

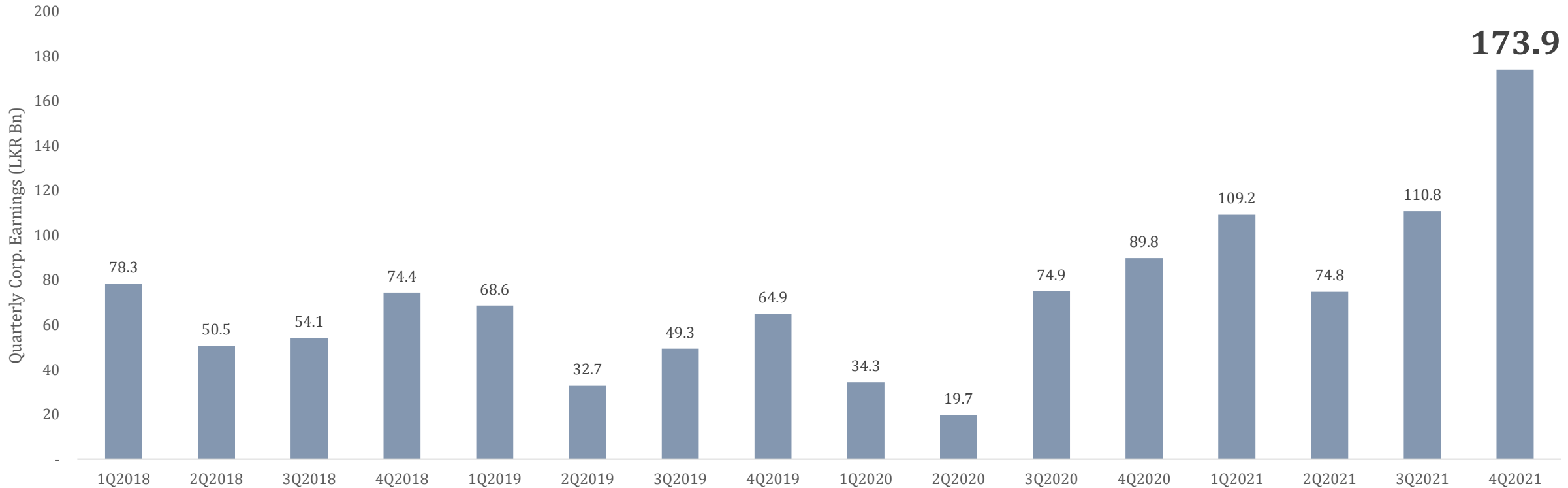
Corporate Earnings Review: December'21

- Highest Quarter Earnings in the history of the CSE, at LKR 174bn
- Earnings grew 93% YoY since 4Q 2020, amidst a strong vaccination drive
- PE based valuations down, as TTM earnings soared 114% YoY

Note : Market Earnings Excludes Major Capital Gains and Earnings of Non-Voting Counters

An All-Time High: The CSE witnessed unprecedented earnings despite the impact of the delta-variant and macro worries as corporate earnings in 4Q 2021 reached LKR 174bn

Earnings recorded a phenomenal increase up +114% YoY from LKR 218bn to LKR 469bn on a TTM basis despite the impact of the 3rd - 4th wave of covid-19 and macro worries during 4Q2021. As such 4Q2021 earnings improved 56% from last quarter's all-time high.

