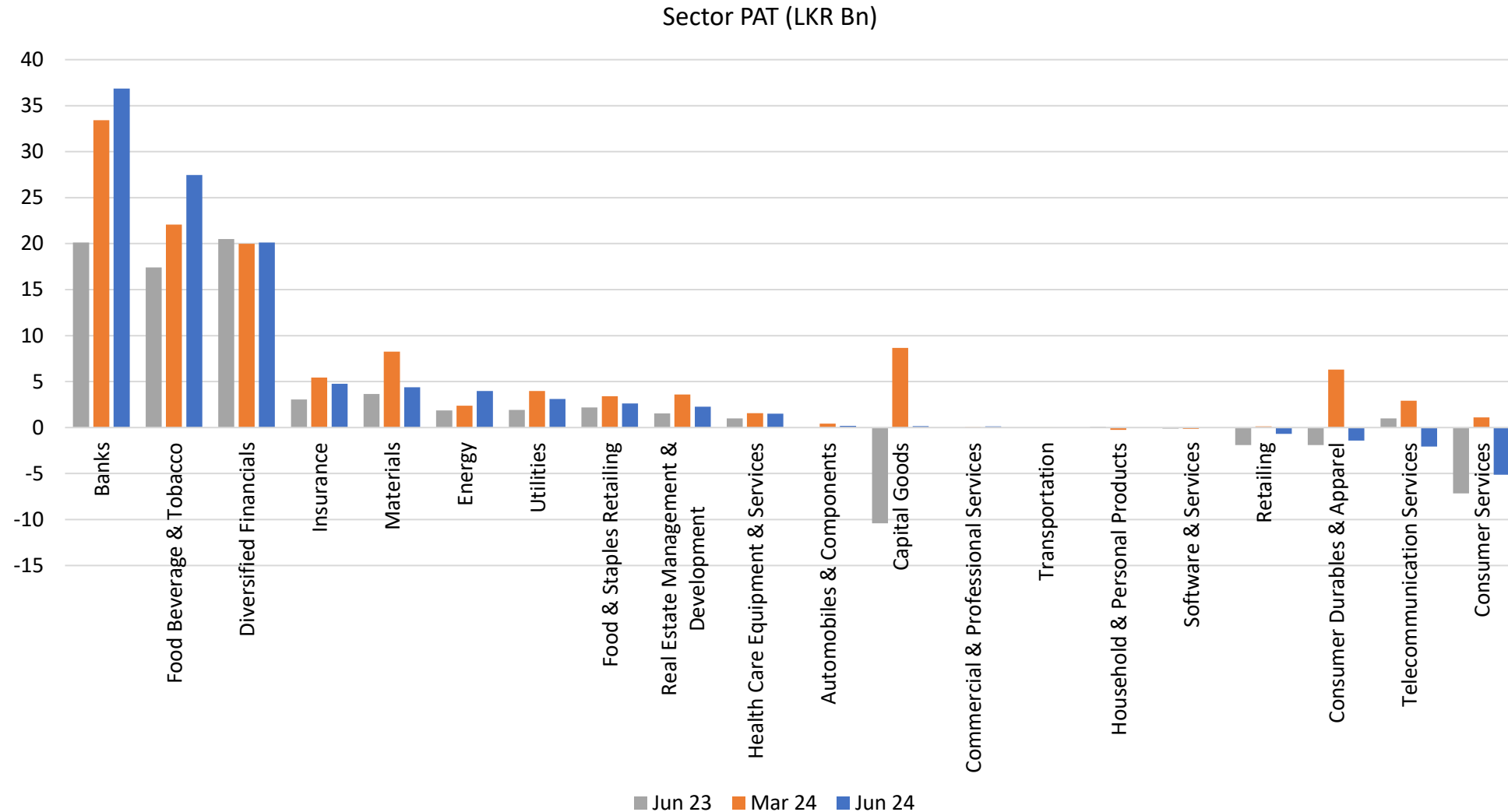
Source: Company reports, Ambeon estimates

## Sector-wise operating profits



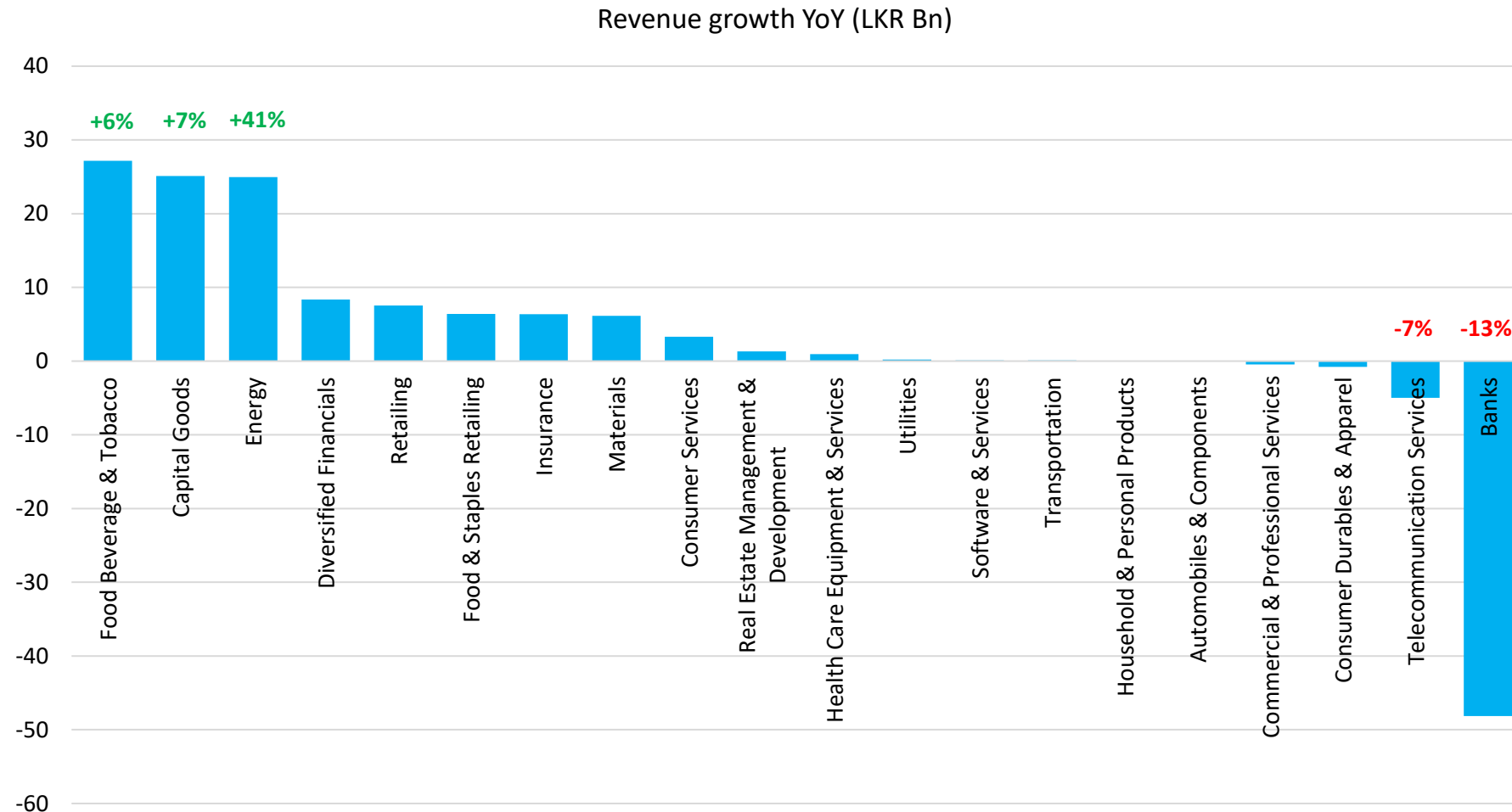
Source: Company reports, Ambeon estimates

