



QUARTERLY EARNINGS DIGEST | MARCH 2024

AMBEON
SECURITIES

Report date:
18.06.2024



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 Mar 2024

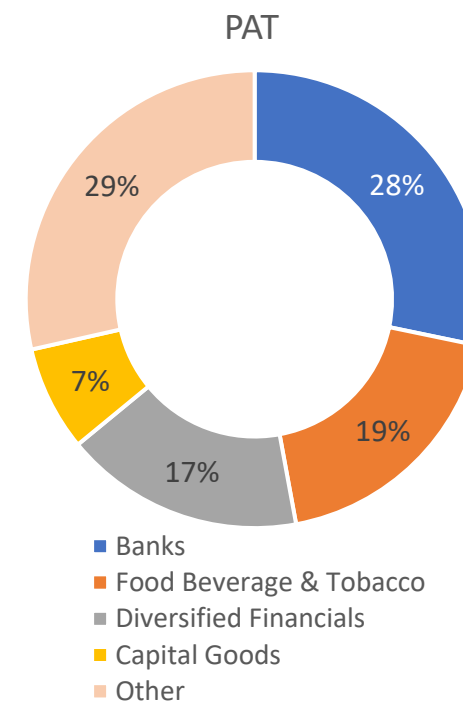
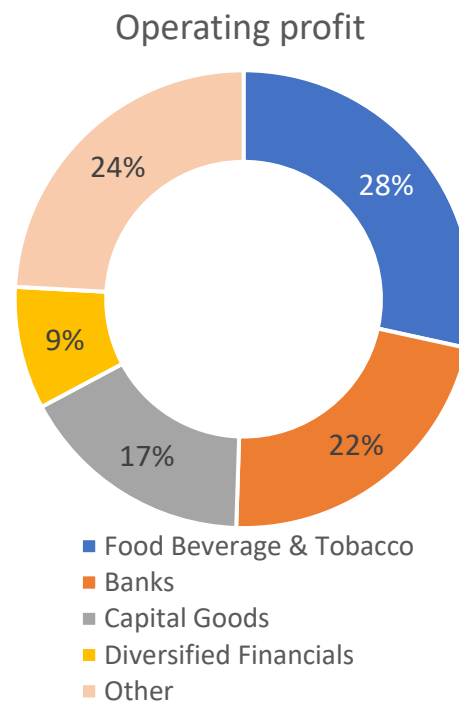
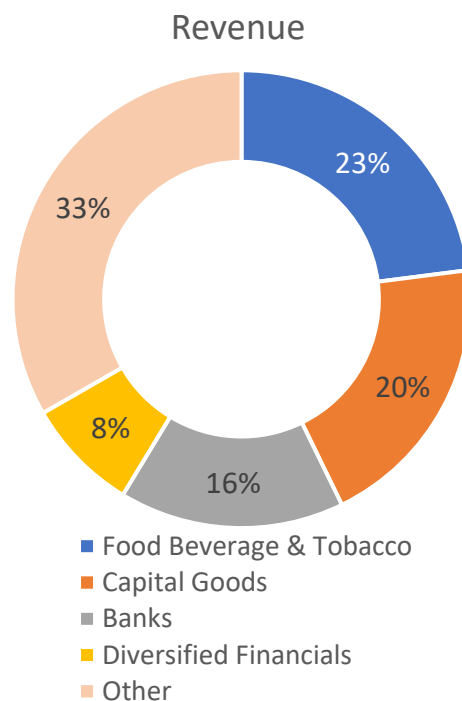
Overall revenue and profit growth

- All companies recorded a YoY increase in revenues (+1.4%), operating profits (+25.1%) and profit after tax (PAT) (+55.4%).
- All companies recorded a QoQ increase in operating profits (+10.5%), despite a decline in revenues (-2.0%) and profit after tax (PAT) (-34.5%).
- Food beverage and tobacco sector accounted for the largest share of revenues (23%) and operating profit (28%) in Mar 24, while the banking sector held the largest share in PAT (28%).
- LOLC, BIL, BRWN were the key contributors to the overall QoQ decline in PAT due to the absence of one-off gains of LKR 57.49Bn that was recorded in the previous quarter.
- HELA and COMB were the top positive contributors to the YoY PAT growth while DIAL and BRWN were the top negative contributors.

Sector-wise revenue and profit growth

- Diversified financials sector saw the largest YoY revenue growth (+17.3%) while banking sector saw the largest YoY decline (-12.0%) driven by lower interest rates. Food beverage & tobacco sector saw the largest QoQ revenue growth (+3.7%) while banking sector saw the largest QoQ decline (-6.5%). Consumer services sector recorded notable YoY and QoQ revenue growth supported by the increase in tourist arrivals.
- Banking sector saw the largest YoY operating profit growth (+48.1%), and energy sector saw the largest YoY decline in operating profits (-66.2%). Banking sector saw the largest QoQ operating profit growth (+42.7%) while diversified financials sector saw the largest QoQ decline in operating profits (-42.9%).
- Food beverage & tobacco saw the largest YoY PAT growth (+118.2%) while telecommunication services sector saw the largest YoY decline in PAT (-69.7%). Banking sector saw the largest QoQ PAT growth (+39.4%) while food beverage & tobacco sector saw the largest QoQ decline in PAT (-56.1%).

The food and beverage sector accounts for the largest share of revenues, while banks account for the largest share of profits in March 2024



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

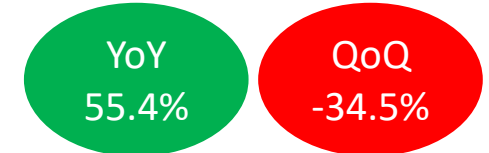
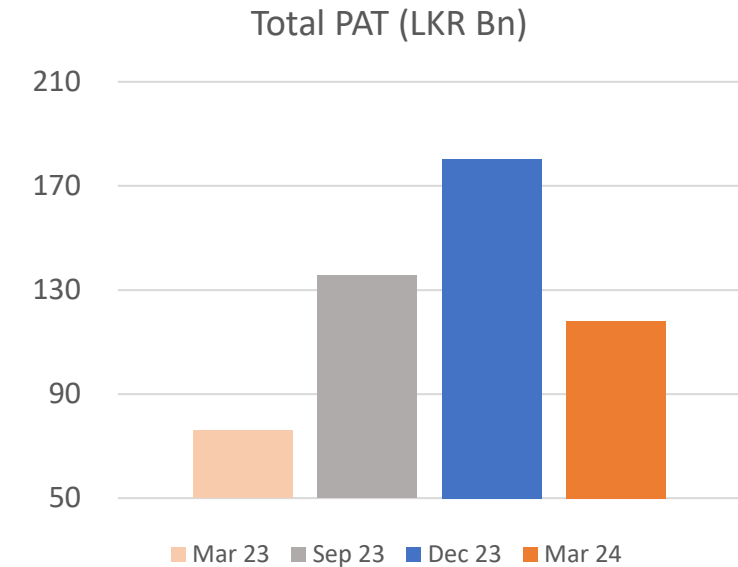
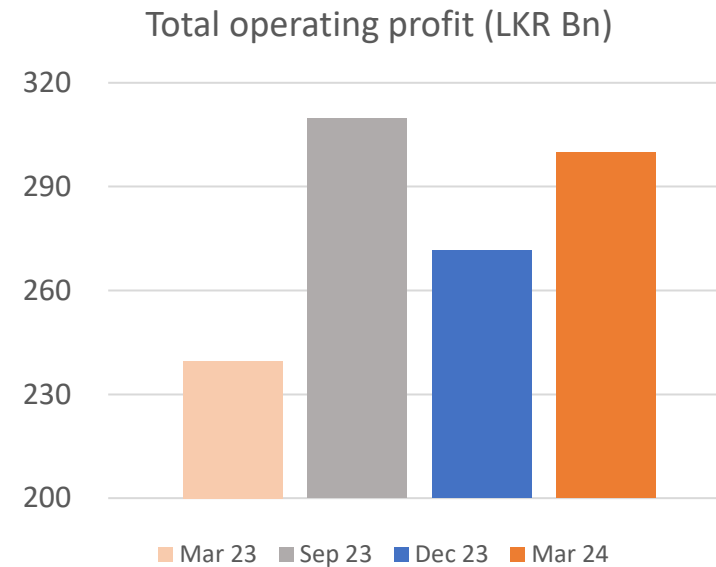
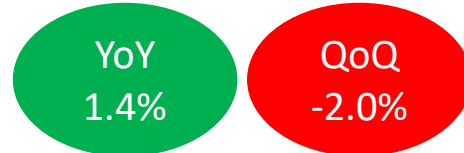
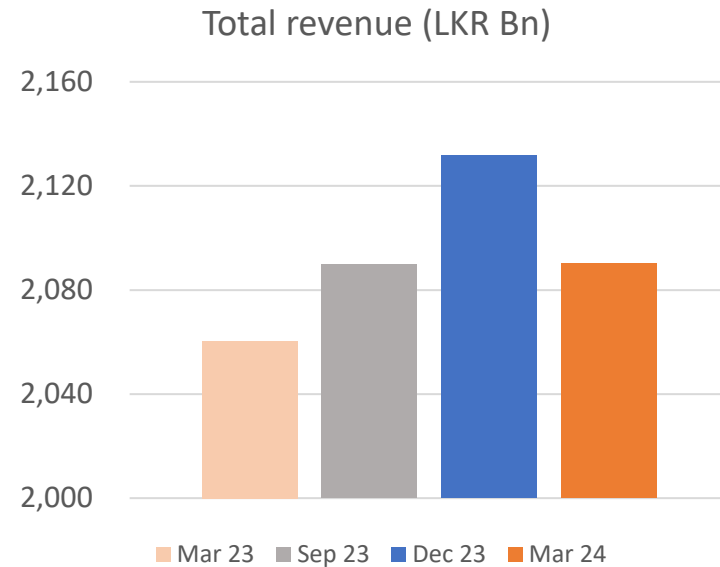
HAYL and JKH were the main contributors to revenue and profit in the capital goods segment.

COMB, HNB, and SAMP were the main contributors to revenue and profits in the banking segment.

LOLC was the main contributors to revenue in the diversified financial segment while profits in the segment was dominated by LOFC.

Source: Company reports, Ambeon estimates

Revenues and PAT indicated YoY increase for all companies



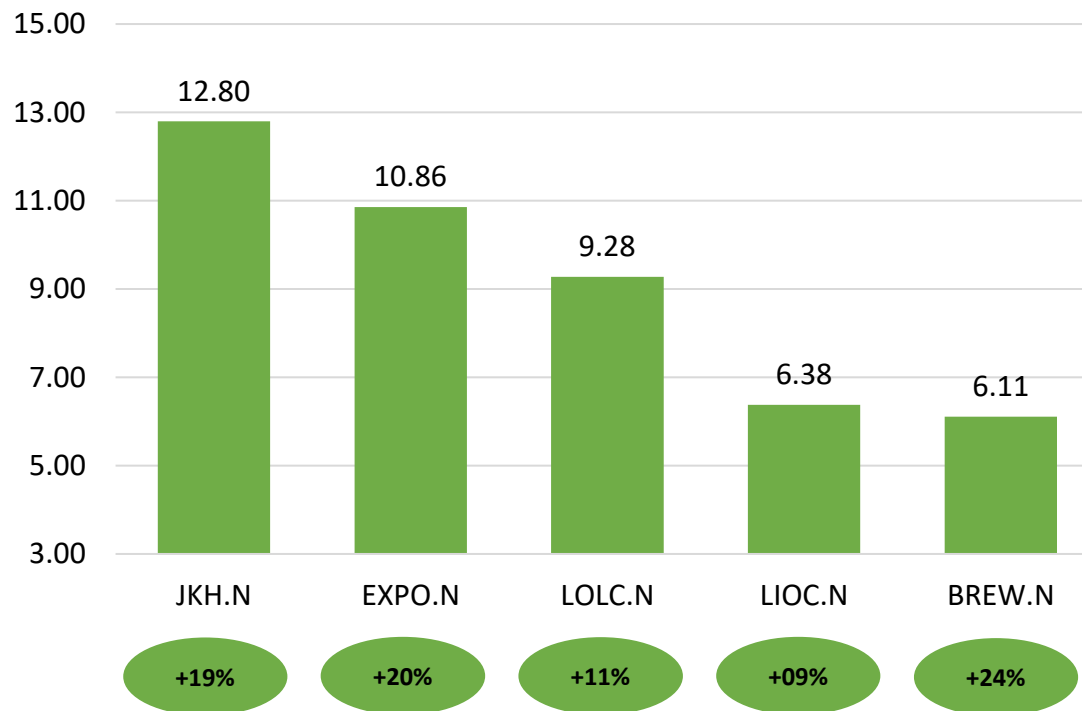
Notes:

1. The earnings for Mar 24 include audited and unaudited earnings released up to 10th June 2024
2. The largest growth/decline has been identified based on absolute terms, not based on percentages
3. Two companies were delisted in the Mar 24 quarter – REG and SINI. Dec earnings adjusted to reflect the same when comparing QoQ change
4. PAT reflects profit after tax for equity holders of the parent
5. Revenues of banks, diversified financials and insurance companies reflect gross revenues.
6. YoY refers to year-on-year; QoQ refers to quarter-on-quarter