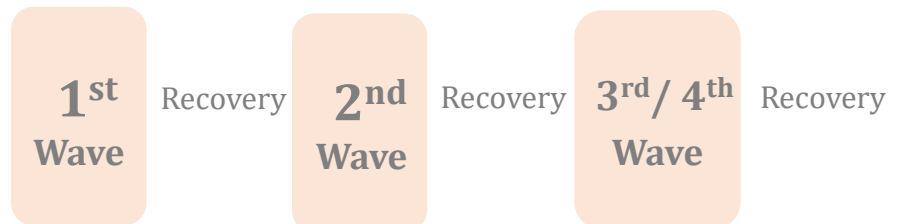


Note : Market Earnings and market PER calculations excludes major one-off capital gains and earnings of Non-Voting counters

Prices are updated as of 21 Mar'22

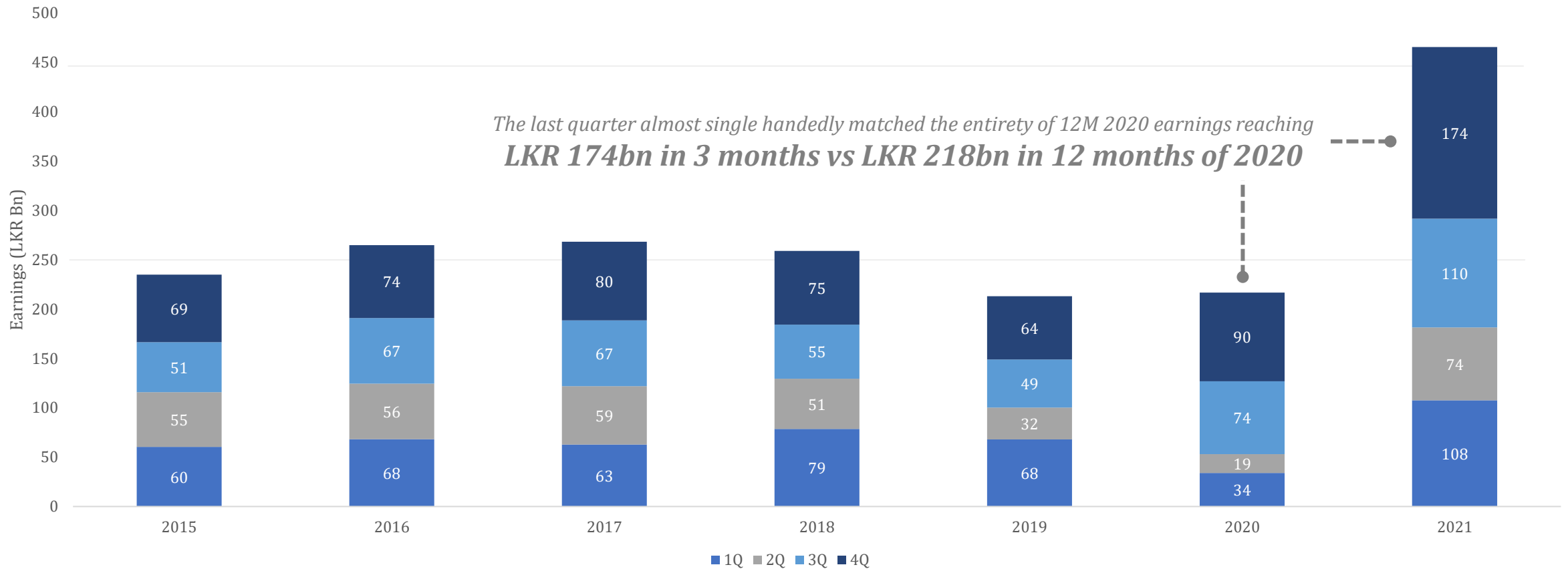
Total number of counters for earnings comparison were 297 out of 298. As such, final earnings may marginally vary from stated figures.

Newly listed companies that have not released their previous quarterly earnings are not taken into consideration



A Dream Run: 2021 earnings more than double pre-covid 12M earnings to reach LKR 469bn

2021 corporate earnings has far surpassed full year historical earnings in the CSE, amidst impact from pandemic, forex crisis and commodity shortages in the country.



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The True Recovery: The 114% TTM growth is a strong recovery amidst a strong vaccination drive

The growth comes on the back of revenge spending, pent-up demand cycles, protectionist policies, import restrictions, loan moratoriums and expansionary monetary policies driving down interest rates, vis-à-vis lower financing costs.