## Sector-wise PAT



Source: Company reports, Ambeon estimates

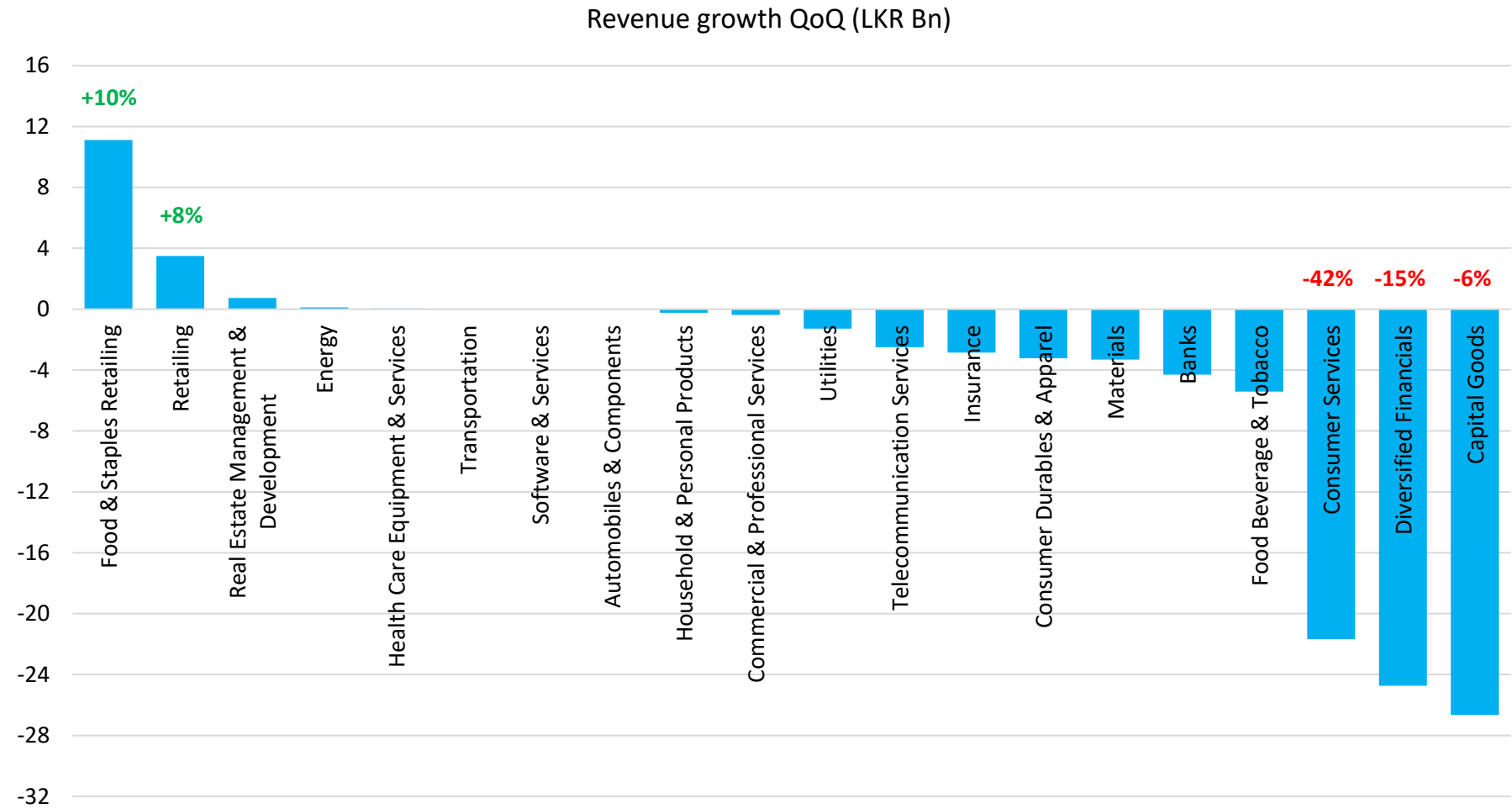
## Food beverage & tobacco sector saw the largest YoY revenue growth while banking sector saw the largest YoY decline