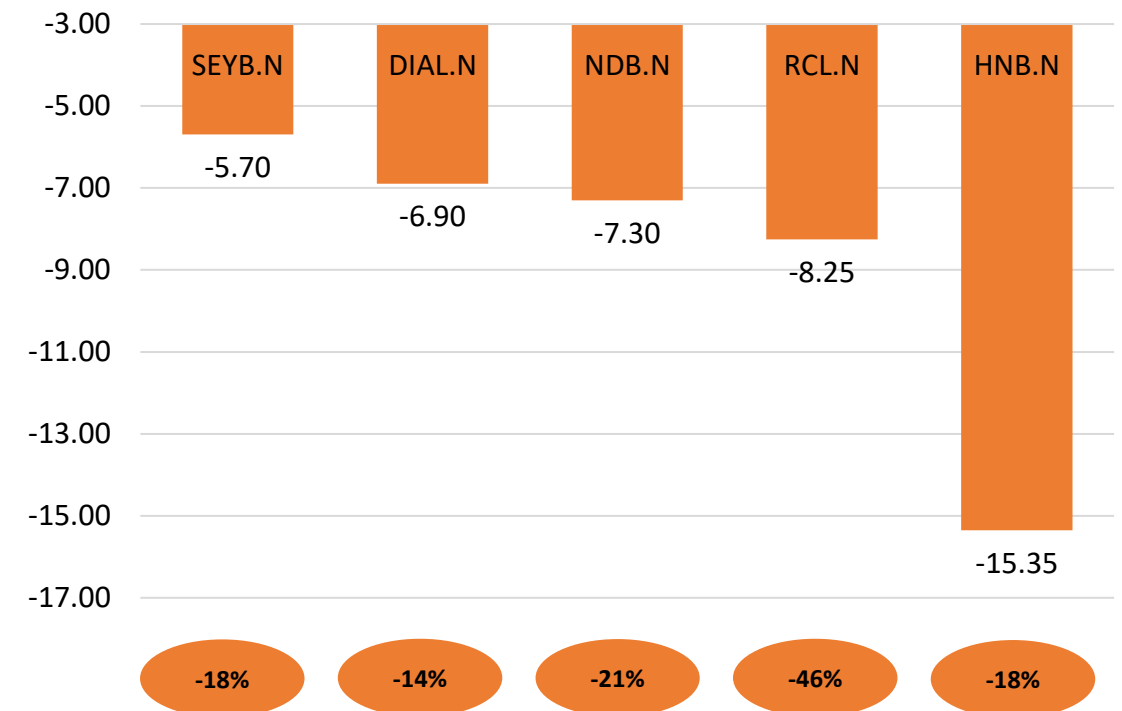
Source: Company reports, Ambeon estimates

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

Highest YoY revenue growth in the quarter (LKR Bn)



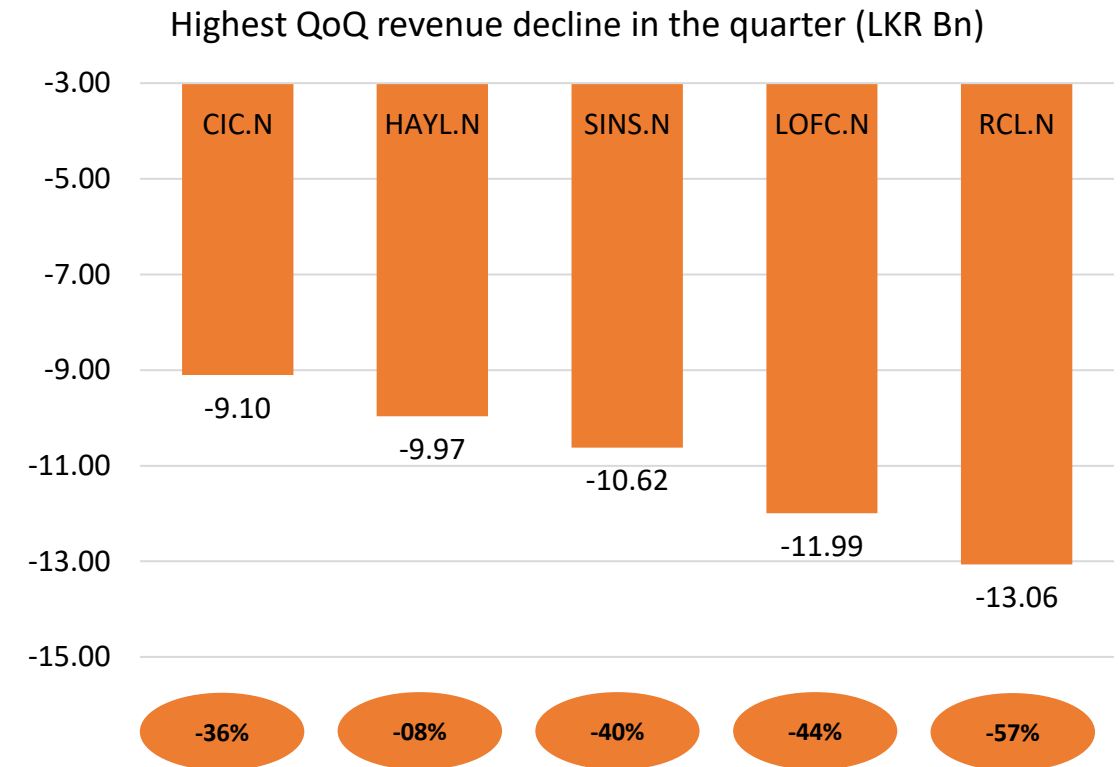
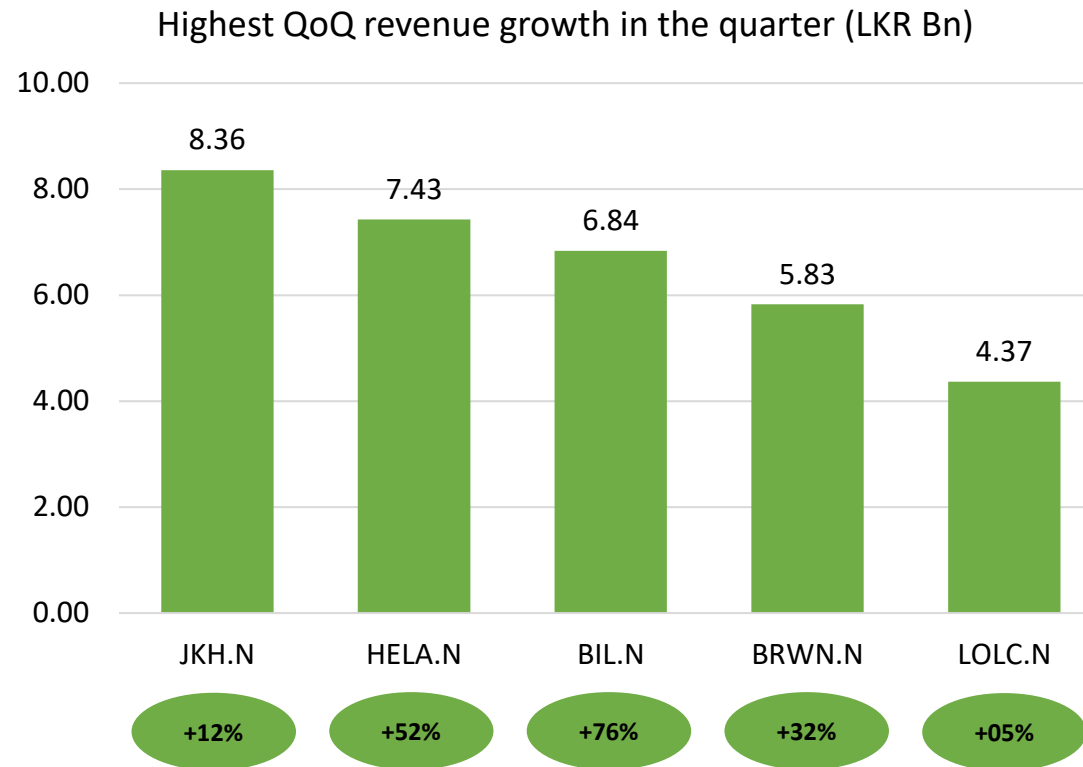
Highest YoY revenue decline in the quarter (LKR Bn)



JKH's transportation, leisure, retail and consumer foods segments collectively contributed to the significant YoY revenue growth. LOLC's revenue increase was driven by growth in the plantation segment. HNB experienced a notable decline in revenue due to a drop in interest income, which was impacted by lower interest rates. RCL experienced a decline in sales volume due to unfavorable demand conditions.

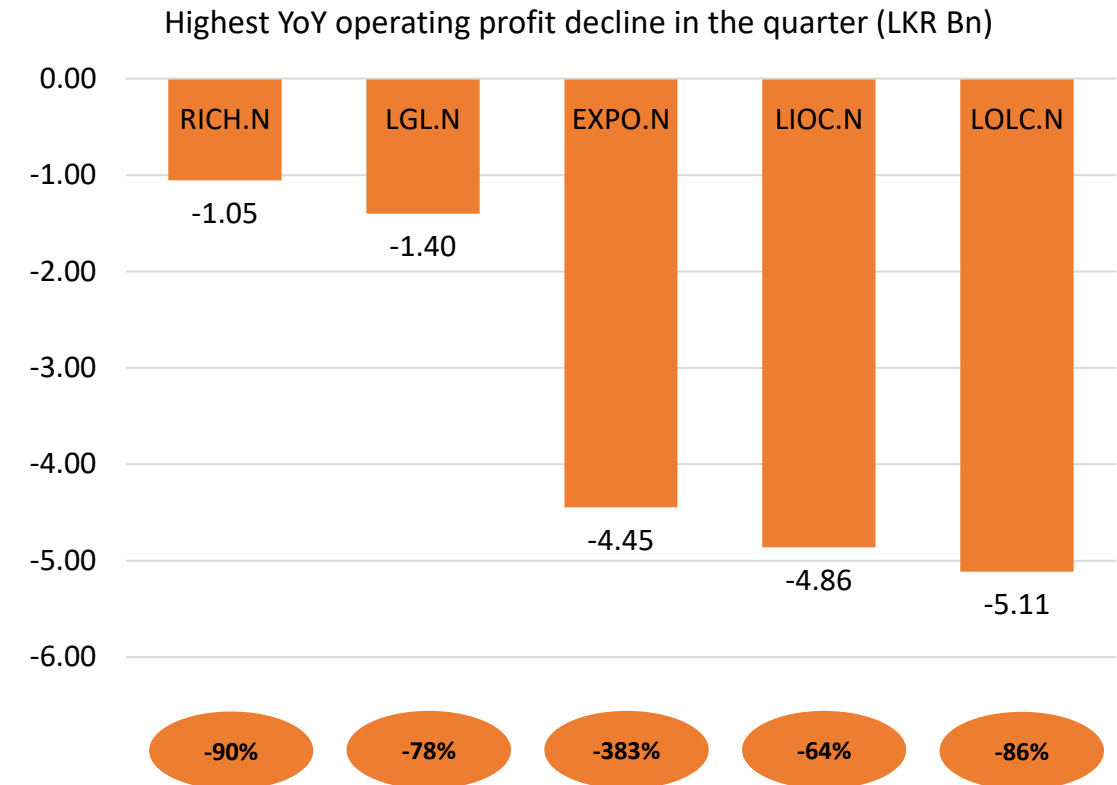
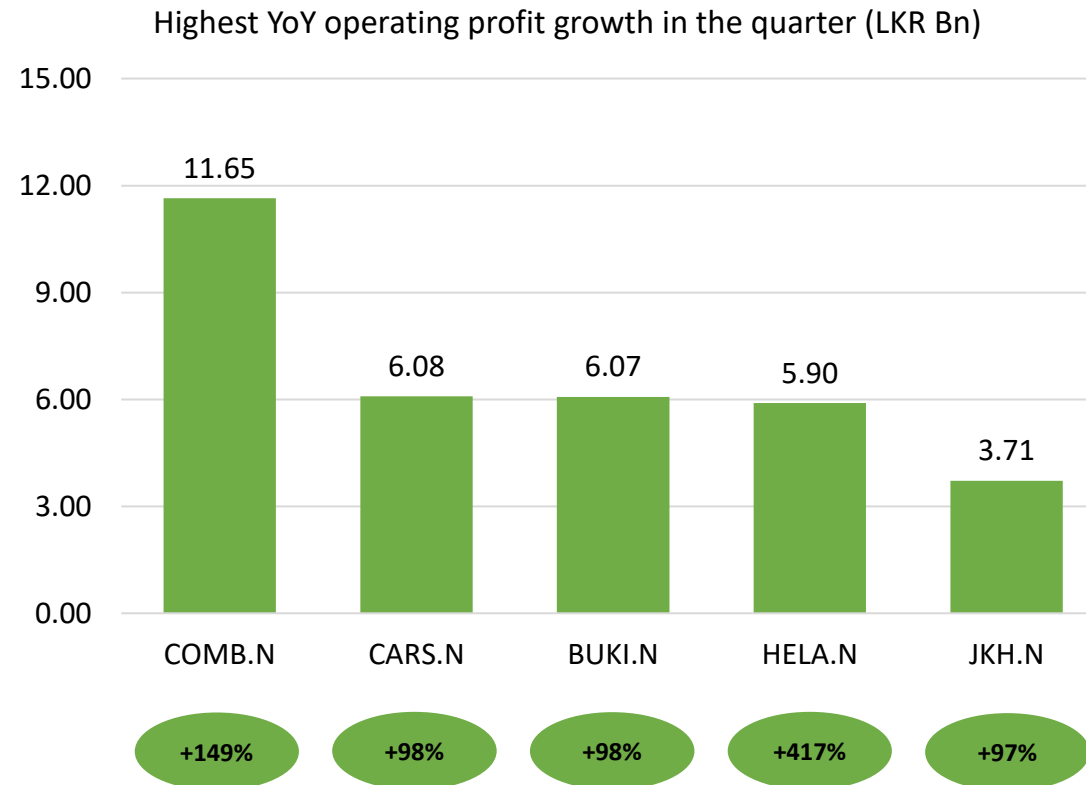
Source: Company reports, Ambeon estimates

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



JKH recorded a notable QoQ revenue growth in the transportation segment which mainly drove its overall QoQ revenue growth. RCL experienced a significant revenue decline primarily due to a decrease in volume.