Sector (LKR mn)	PER (x)	PBV (x)	ROE (%)	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2QFY22	YoY %	QoQ %	Contribution to earnings
Automobiles & Components	7.2	0.9	13.0	797	789	1%	230	299	115	-23%	100%	0.2%
Banks	3.8	0.4	11.3	85,034	57,988	47%	21,677	18,699	19,528	16%	11%	18.1%
Capital Goods	9.4	1.1	12.0	79,956	20,062	299%	30,379	13,706	18,388	122%	65%	17.1%
Commercial & Professional Services	2.2	0.7	31.4	1,649	226	629%	1,170	93	81	1164%	1347%	0.4%
Consumer Durables & Apparel	12.8	0.7	5.6	6,008	1,552	287%	2,312	171	1,569	1252%	47%	1.3%
Consumer Services	11.7	0.7	na	-16,206	-19,431	17%	-1,148	-5,765	-4,732	80%	76%	-3.5%
Diversified Financials	11.7	1.9	16.1	86,155	33,244	159%	35,878	16,601	20,887	116%	72%	18.4%
Energy	na	1.7	na	-1,390	-951	-46%	-91	838	-671	-111%	86%	-0.3%
Food & Staples Retailing	11.2	1.8	16.3	7,476	4,042	85%	2,282	1,455	1,125	57%	103%	1.6%
Food Beverage & Tobacco	11.8	2.0	16.7	72,352	42,503	70%	23,304	16,184	17,970	44%	30%	15.4%
Health Care Equipment & Services	9.3	2.2	23.8	9,274	2,559	262%	2,876	1,912	2,420	50%	19%	2.0%
Household & Personal Products	18.5	1.8	17.6	476	880	-46%	124	171	130	-27%	-5%	0.1%
Insurance	7.7	1.1	13.7	17,001	15,165	12%	8,187	6,502	3,336	26%	145%	3.6%
Materials	6.2	1.2	19.2	25,497	19,129	33%	8,086	6,868	4,882	18%	66%	5.4%
Real Estate	9.8	0.6	6.3	6,644	4,345	53%	2,456	966	1,661	154%	48%	1.4%
Retailing	5.8	0.7	8.7	7,761	2,163	259%	4,092	1,050	1,791	290%	128%	1.7%
Telecommunication Services	5.8	0.9	15.6	29,216	19,912	47%	7,562	4,568	8,640	66%	-12%	6.2%
Transportation	11.1	7.5	67.8	45,379	10,392	337%	23,043	4,551	12,061	406%	91%	9.7%
Utilities	9.3	1.2	13.1	5,436	3,969	37%	1,481	1,052	1,843	41%	-20%	1.2%
Market	9.6	1.5	13.1	468,515	218,539	114.4%	173,900	89,920	111,031	93.4%	56.6%	100.0%

Note : Market Earnings and market PER calculations excludes major one-off capital gains and earnings of Non-Voting counters