Source: Company reports, Ambeon estimates

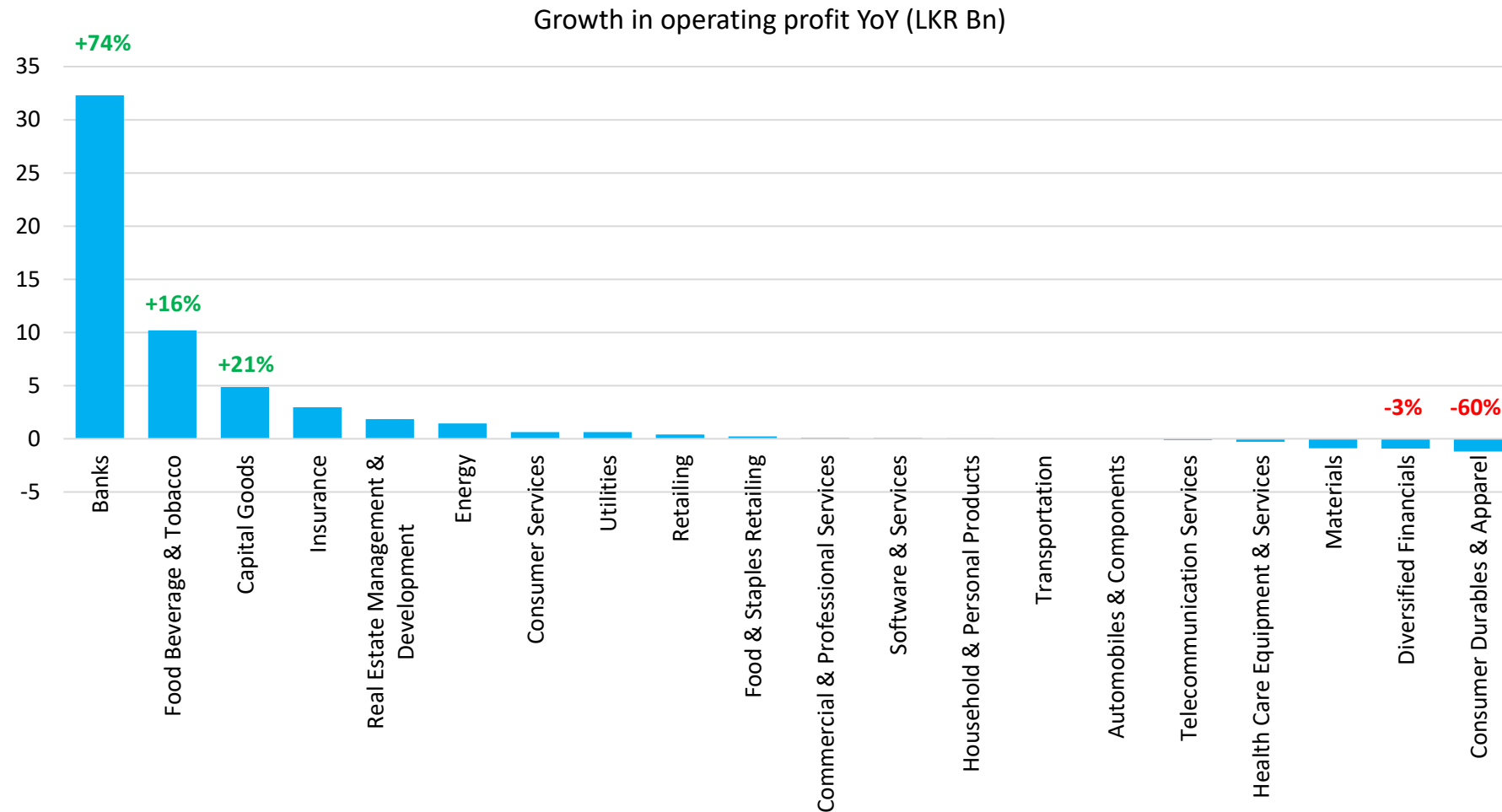


Food & staples retailing sector saw the largest QoQ revenue growth while capital goods sector saw the largest QoQ decline



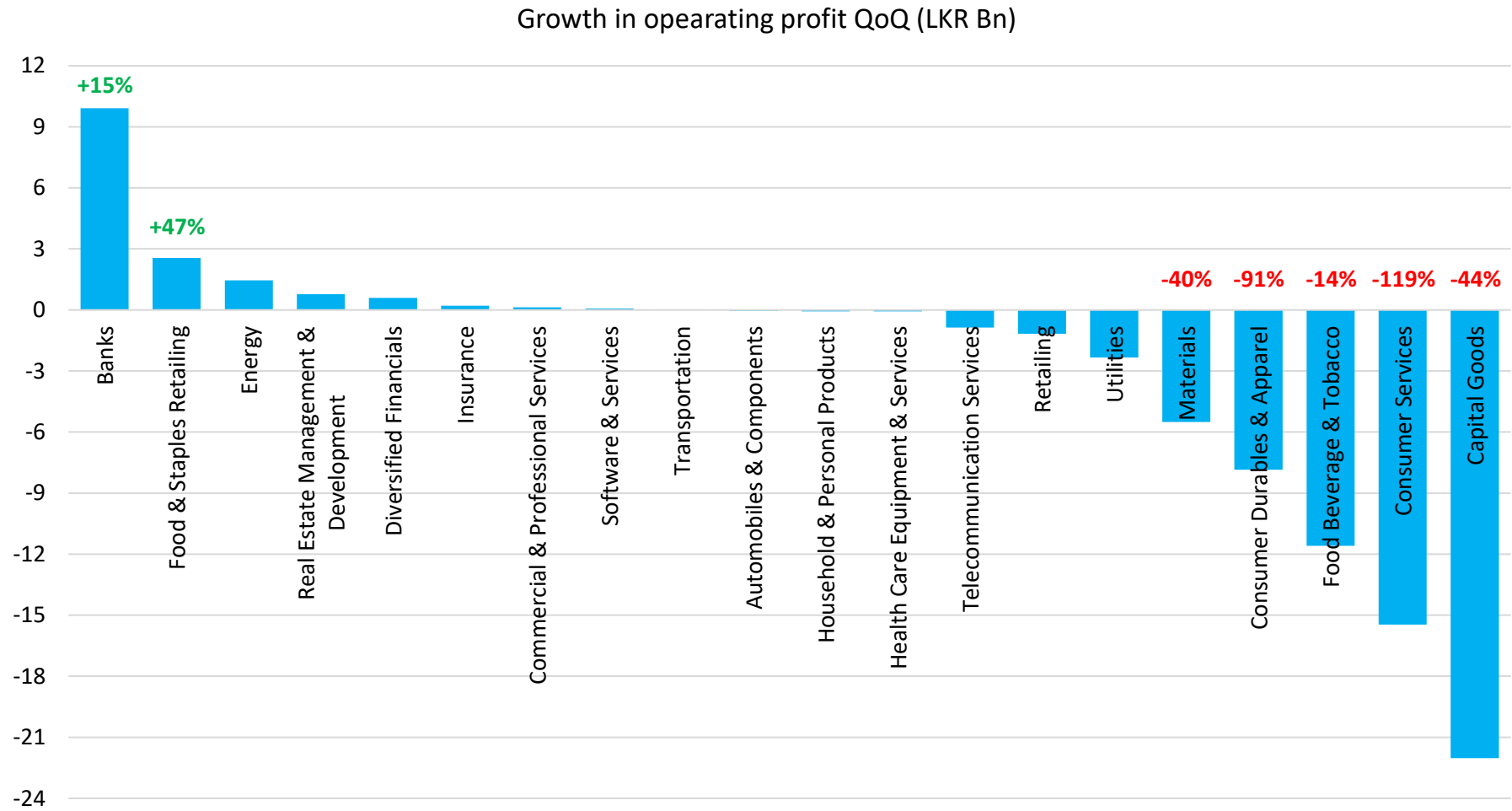
Source: Company reports, Ambeon estimates

## Banking sector saw the largest YoY operating profit growth while consumer durables & apparel sector saw the largest YoY decline