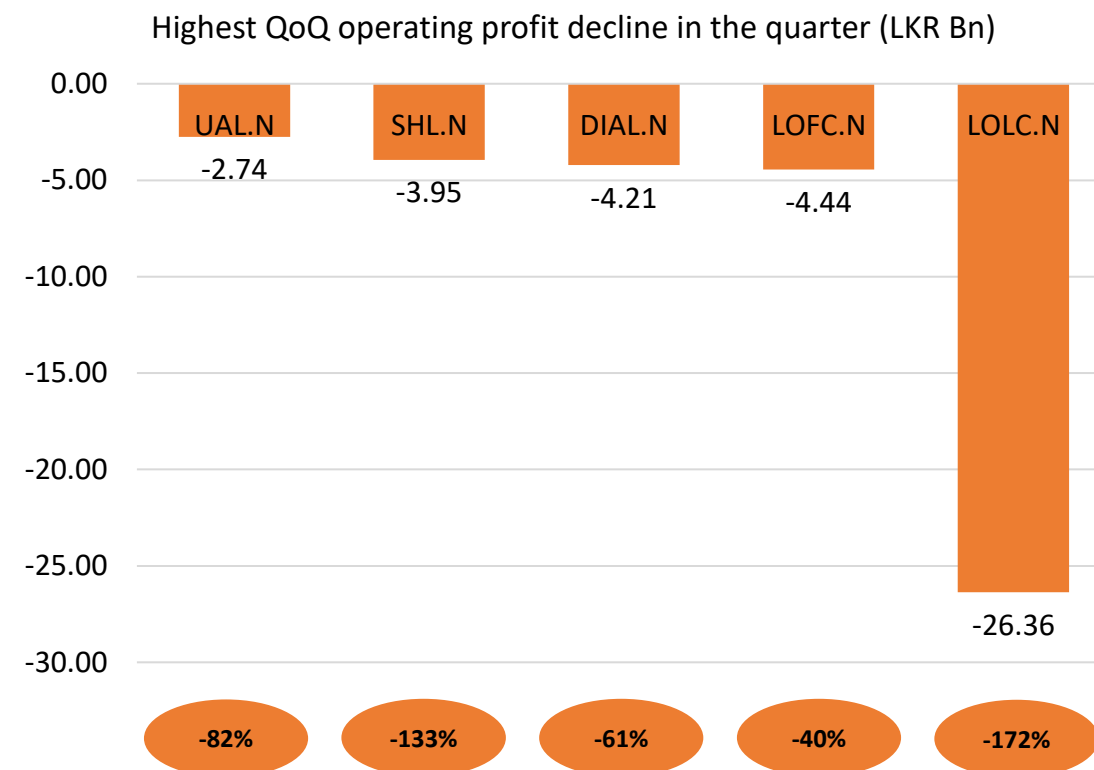
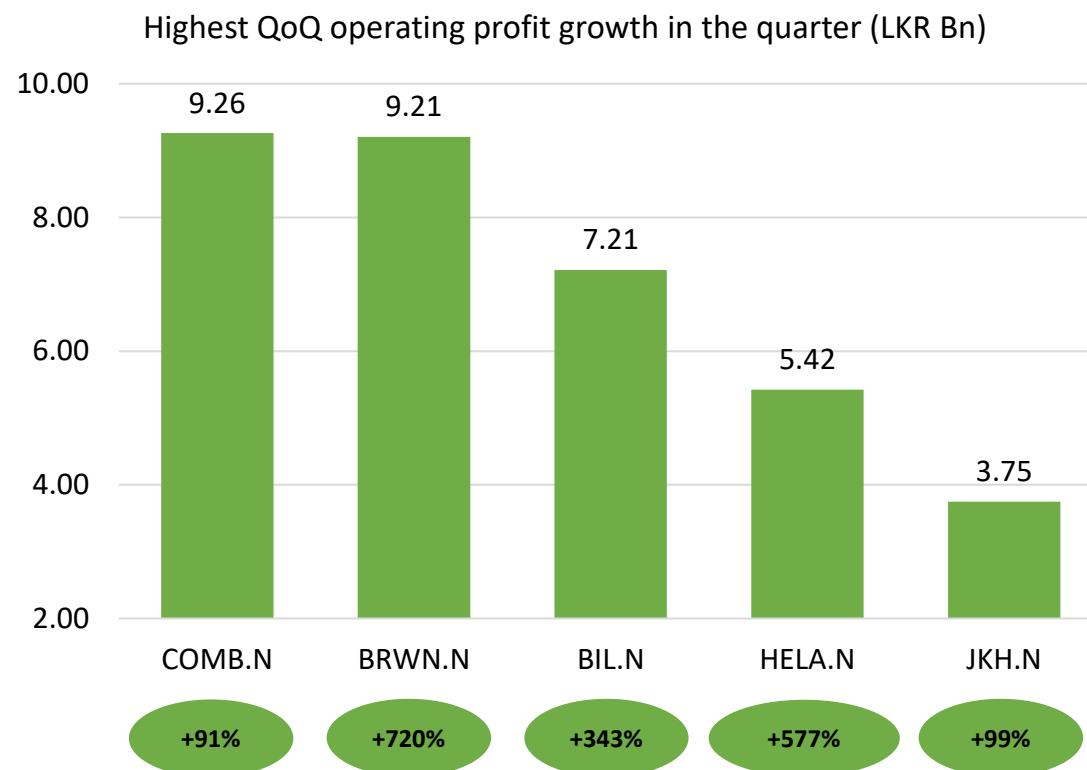
Overall operating profit growth (YoY) – top 5 positive and negative contributors



COMB experienced a notable YoY increase in operating profit due to an LKR 14.27Bn reduction in interest expenses, along with an LKR 3.36Bn decline in impairment chargers and other losses. LOLC's operating profit decreased significantly due to a substantial increase in other operating expenses.

Source: Company reports, Ambeon estimates

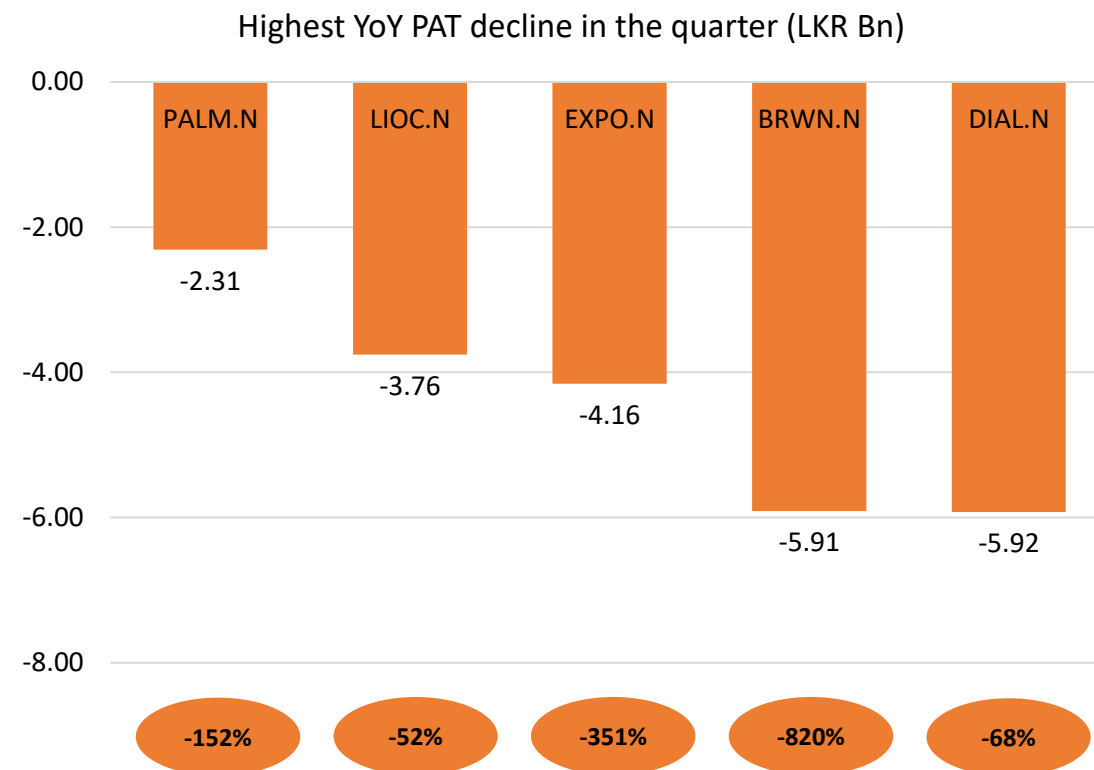
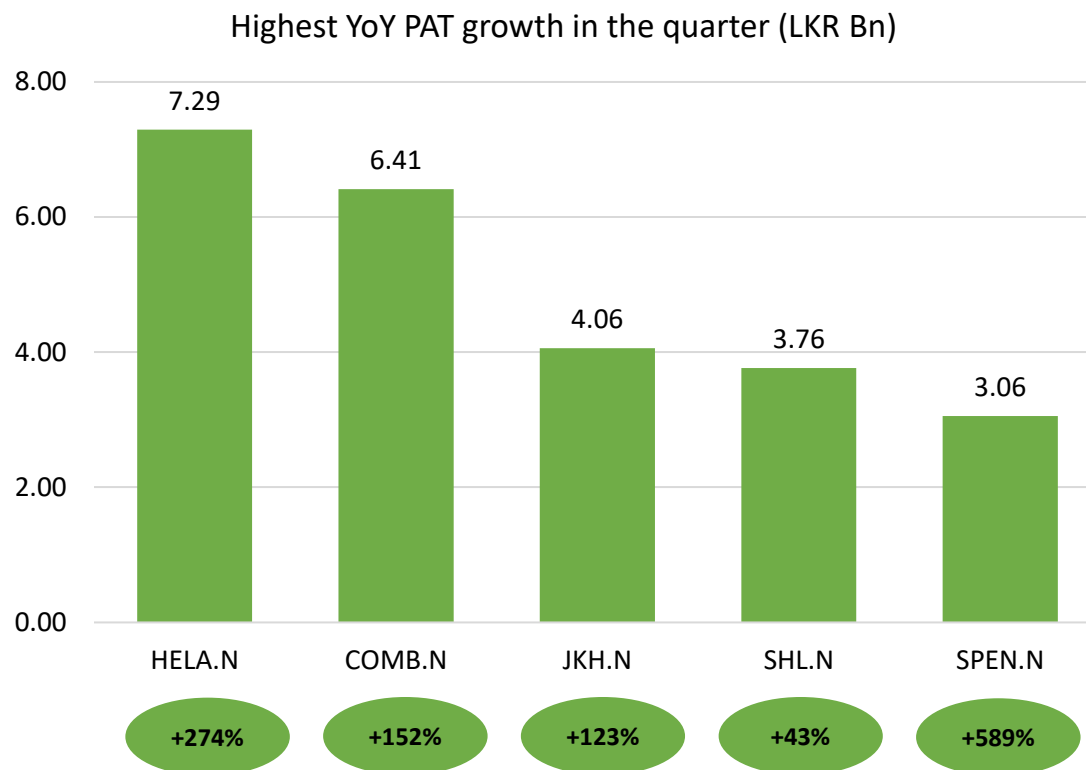
Overall operating profit growth (QoQ) – top 5 positive and negative contributors



COMB's significant QoQ growth in operating profits is primarily due to reduced impairment charges and other losses by LKR 9.68Bn. LOLC's QoQ operating profit saw a significant decline, primarily due to an increase in other operating expenses amounting to LKR 18.63Bn and a rise in net impairment losses totalling LKR 9.89Bn.