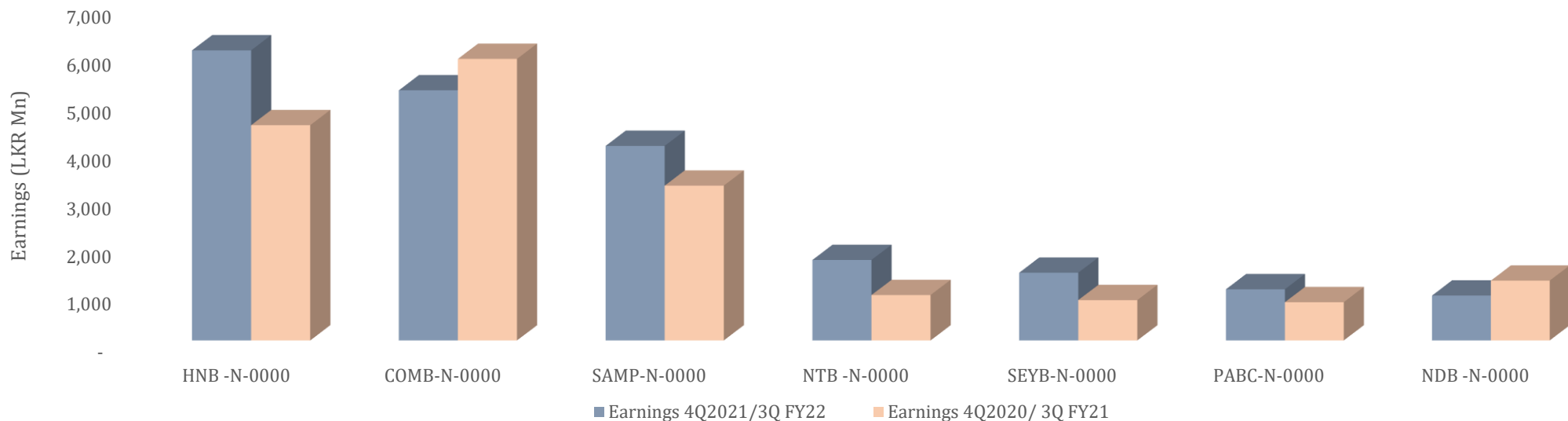
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The Bounce Back: The banking sector continued its recovery, remaining highly undervalued

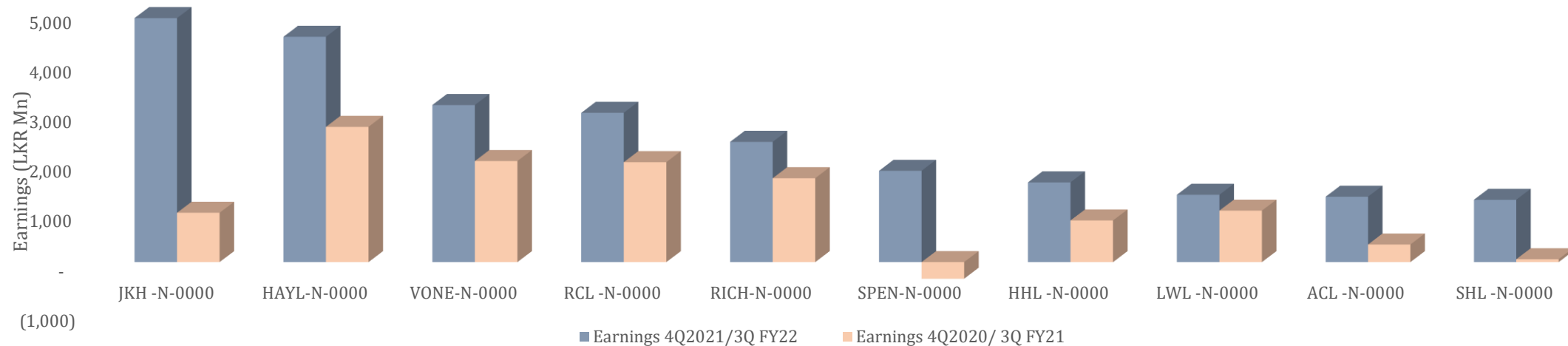
The **banking sector** earnings shot up 16% YoY as interest rates began its gradual ascent, backed by a rise in fee and commission income and lower impairments as the economic recovery got into gear.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2Q FY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
HNB -N-0000	19,025	13,095	45%	6,052	4,490	3,497	35%	73%	3.7	0.40	10.8
COMB-N-0000	24,063	16,940	42%	5,218	5,873	6,588	-11%	-21%	3.9	0.56	14.4
SAMP-N-0000	13,856	8,443	64%	4,058	3,229	2,279	26%	78%	4.4	0.48	10.9
NTB -N-0000	6,693	4,055	65%	1,679	947	1,707	77%	-2%	2.1	0.35	16.7
SEYB-N-0000	4,653	3,039	53%	1,413	841	1,135	68%	25%	4.2	0.36	8.6
PABC-N-0000	3,075	2,048	50%	1,068	798	652	34%	64%	2.0	0.33	16.6
NDB -N-0000	6,904	5,117	35%	936	1,248	1,872	-25%	-50%	3.1	0.34	11.0
BANKS	85,034	57,988	47%	21,677	18,699	19,528	16%	11%	3.8	0.44	11.3