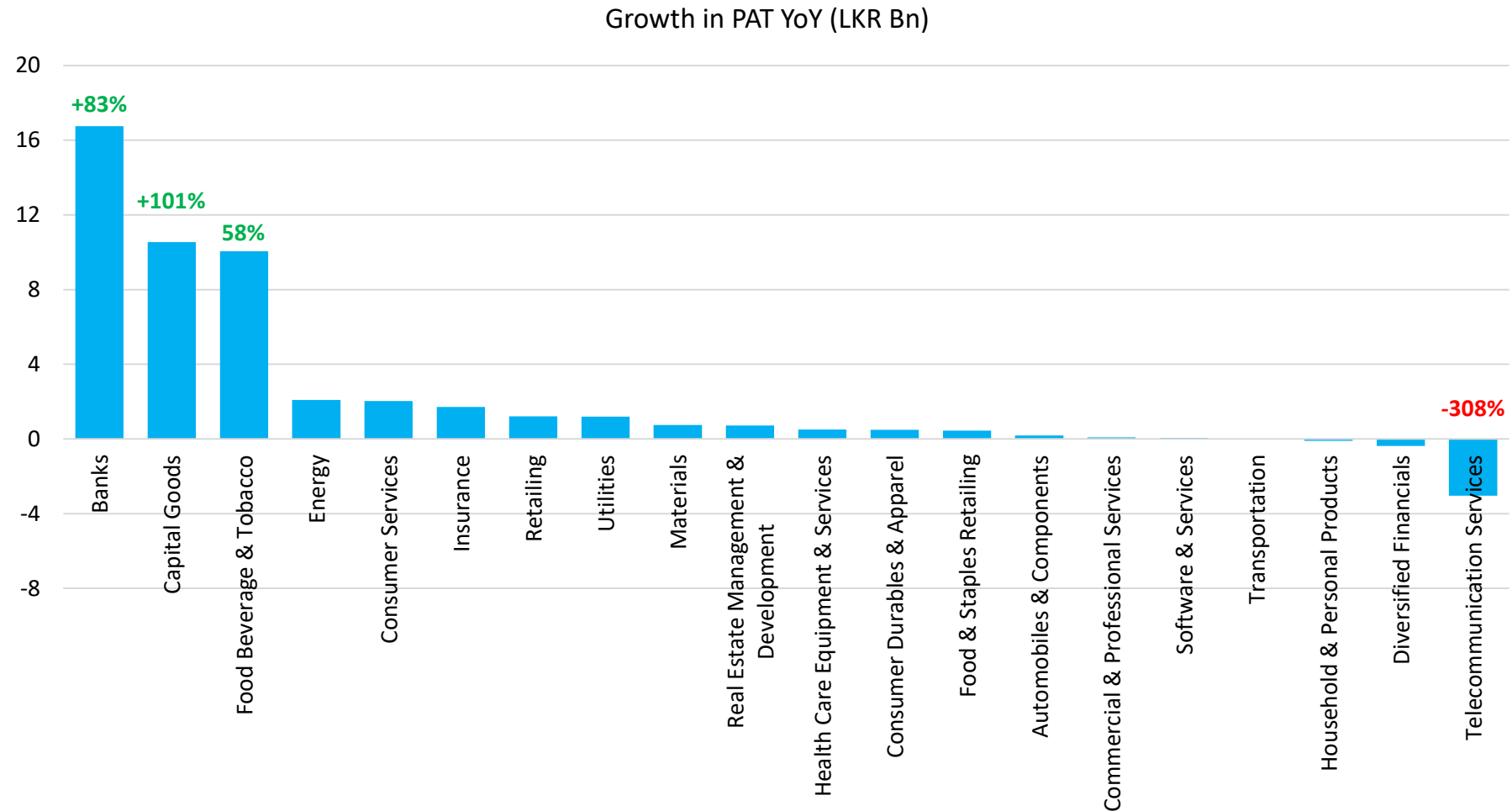
Source: Company reports, Ambeon estimates

Banking sector saw the largest QoQ operating profit growth while capital goods sector saw the largest QoQ decline



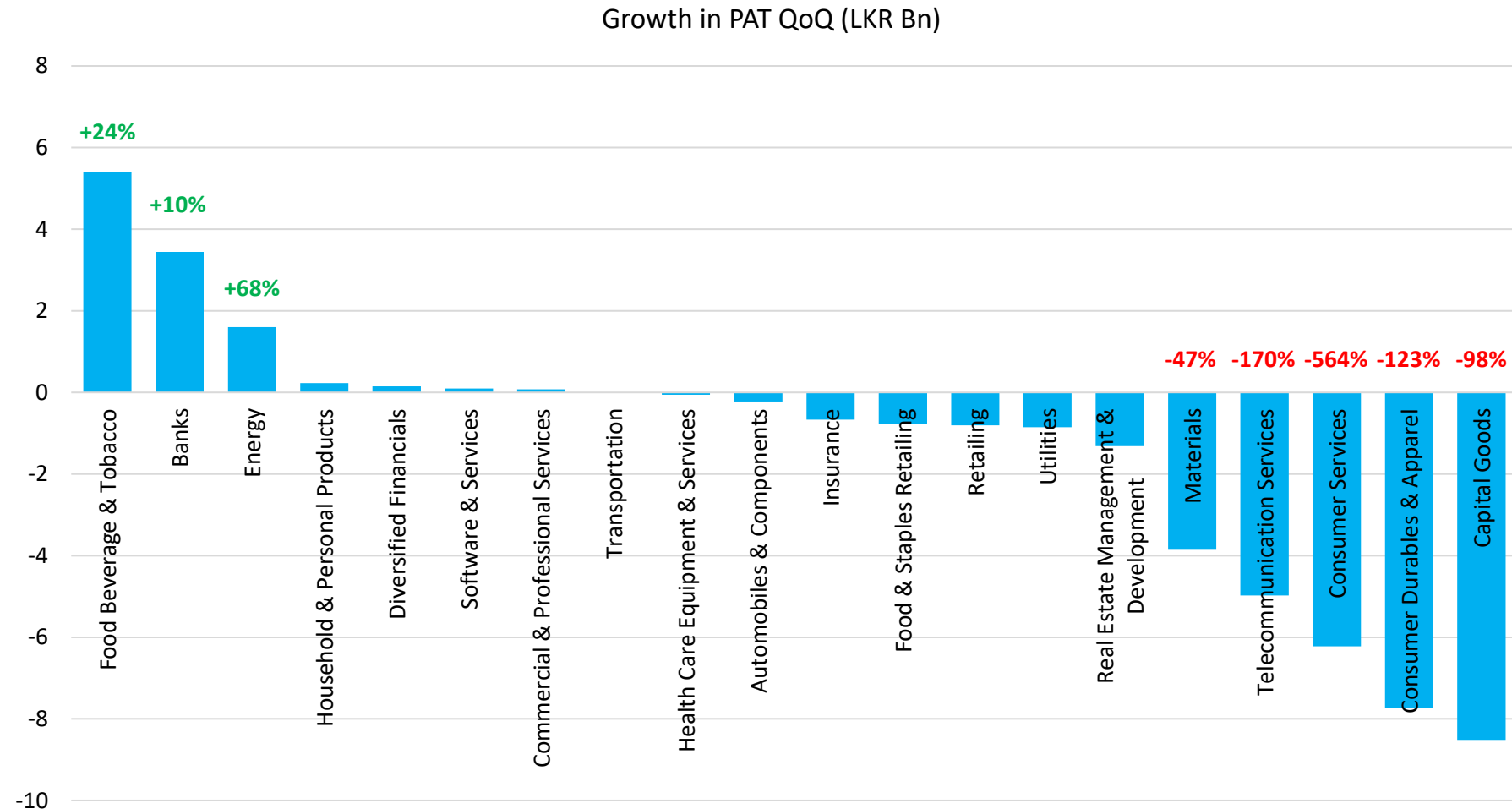
Source: Company reports, Ambeon estimates