Source: Company reports, Ambeon estimates

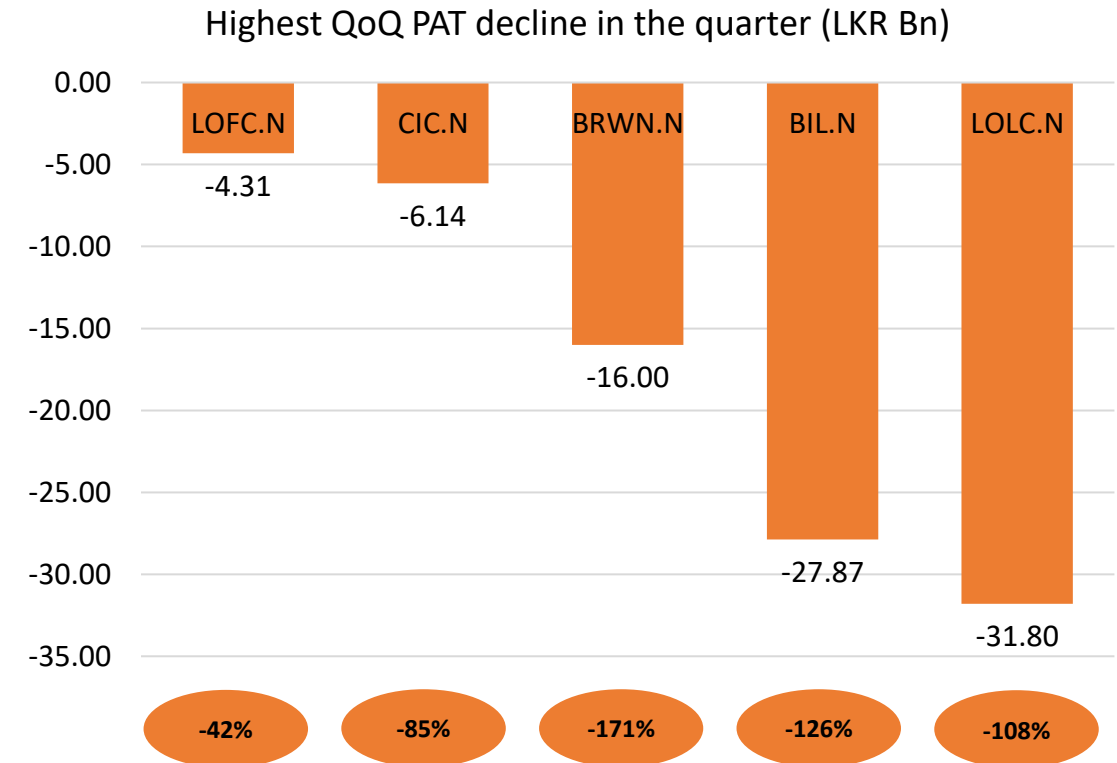
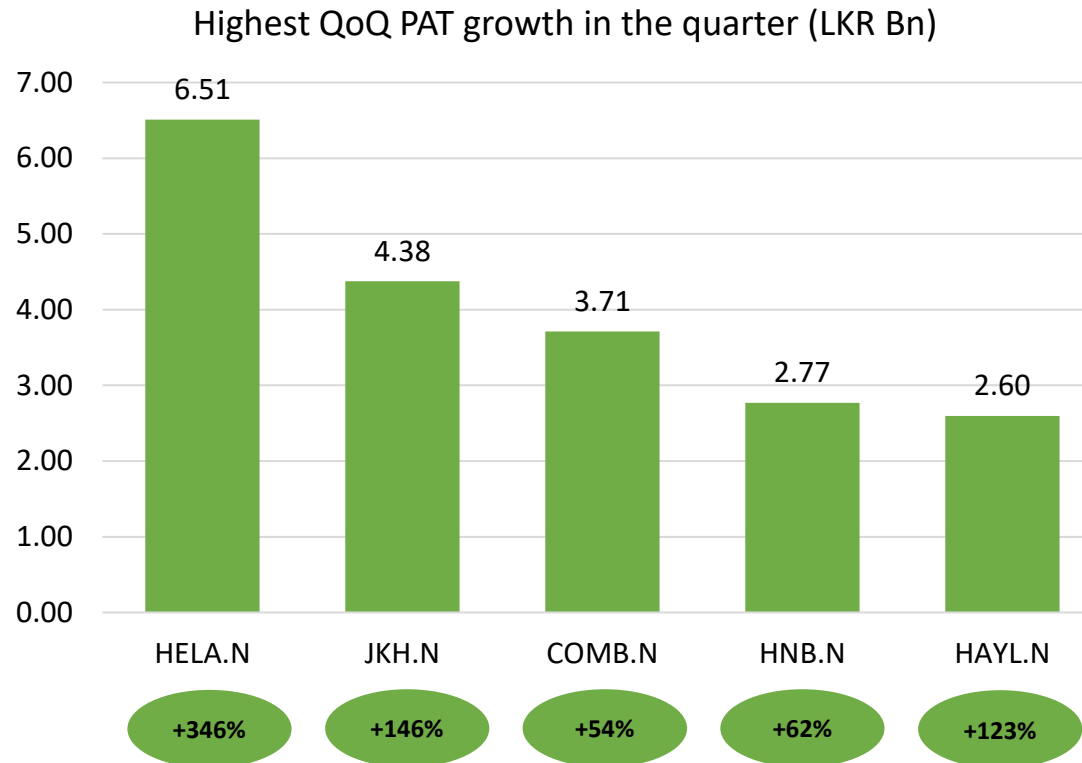
Overall PAT growth (YoY) – top 5 positive and negative contributors



HELA's significant YoY growth in PAT was primarily due to an LKR 8.3Bn one-off valuation gain from the acquisition of Focus Brands, which was recorded under other income. DIAL experienced a notable decline in YoY PAT due to an LKR 5.14Bn reduction in net foreign exchange gain. BRWN saw a considerable increase in finance costs.

Source: Company reports, Ambeon estimates

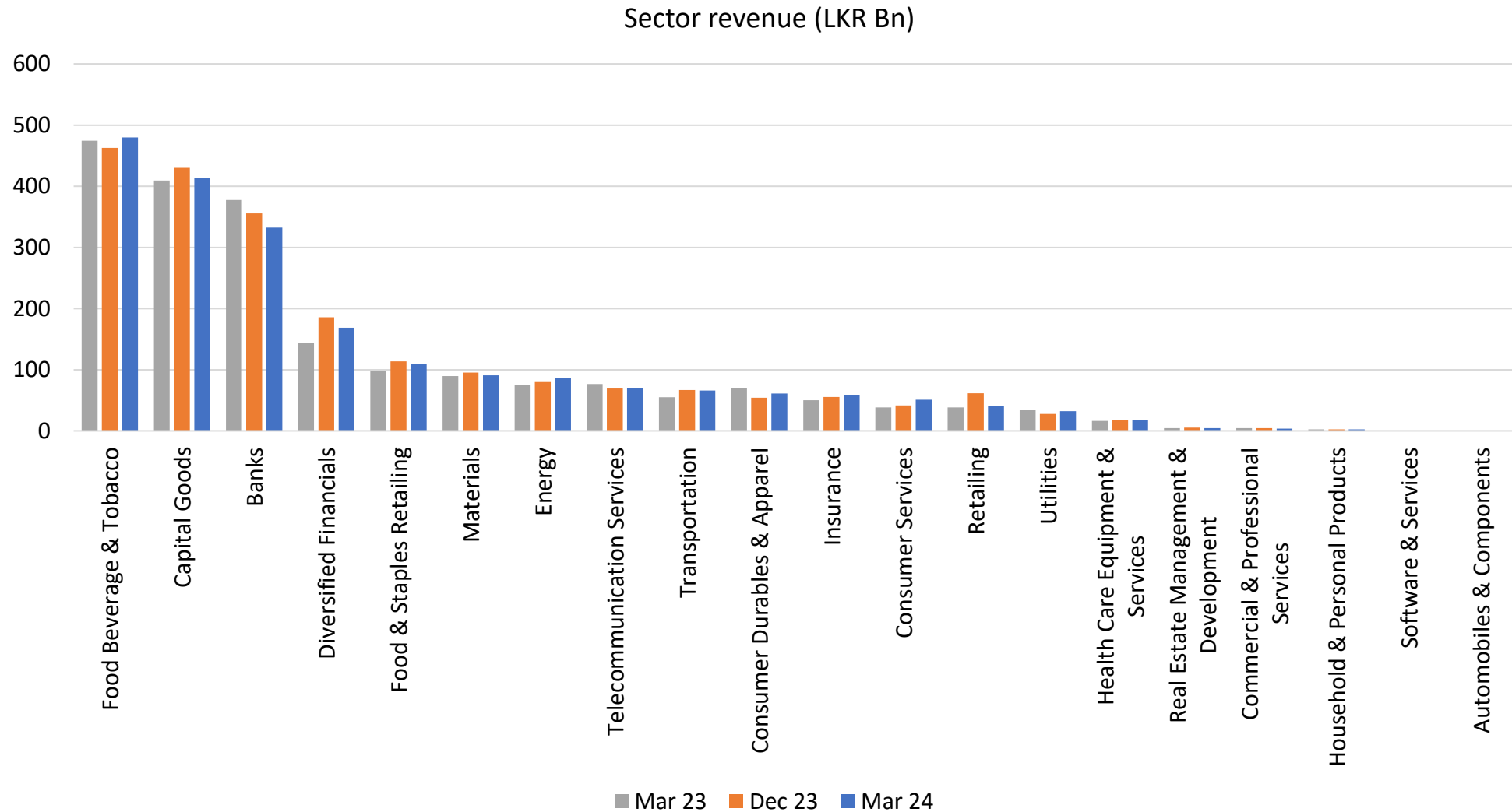
Overall PAT growth (QoQ) – top 5 positive and negative contributors



HELA's significant QoQ growth in PAT was primarily due to a one-off valuation gain of LKR 8.3Bn from the acquisition of Focus Brands, which was recorded under other income. LOLC's PAT experienced a QoQ decline in Mar 24 due to the absence of LKR 15.03Bn abnormal gain from the acquisition that was recorded in the previous quarter. Similarly, BIL also saw a QoQ decline in Mar 24 due to the absence of LKR 26.7Bn abnormal gain from the bargain purchase recorded in Dec 23.

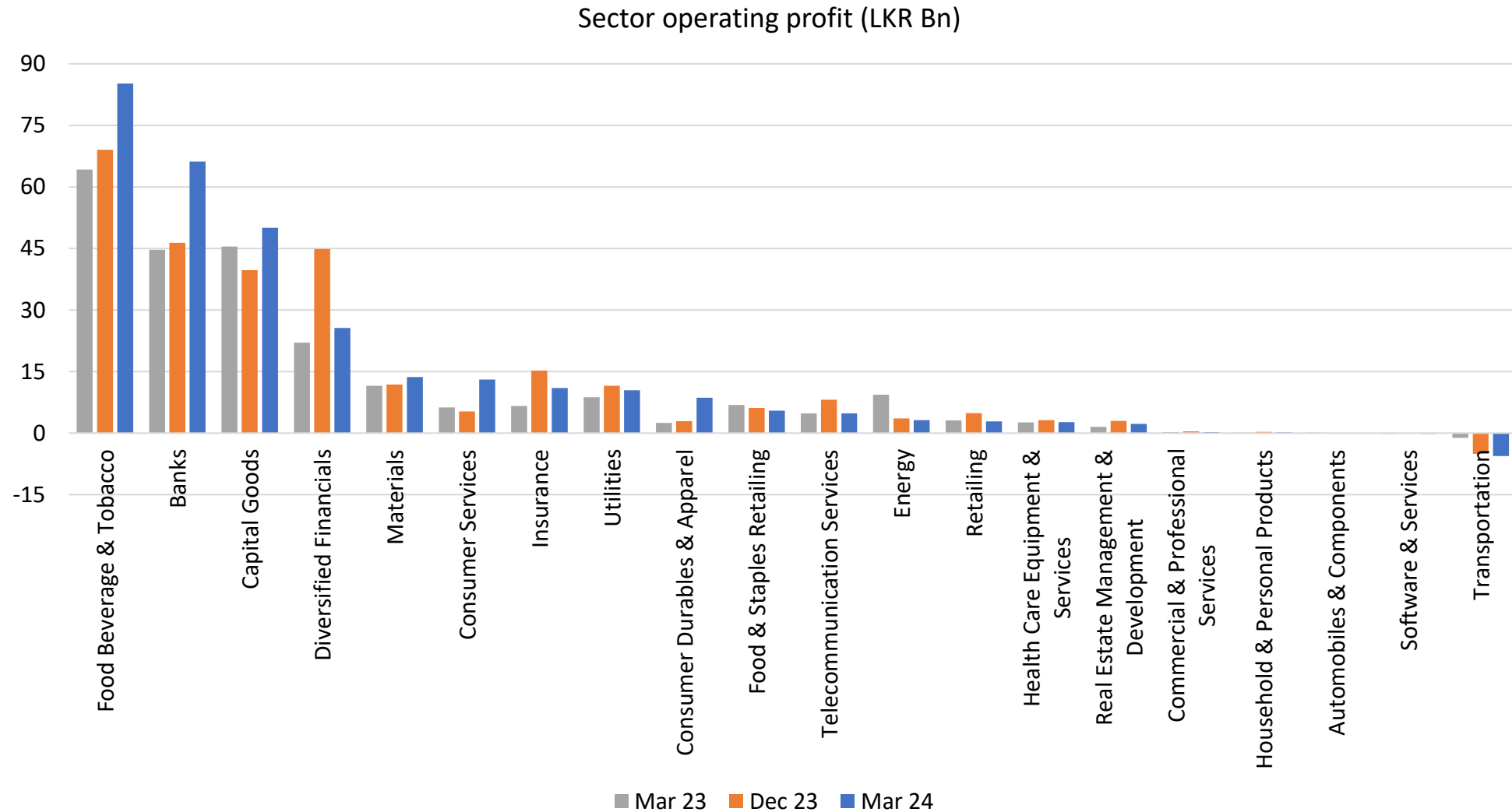
Source: Company reports, Ambeon estimates