The Icon of 2021: As predicted, Capital Goods and Manufacturing grew by 299% on a TTM basis

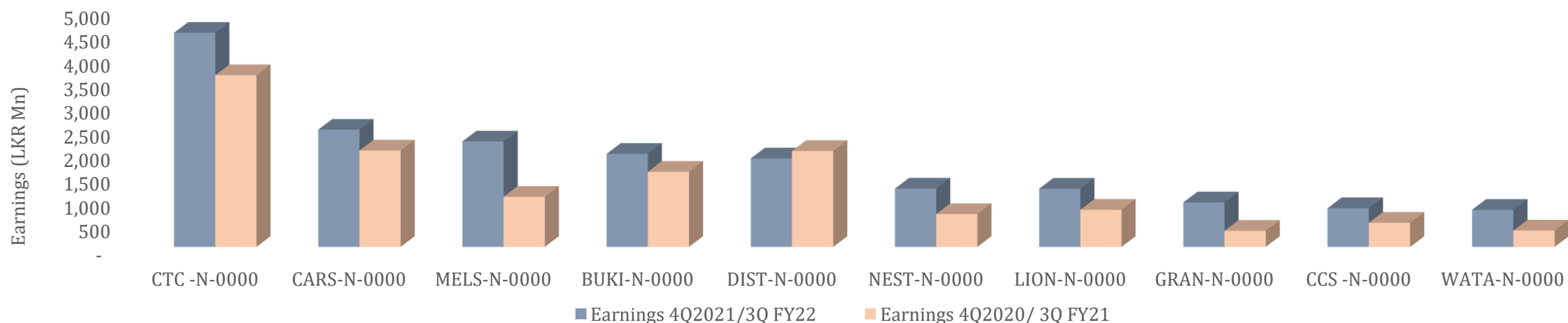
The sector earnings grew by close to LKR 60bn on a YoY basis, led by a growth in HAYL, JKH, VONE and the tile industry on the back of import protectionism, USD depreciation and a revival in overall activity levels c.f. the covid stricken 2020.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2Q FY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
JKH-N-0000	14,062	3,747	275%	4,909	992	2,861	395%	72%	14.7	0.88	6.0
HAYL-N-0000	13,043	4,322	202%	4,534	2,721	2,788	67%	63%	5.9	1.36	23.1
VONE-N-0000	10,846	5,388	101%	3,160	2,034	2,655	55%	19%	6.2	1.01	16.3
RCL-N-0000	9,618	3,969	142%	3,004	2,011	2,502	49%	20%	6.1	1.72	28.1
RICH-N-0000	6,239	2,941	112%	2,420	1,688	1,480	43%	64%	5.6	1.68	29.8
SPEN-N-0000	3,093	(1,627)	290%	1,838	(334)	481	650%	282%	10.8	0.65	6.0
HHL-N-0000	4,046	2,873	41%	1,604	838	944	91%	70%	8.6	1.07	12.4
LWL-N-0000	4,704	1,502	213%	1,355	1,036	1,125	31%	20%	5.4	1.58	29.2
ACL-N-0000	3,253	925	252%	1,317	354	831	271%	58%	6.2	1.30	20.9
SHL-N-0000	(70)	(6,787)	99%	1,254	58	163	2055%	669%	na	12.75	na
CAPITAL GOODS	79,956	20,062	299%	30,379	13,706	18,388	122%	65%	9.5	1.14	12.0