## Banking sector saw the largest YoY PAT growth while telecommunication services sector saw the largest YoY decline



Source: Company reports, Ambeon estimates

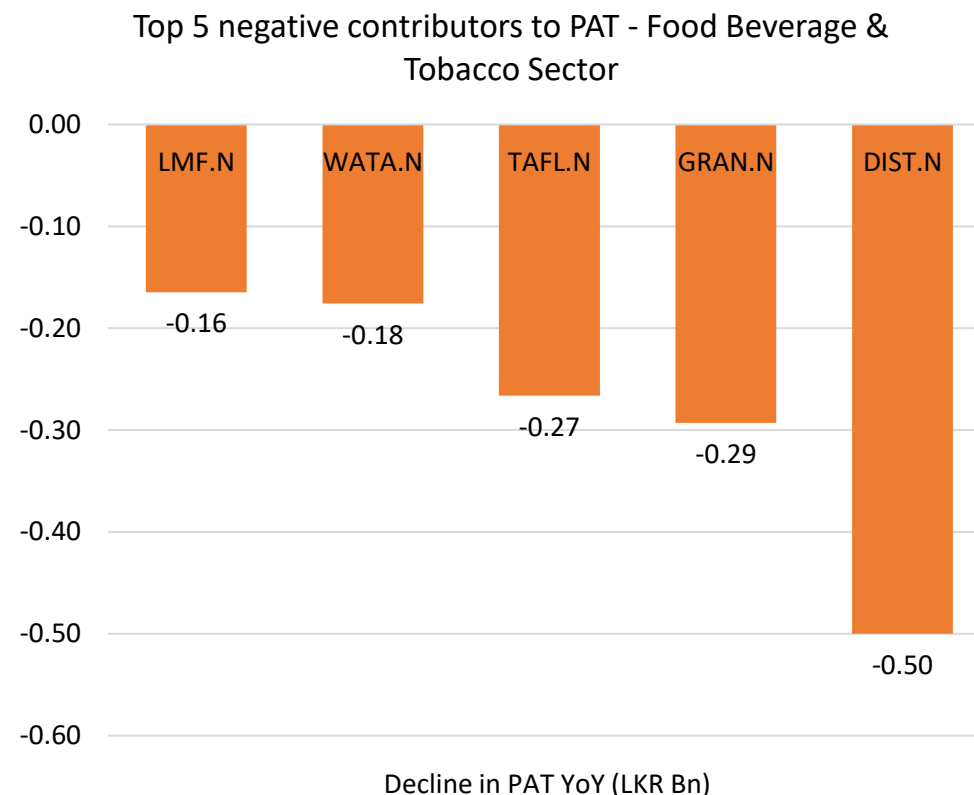
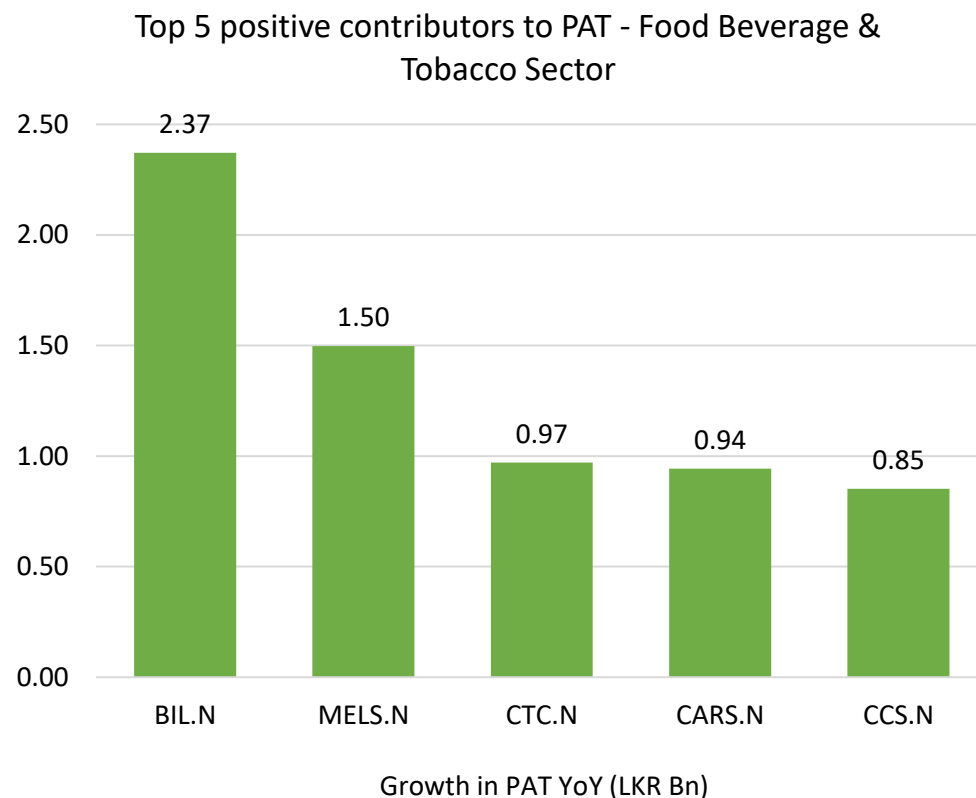
## Food beverage & tobacco sector saw the largest QoQ PAT growth while capital goods sector saw the largest QoQ decline