Sector-wise revenues



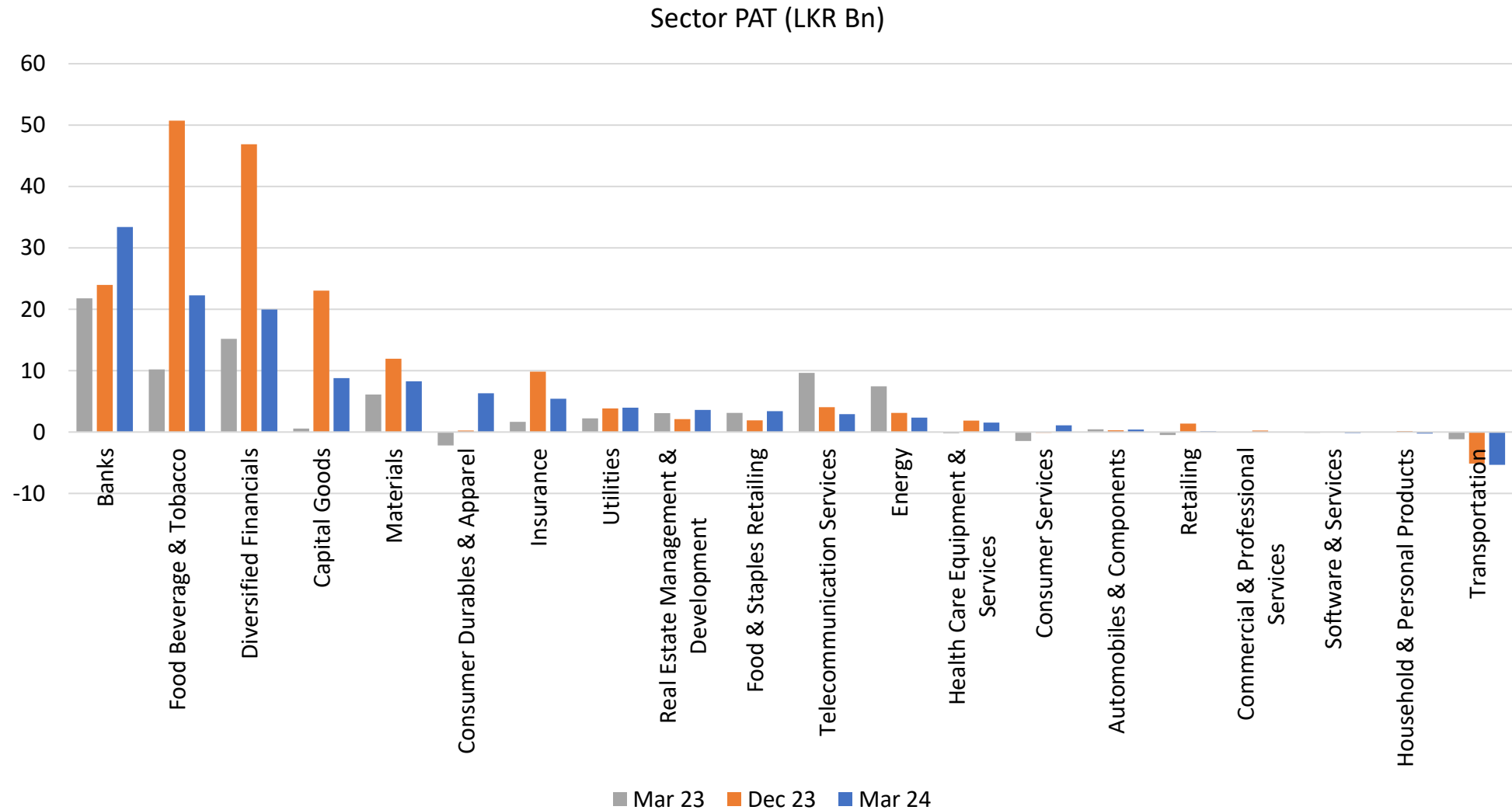
Source: Company reports, Ambeon estimates

Sector-wise operating profits



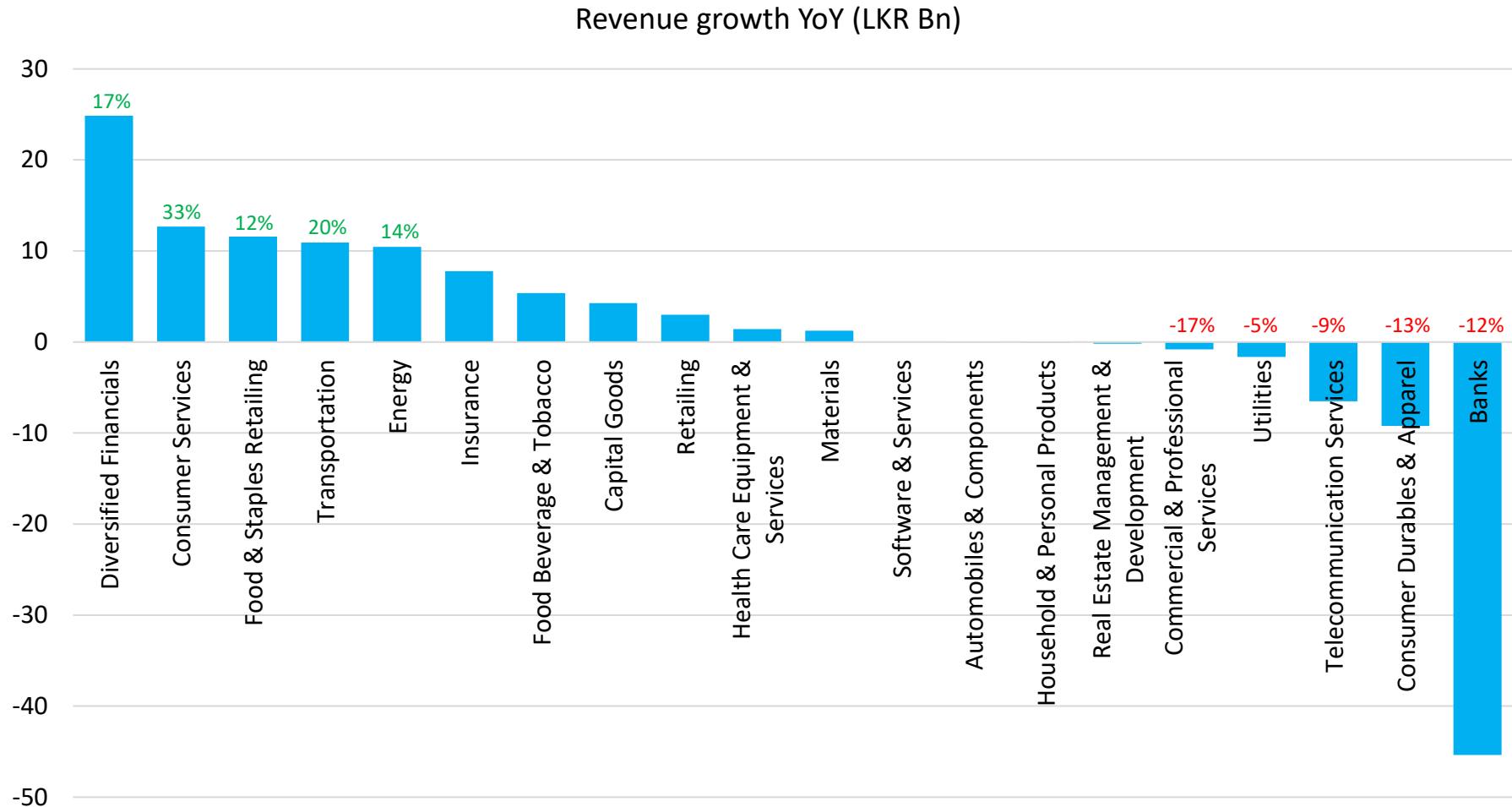
Source: Company reports, Ambeon estimates

Sector-wise PAT



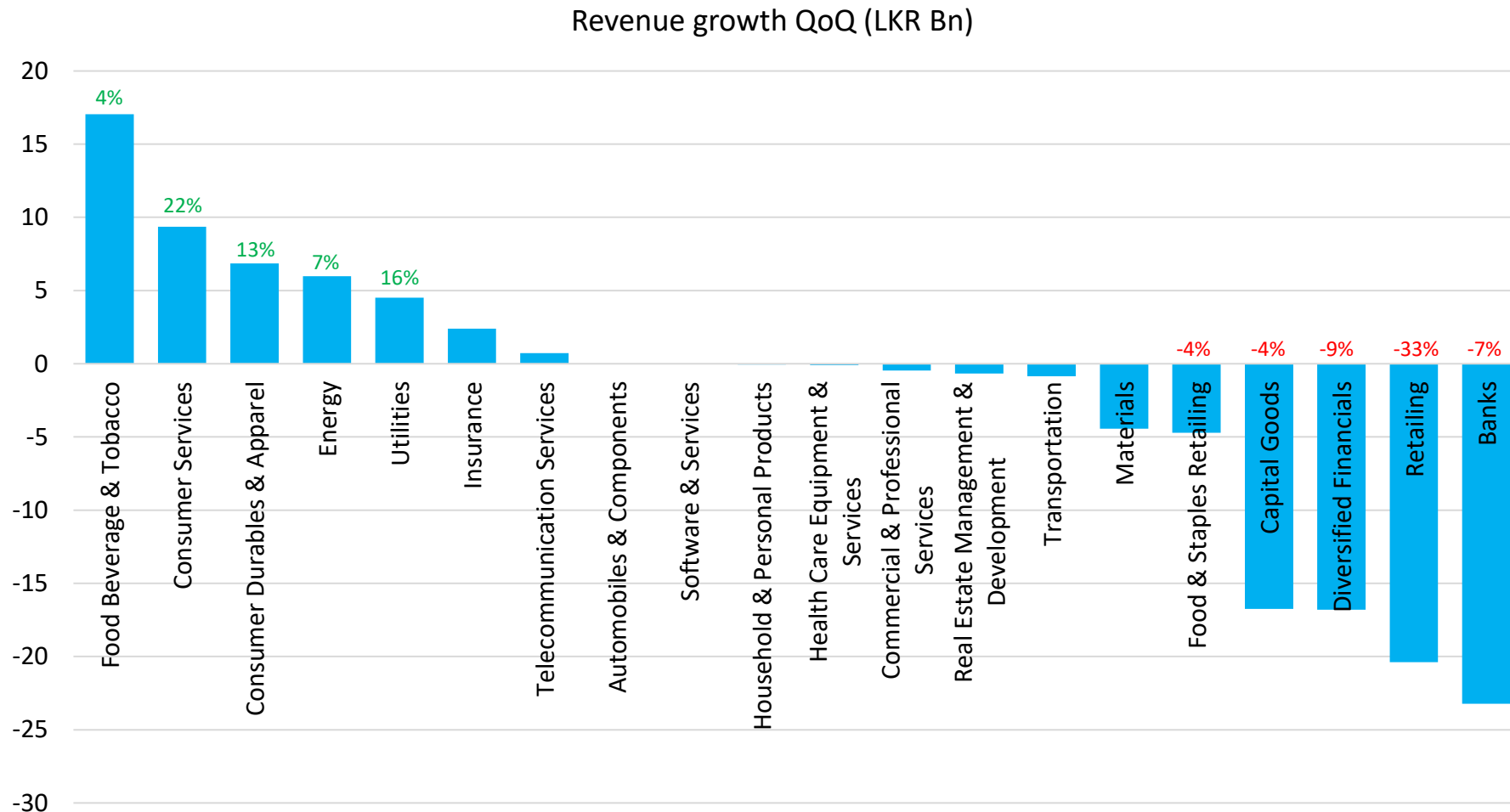
Source: Company reports, Ambeon estimates

Diversified financials sector saw the largest YoY revenue growth while banking sector saw the largest YoY decline