A Consumption Drive: The Consumer Sector recovered 70% YoY (TTM) after an arduous 2020

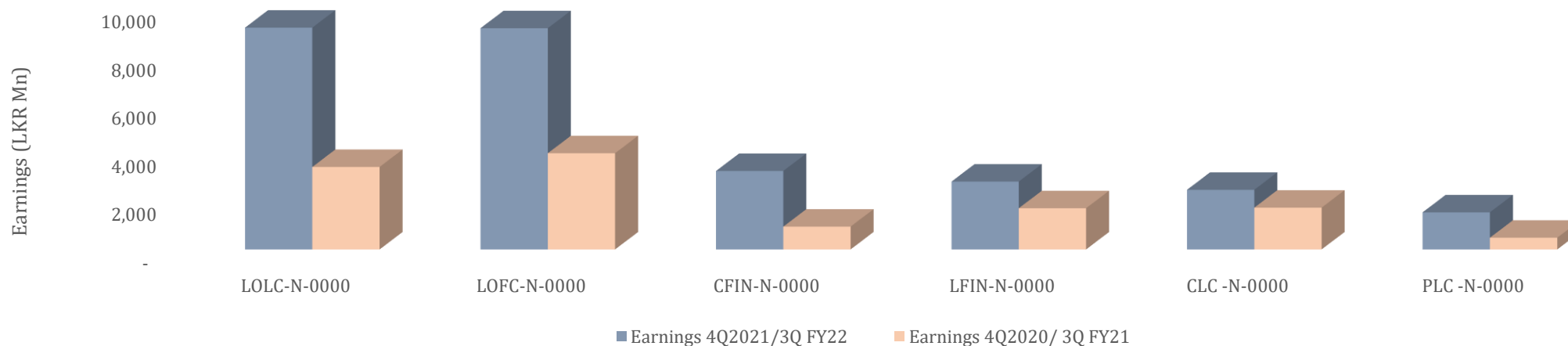
Food Beverage & Tobacco earnings grew steadily, growing at +44% YoY, whilst TTM growth stood at a stronger 70% YoY as the sporadic lockdowns that severely impacted the alcohol and tobacco industry finally ended in Q4 2021.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2QF Y22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
CTC -N-0000	16,384	15,578	5%	4,506	3,613	3,807	25%	18%	8.4	15.29	182.3
CARS-N-0000	5,126	1,736	195%	2,467	2,028	880	22%	180%	11.5	1.30	11.3
MELS-N-0000	8,114	3,154	157%	2,218	1,055	2,669	110%	-17%	6.8	0.65	9.6
BUKI-N-0000	4,405	1,235	-257%	1,958	1,581	1,046	24%	87%	9.3	1.34	14.4
DIST-N-0000	7,174	6,910	4%	1,862	2,018	2,507	-8%	-26%	10.0	9.08	90.8
NEST-N-0000	5,329	2,947	81%	1,228	691	1,515	78%	-19%	10.1	6.37	63.2
LION-N-0000	2,908	2,490	17%	1,224	782	546	56%	124%	14.6	2.37	16.2
GRAN-N-0000	1,298	944	38%	936	339	31	176%	2906%	4.6	0.74	16.0
CCS -N-0000	2,210	1,854	19%	815	508	(77)	60%	1158%	20.9	2.70	13.0
WATA-N-0000	3,067	1,303	135%	781	346	1,163	126%	-33%	8.6	4.21	49.0
FOOD BEVERAGE & TOBACCO	72,352	42,503	70%	23,304	16,184	17,970	44%	30%	12.0	2.01	16.7

Making Money: The LOLC group leads the way in NBFIs receiving a major non-core income boost