Source: Company reports, Ambeon estimates

## Food beverage & tobacco sector profits – top 5 positive and negative contributors

Sector PAT **YoY 58%** | **QoQ 24%**

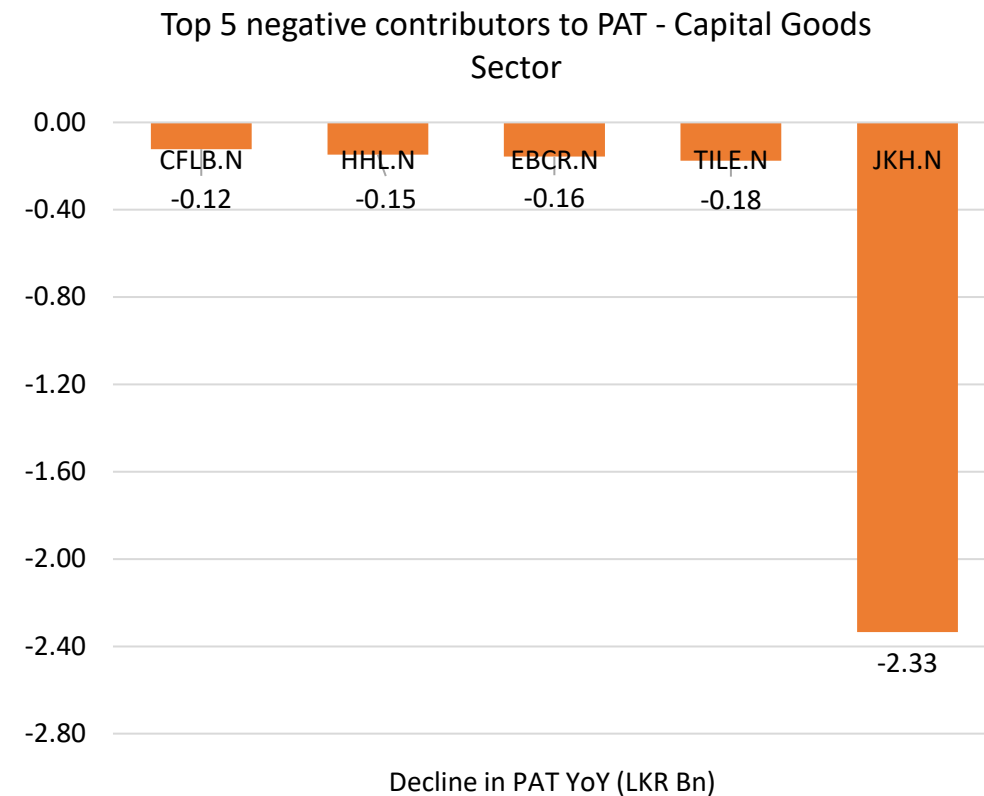
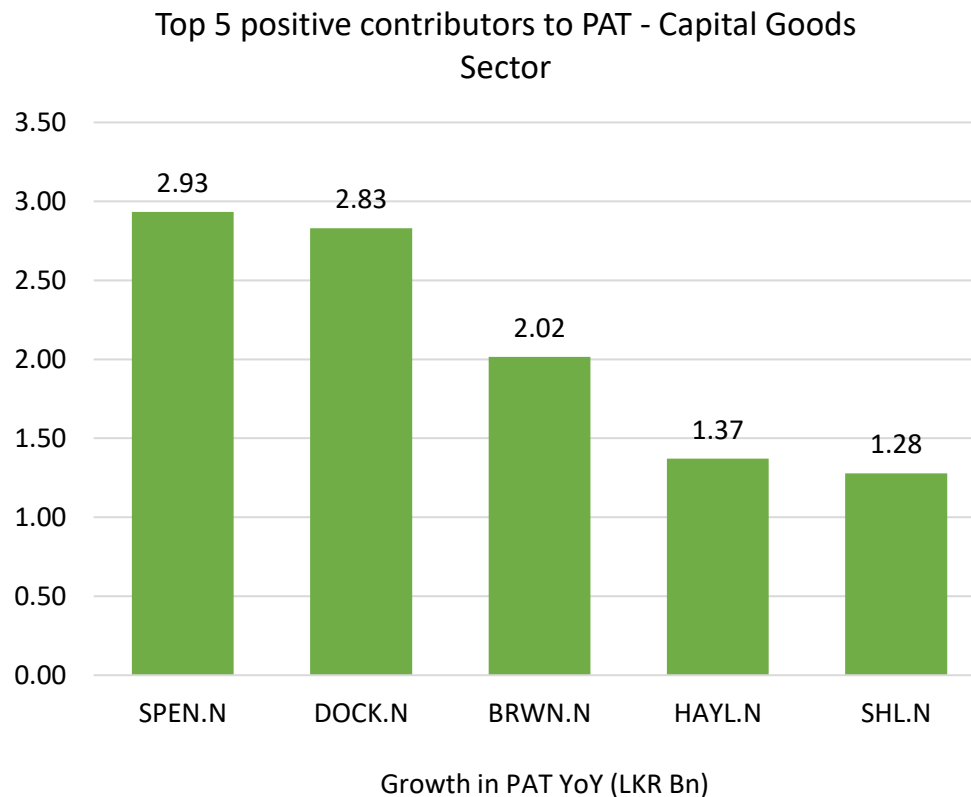


BIL's YoY net loss decreased, supported by an increase in other income of LKR 3.51Bn from the plantation segment. DIST reported a decline in PAT for the quarter ended Jun 24, primarily due to a reduction in net revenue and net finance income.