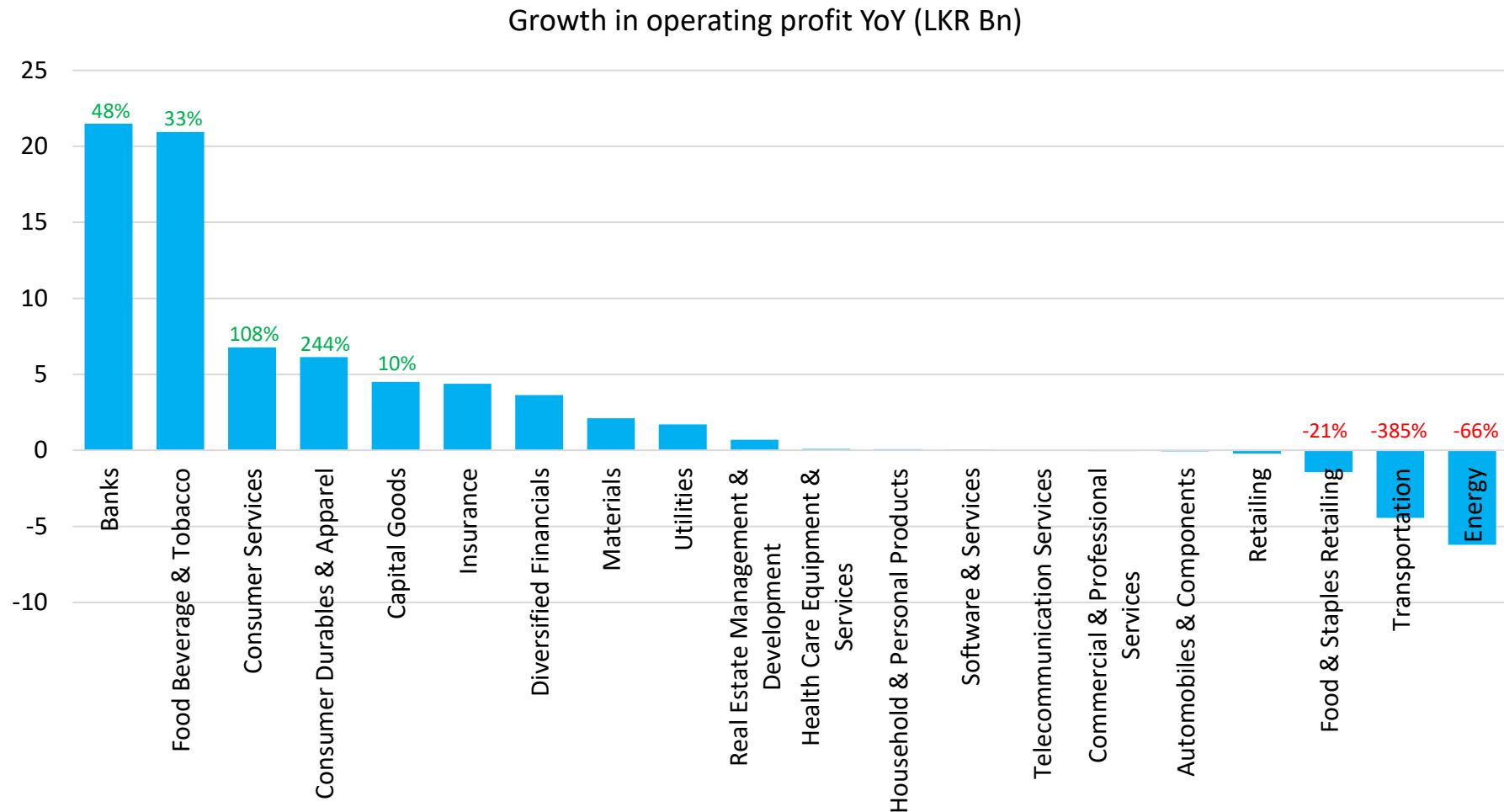
Source: Company reports, Ambeon estimates

Food Beverage & Tobacco sector saw the largest QoQ revenue growth while banking sector saw the largest QoQ decline



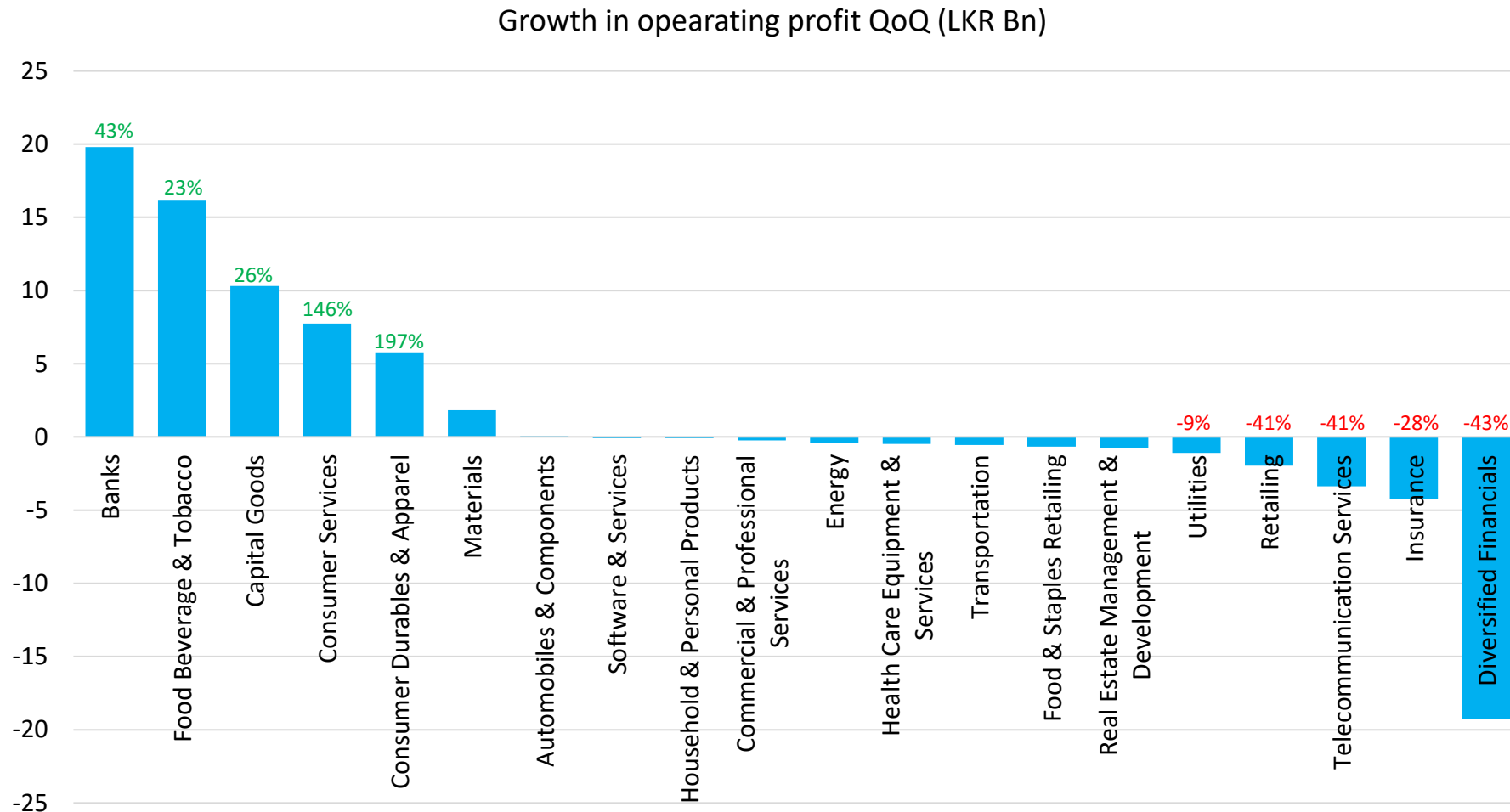
Source: Company reports, Ambeon estimates

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



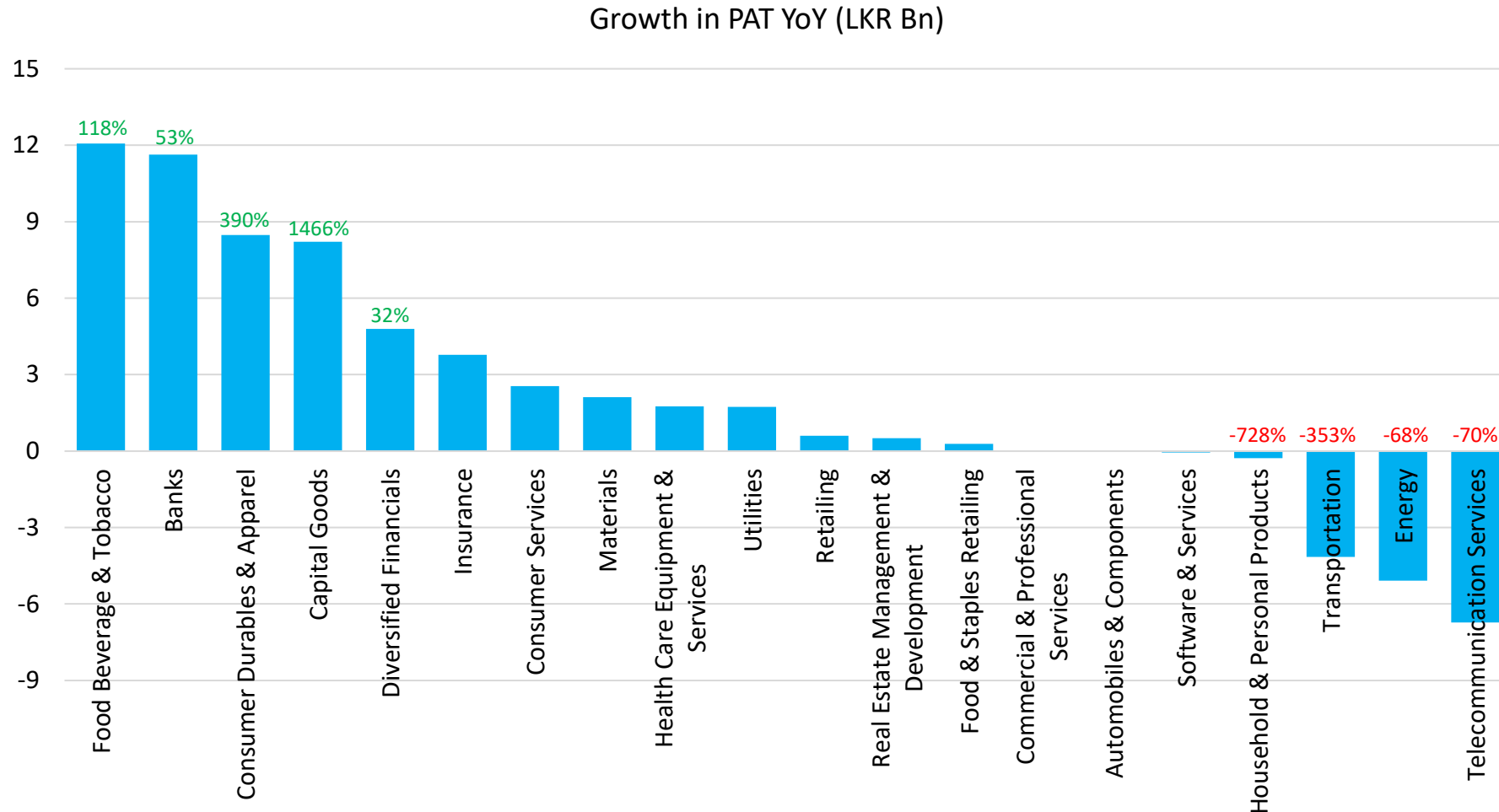
Source: Company reports, Ambeon estimates

Banking sector saw the largest QoQ operating profit growth while diversified financials sector saw the largest QoQ decline



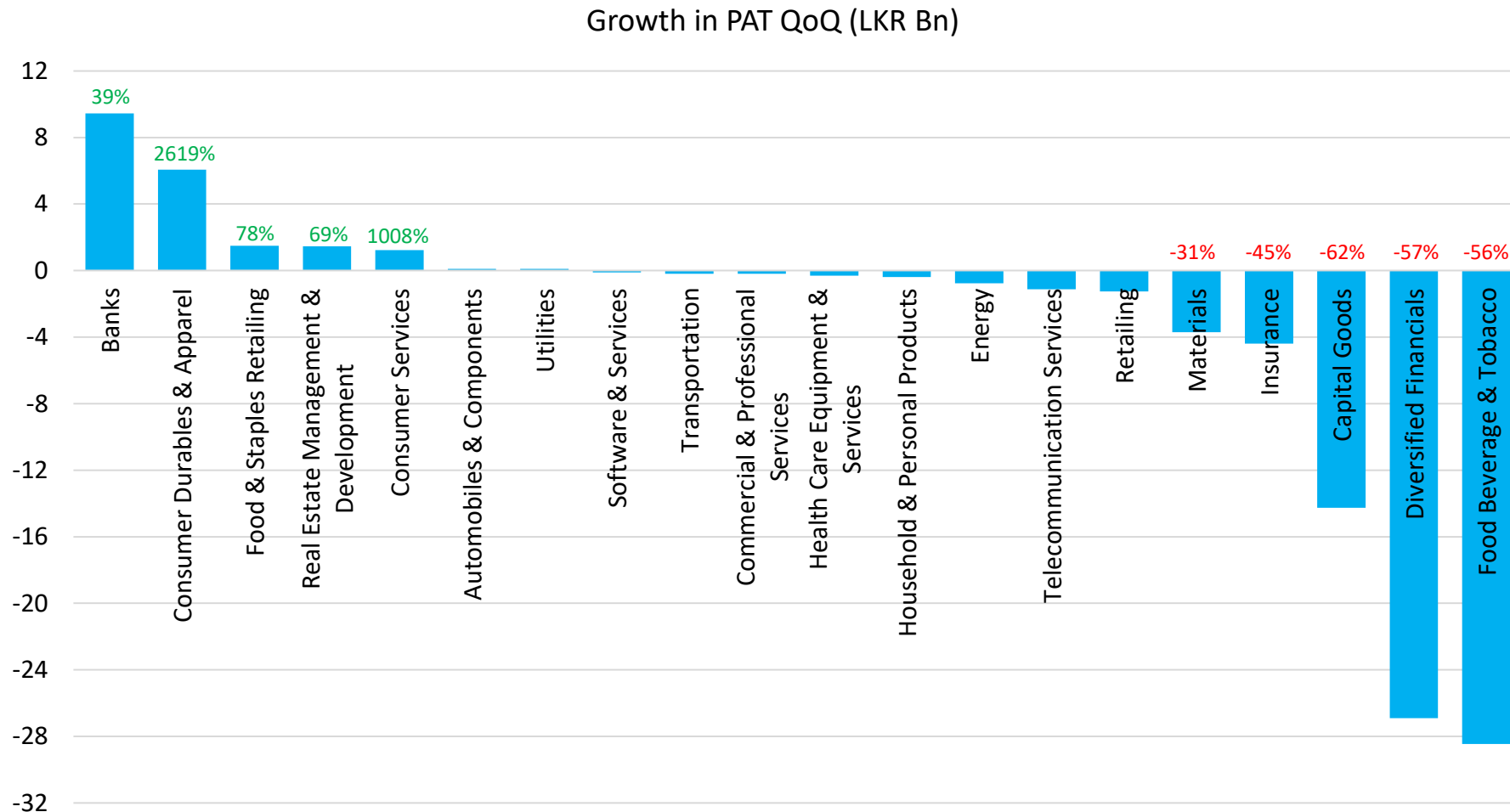
Source: Company reports, Ambeon estimates