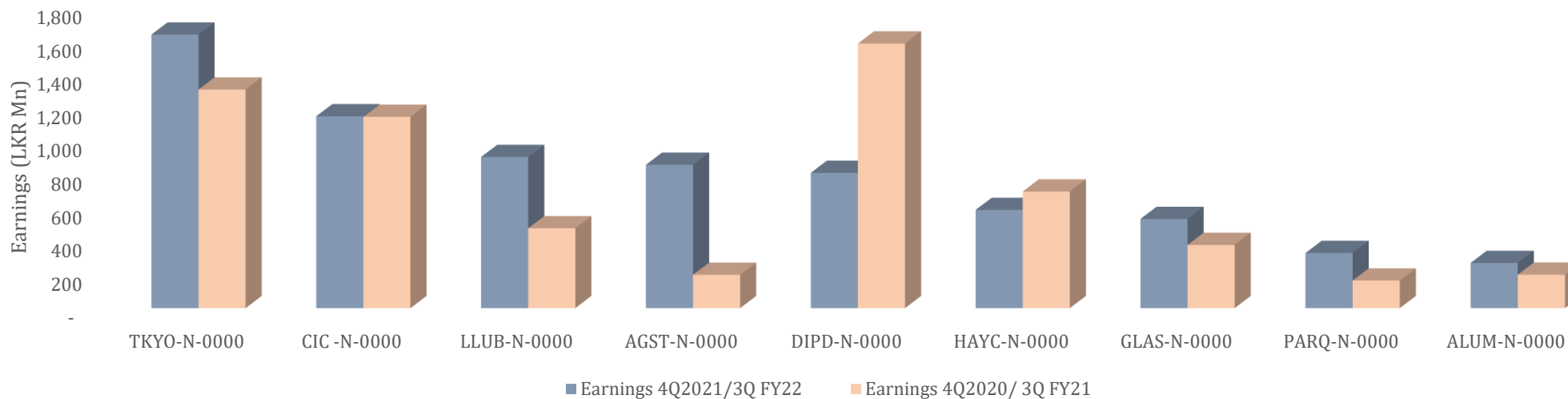
The economic conditions bode well for the NBFFI segment, as many counters witnessed a above average YoY growth however the growth was overshadowed by the LKR 40bn contribution of LOLC and LOFC (47% of sector earnings)



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2 QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
LOLC-N-0000	27,745	6,647	317%	9,200	3,420	8,711	169%	6%	14.4	2.53	17.6
LOFC-N-0000	12,381	6,990	77%	9,177	3,990	2,458	130%	273%	7.3	1.88	25.8
CFIN-N-0000	8,141	4,005	103%	3,254	946	1,745	244%	87%	2.3	0.34	14.9
LFIN-N-0000	9,065	5,283	72%	2,815	1,709	2,099	65%	34%	3.7	1.03	28.0
CLC-N-0000	4,603	2,281	102%	2,473	1,733	1,287	43%	92%	43.9	7.85	17.9
PLC-N-0000	5,834	2,244	160%	1,539	487	1,112	216%	38%	3.0	0.44	14.8
DIVERSIFIED FINANCIALS	86,155	33,244	159%	35,878	16,601	20,887	116%	72%	11.9	1.92	16.1

The 'Dipd' Dip: Material Sector YoY earnings dampened by DIPD, whilst the industry grew 18%