## Capital goods sector profits – top 5 positive and negative contributors

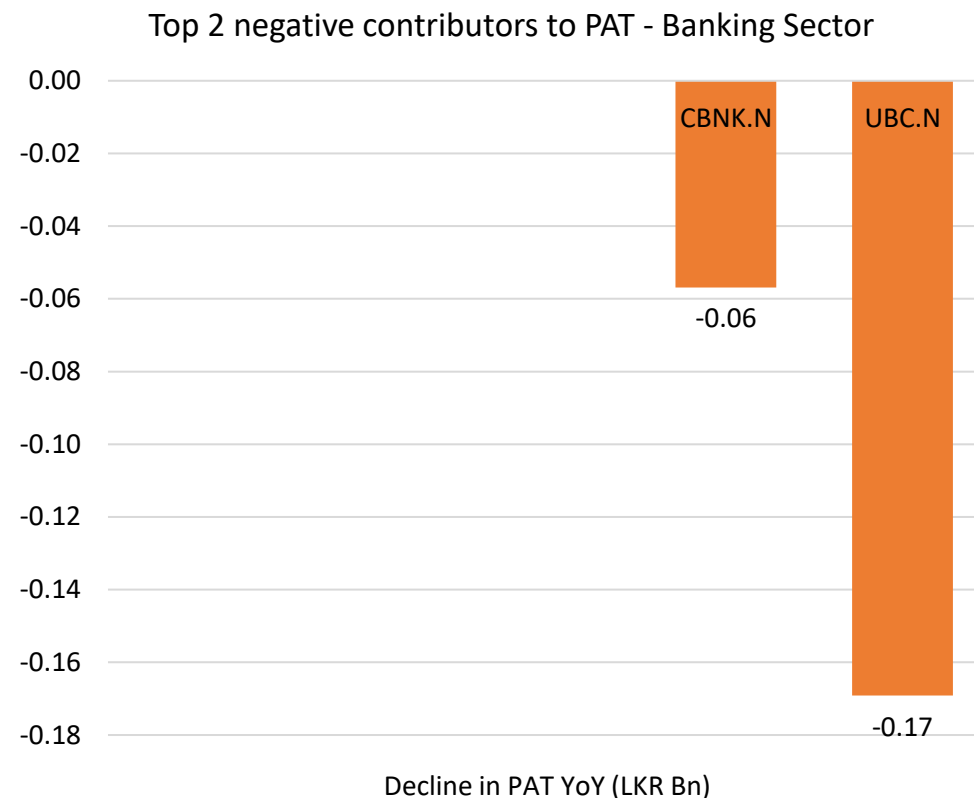
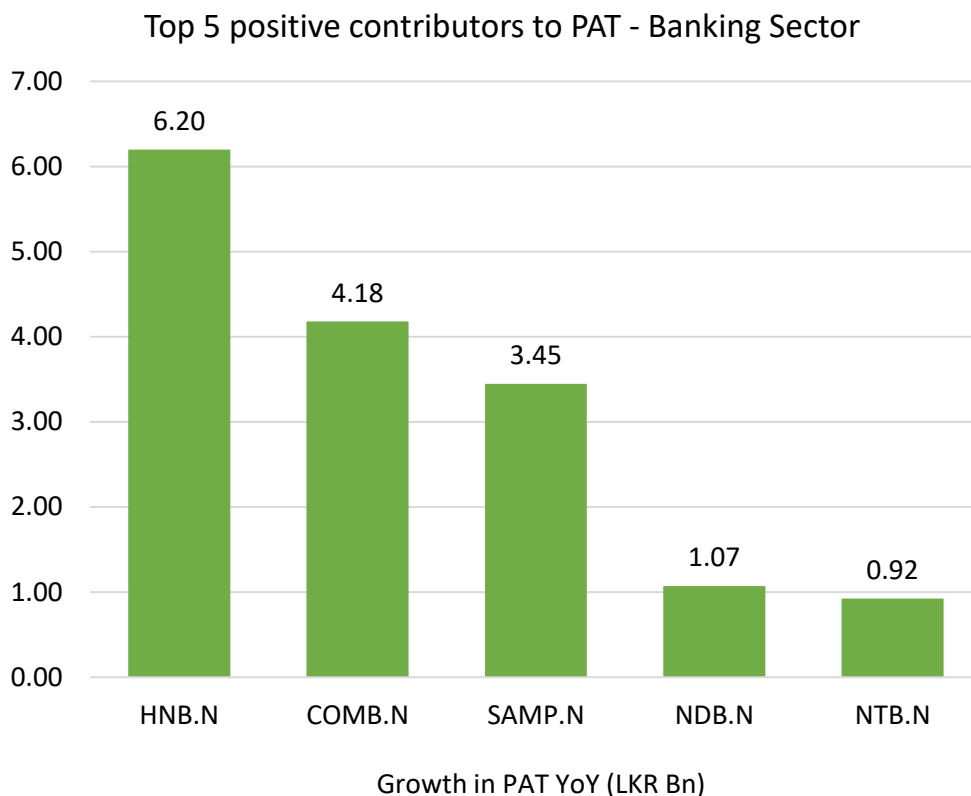
Sector PAT **YoY 101%** | **QoQ -98%**



SPEN's other operating loss decreased, resulting in other operating income, while finance expenses fell by LKR 1.13Bn, leading to a YoY increase in PAT. JKH's YoY PAT declined primarily due to a YoY increase of LKR 1.06Bn in administration expenses.

# Banking sector profits – top 5 positive and negative contributors

Sector PAT YoY 83% | QoQ 10%

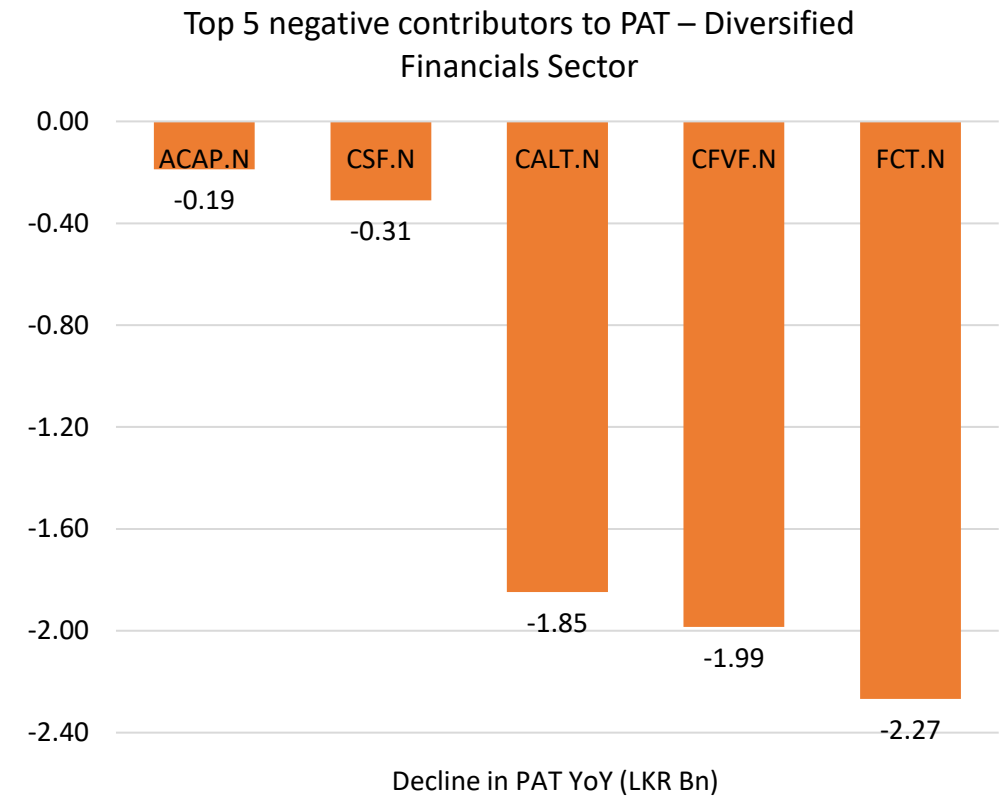
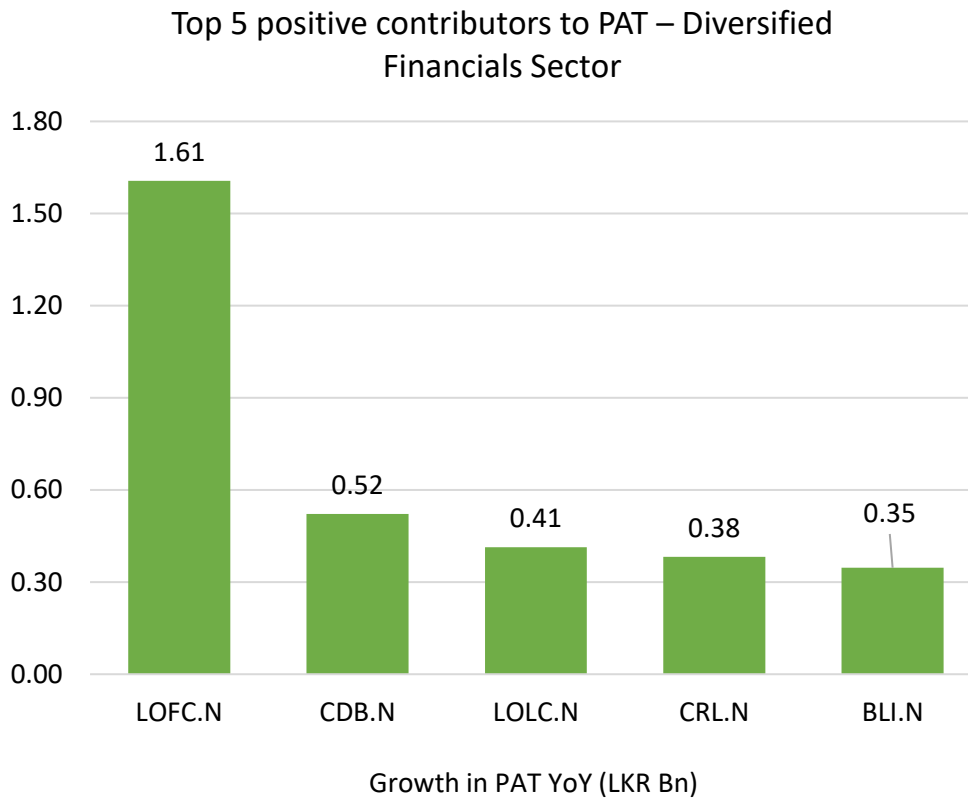