Food beverage & tobacco sector saw the largest YoY PAT growth while telecommunication services 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

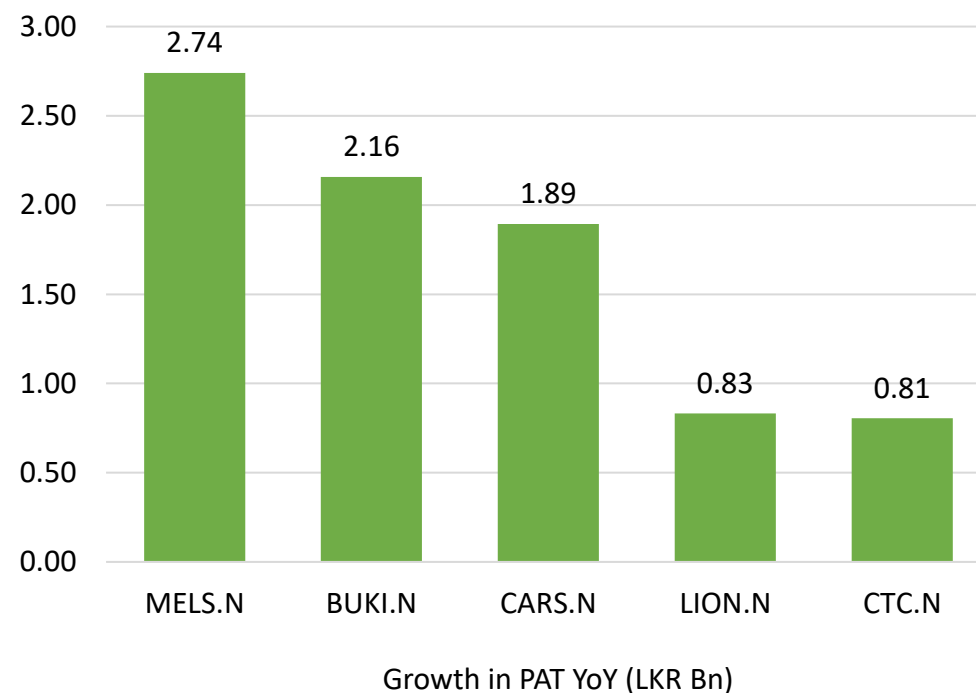


Source: Company reports, Ambeon estimates

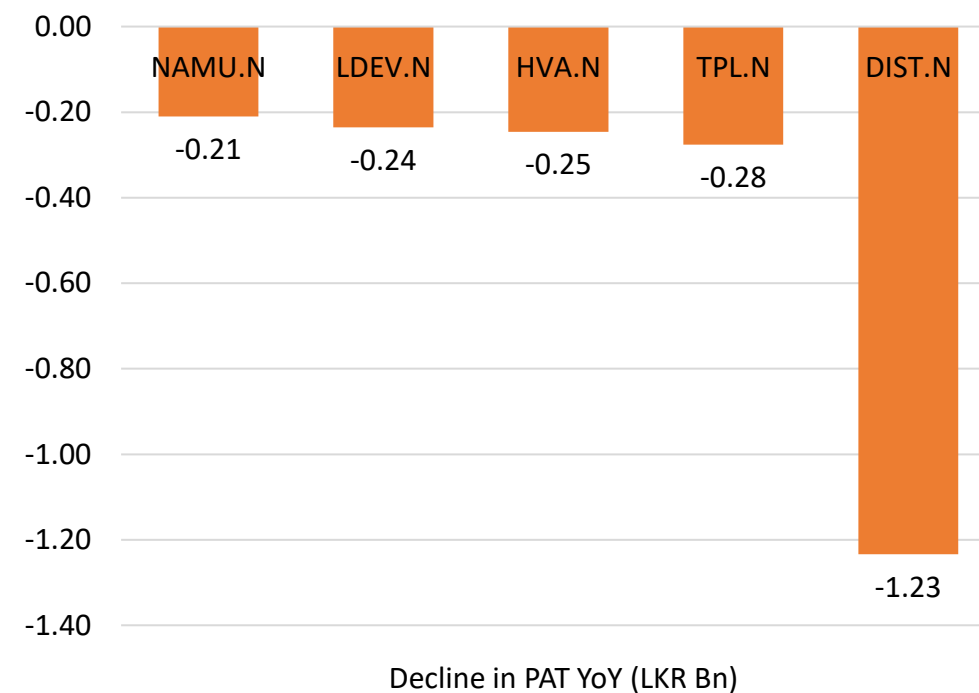
Food beverage & tobacco sector profits – top 5 positive and negative contributors

Sector PAT YoY +118% QoQ -56%

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



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

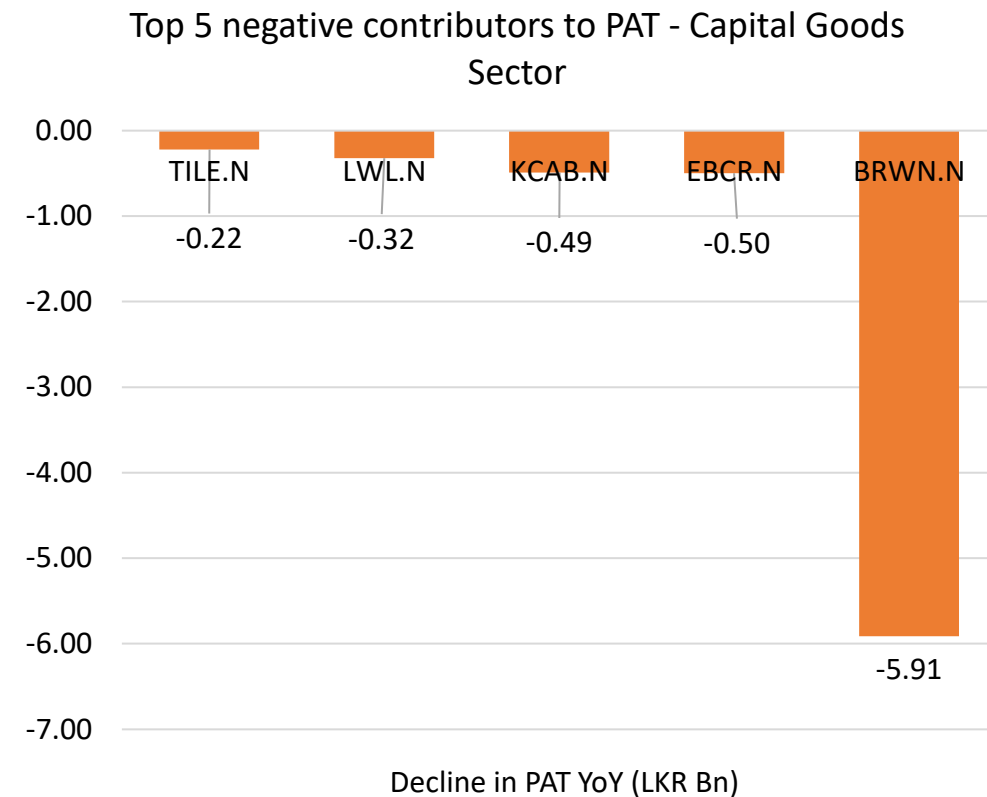
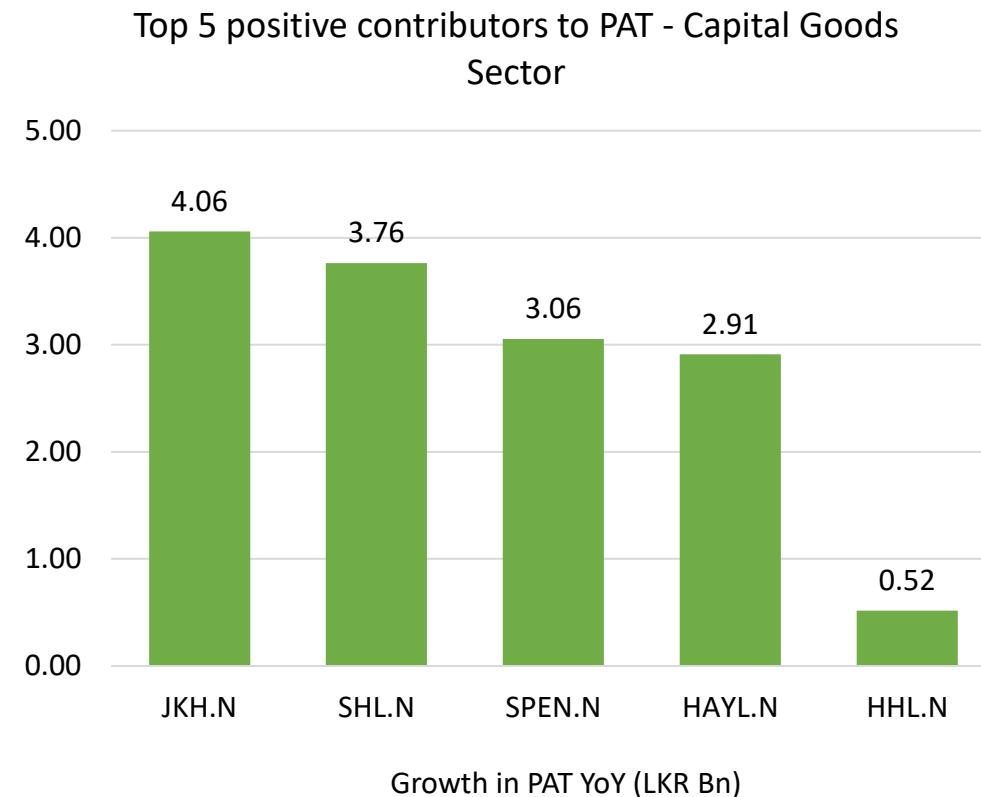


MELS experienced YoY growth in PAT primarily due to a decline in net finance cost. BUKI also reported significant PAT growth driven by a reduction in direct operating costs and a shift from a loss to a gain related to changes in the fair value of biological assets. DIST saw a notable YoY decline in PAT, mainly due to a reduction in gross income.