COMB reported a substantial YoY increase in PAT, driven mainly by LKR 12.45Bn rise in net interest income. UBC experienced a YoY PAT decline due to a drop in net interest income.

Source: Company reports, Ambeon estimates

## Diversified financials sector profits – top 5 positive and negative contributors

Sector PAT **YoY -2%** | **QoQ 1%**



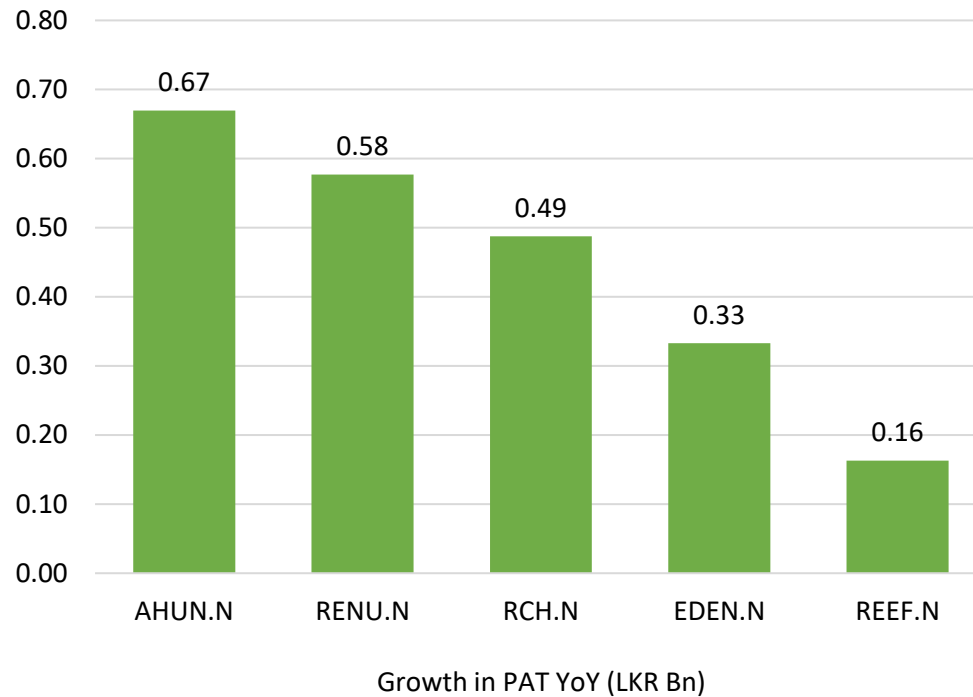
LOFC witnessed a YoY PAT increase, benefiting from LKR 1.39Bn rise in net interest income and LKR 1.33Bn increase in net other operating income.

Source: Company reports, Ambeon estimates

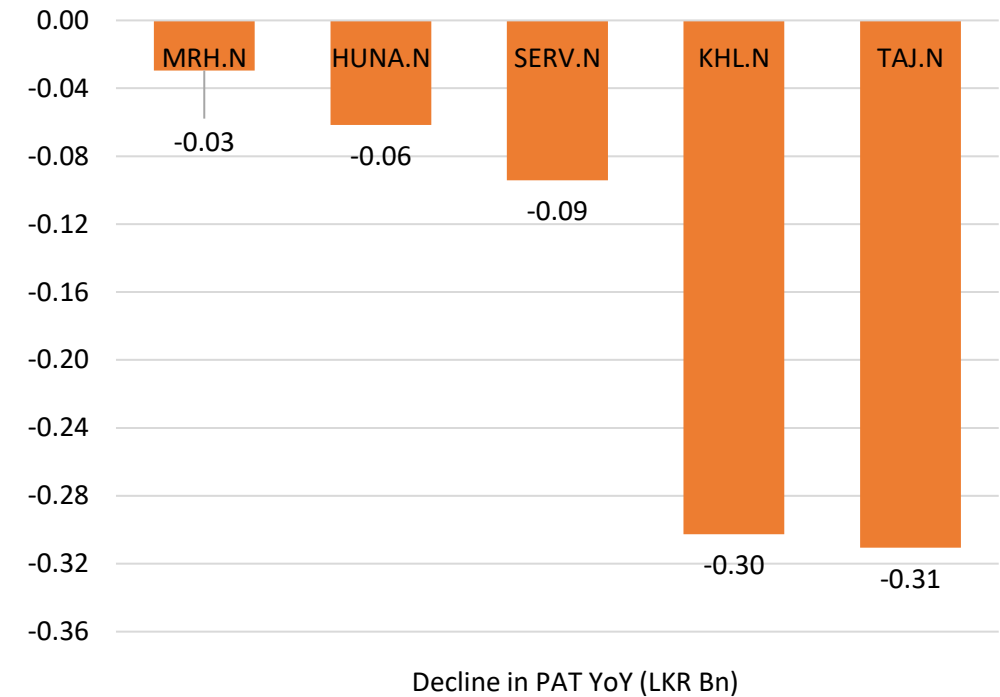
## Consumer services sector profits – top 5 positive and negative contributors

Sector PAT **YoY 28%** | **QoQ -564%**

Top 5 positive contributors to PAT - Consumer Services Sector



Top 5 negative contributors to PAT - Consumer Services Sector



AHUN reported a YoY PAT increase due to a LKR 1.12Bn rise in net revenue. TAJ's YoY PAT declined due to a decrease in net finance income, resulting in a net finance cost shift of LKR 0.31Bn.

Source: Company reports, Ambeon estimates

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