Source: Company reports, Ambeon estimates

Capital goods sector profits - top 5 positive and negative contributors

Sector PAT YoY +1466% QoQ -62%

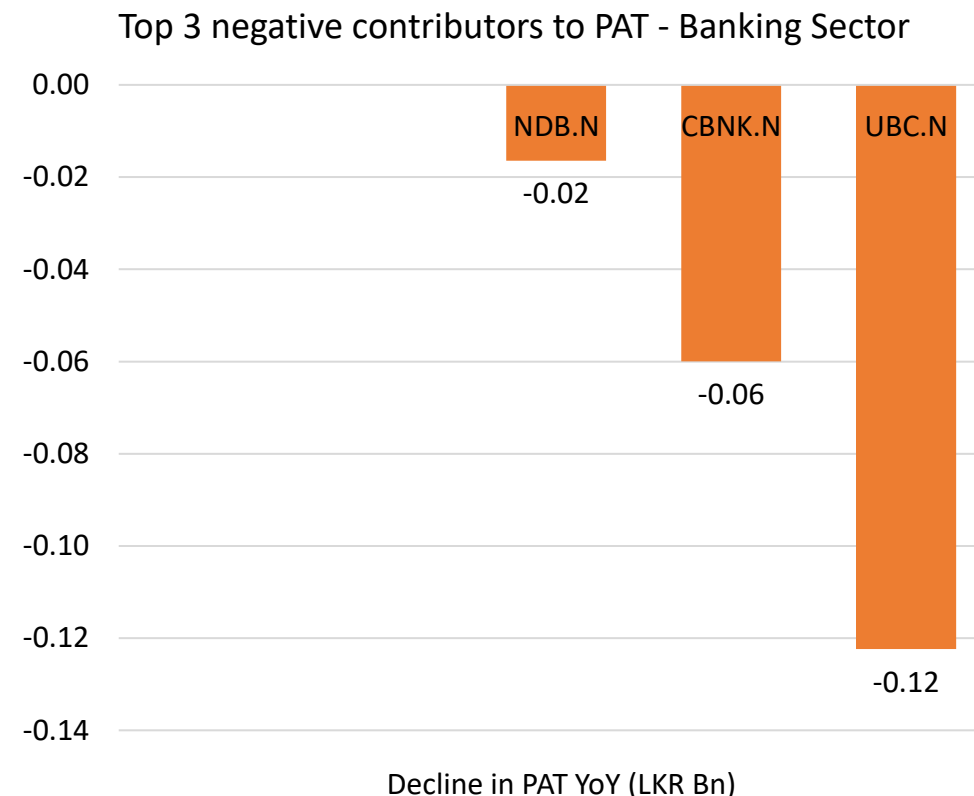
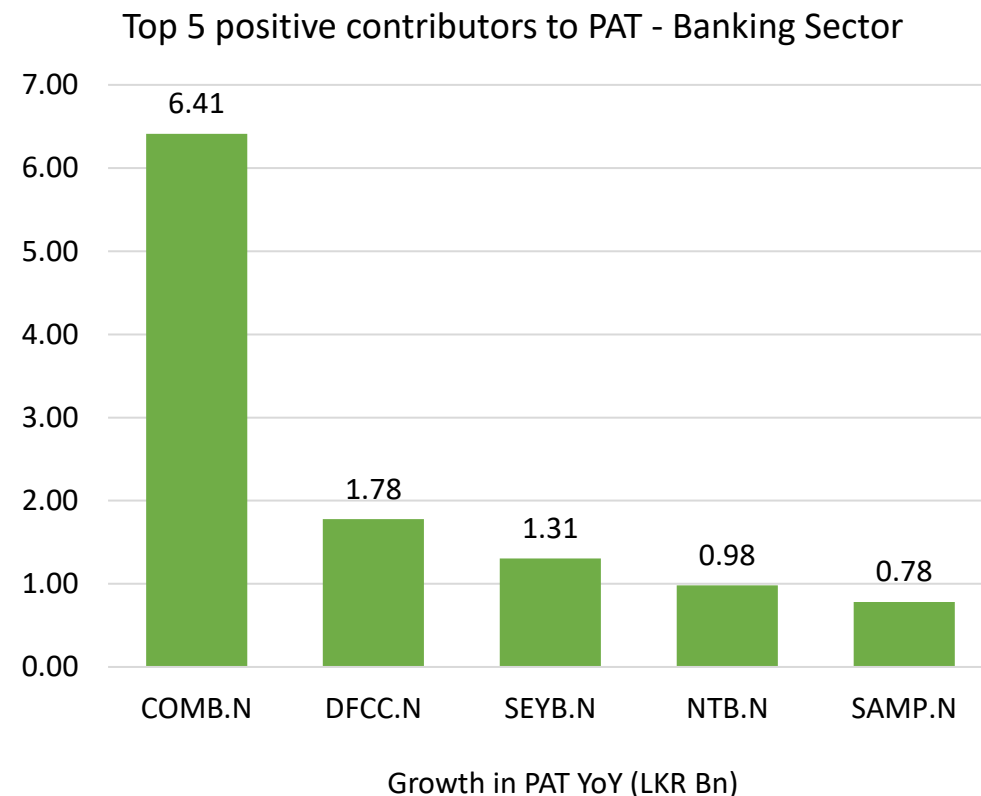


JKH's YoY PAT growth was driven by significant revenue growth and notable net finance income earned during the quarter. SHL saw a notable increase in YoY PAT growth due to a decline in net finance costs and a reduction in administration costs. BRWN experienced a significant YoY PAT decline due to a notable increase in finance cost, amounting to LKR 9.19Bn.

Source: Company reports, Ambeon estimates

Banking sector profits – top positive and negative contributors

Sector PAT YoY +53% QoQ +39%

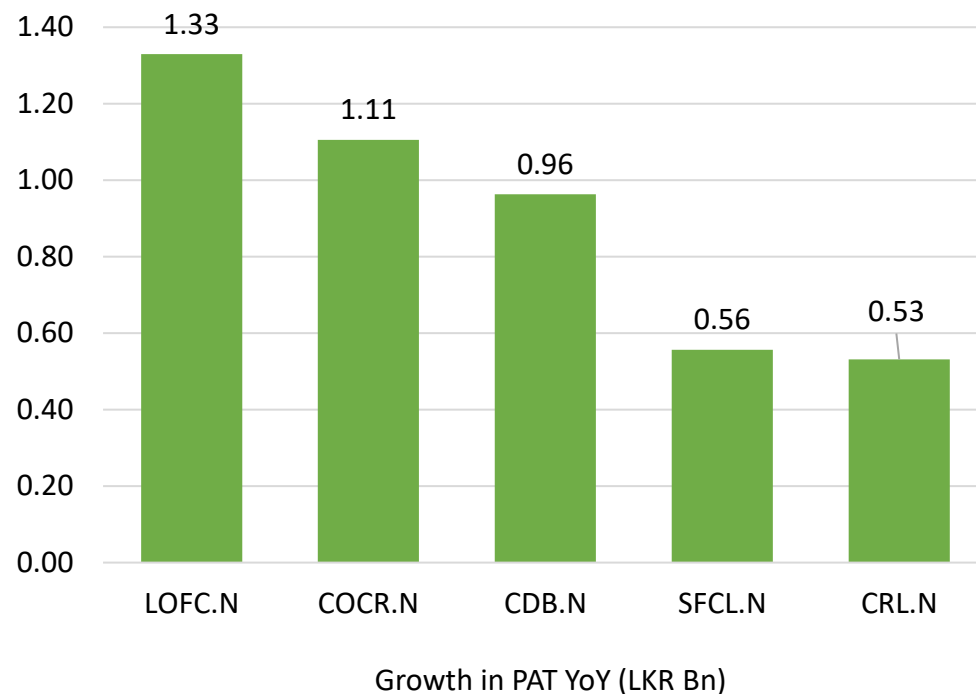


COMB experienced a notable YoY increase in PAT attributed to a reduction in interest expenses, also decline in impairment chargers and other losses. UBC witnessed a YoY PAT decline due to a reduction in net interest income.

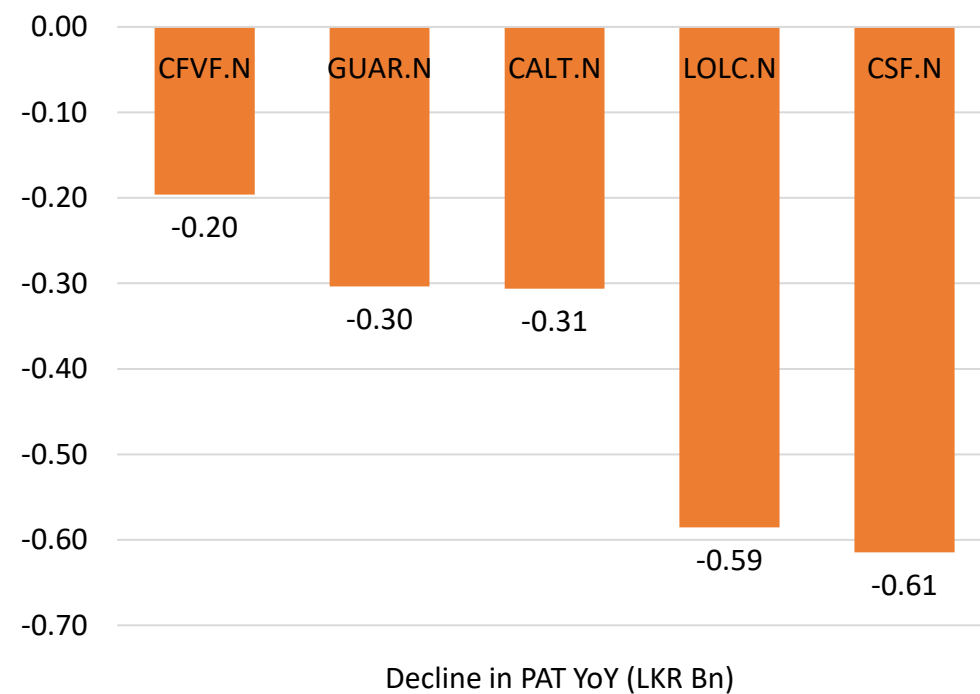
Diversified financials sector profits – top 5 positive and negative contributors

Sector PAT YoY +32% QoQ -57%

Top 5 positive contributors to PAT – Diversified Financials Sector



Top 5 negative contributors to PAT – Diversified Financials Sector



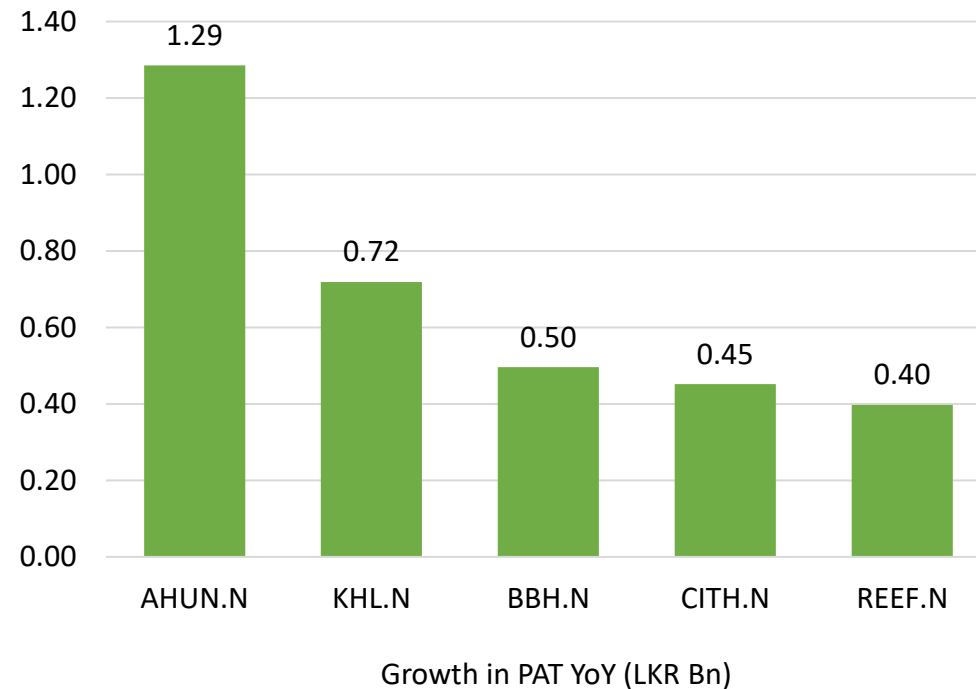
LOFC's YoY PAT growth was attributed to an increase in net other operating income. CSF experienced a YoY PAT decline due to the transformation of other operating income into an operating expense during the quarter, coupled with an increase in net interest expenses. LOLC witnessed an increase in other operating expenses.

Source: Company reports, Ambeon estimates

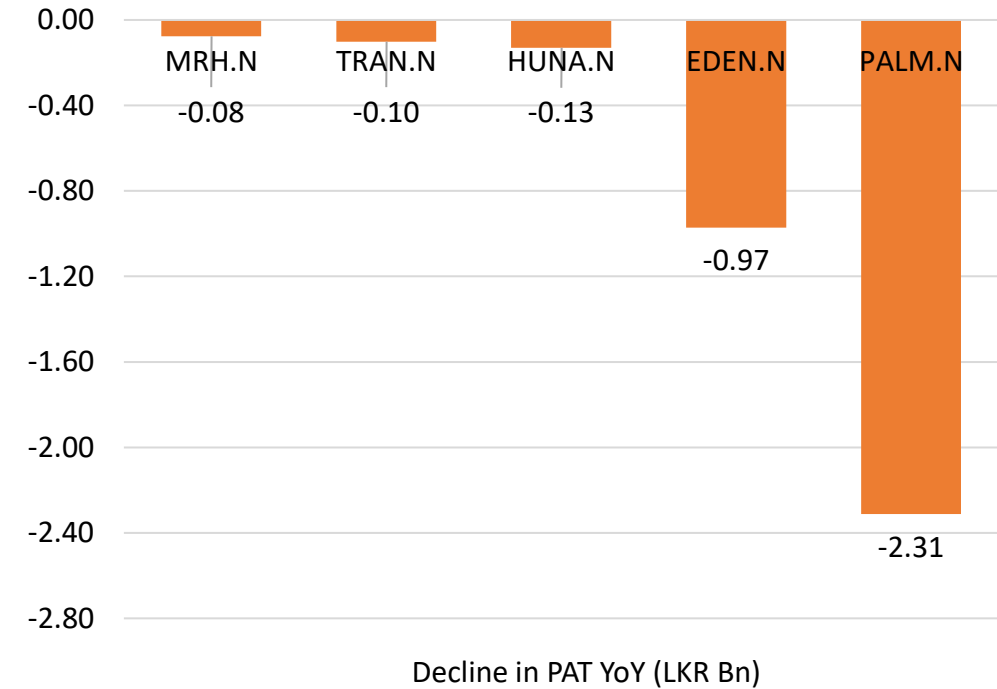
Consumer Services sector profits – top 5 positive and negative contributors

Sector PAT YoY +176% QoQ +1008%

Top 5 positive contributors to PAT - Consumer Services Sector



Top 5 negative contributors to PAT - Consumer Services Sector



AHUN experienced an increase in revenue and a reduction in net finance costs, leading to YoY growth in PAT. PALM saw a significant YoY decline in PAT due to a substantial rise in net finance costs during the quarter.

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