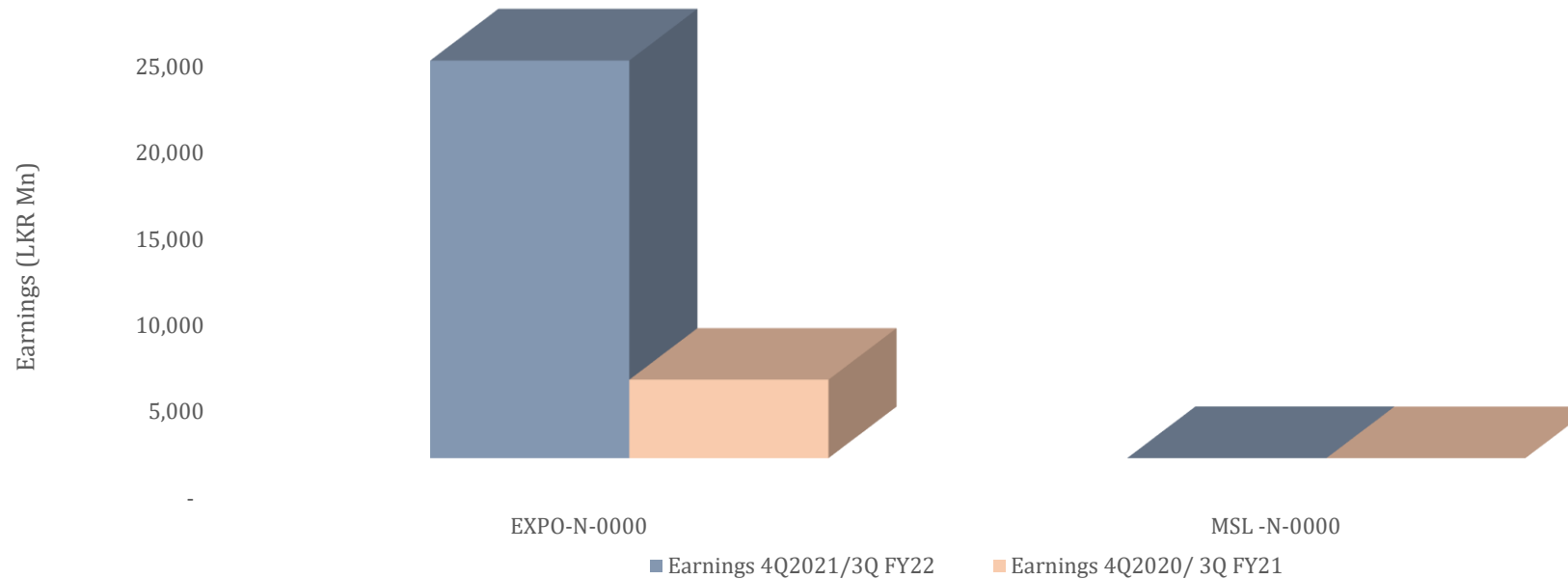
The **materials sector** earnings grew by 18% YoY whilst maintaining a growth of over 33% on a TTM basis amidst a gradual economic recovery despite forex concerns, whilst individual companies faced external pressures on margins.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3 Q FY22	Earnings 4Q2020/ 3Q FY21	Earnings 3Q2021/2 QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
TKYO-N-0000	3,384	4,805	-30%	1,640	1,311	127	25%	1191%	4.8	0.69	14.6
CIC -N-0000	3,522	2,228	58%	1,150	1,147	751	0%	53%	4.4	1.02	23.4
LLUB-N-0000	3,925	2,226	76%	906	479	1,020	89%	-11%	5.8	4.57	78.5
AGST-N-0000	991	297	233%	859	200	(87)	330%	1091%	5.1	1.08	22.4
DIPD-N-0000	4,676	3,613	29%	811	1,586	962	-49%	-16%	5.1	1.38	27.2
HAYC-N-0000	2,204	2,870	-23%	589	699	533	-16%	10%	7.8	1.19	15.2
GLAS-N-0000	1,480	753	96%	535	379	308	41%	74%	9.1	2.28	25.2
PARQ-N-0000	899	327	175%	330	165	192	100%	72%	5.0	1.48	29.6
ALUM-N-0000	1,111	353	215%	271	200	285	35%	-5%	5.3	1.77	33.1
MATERIALS	25,497	19,129	33%	8,086	6,868	4,882	18%	66%	6.3	1.21	19.2

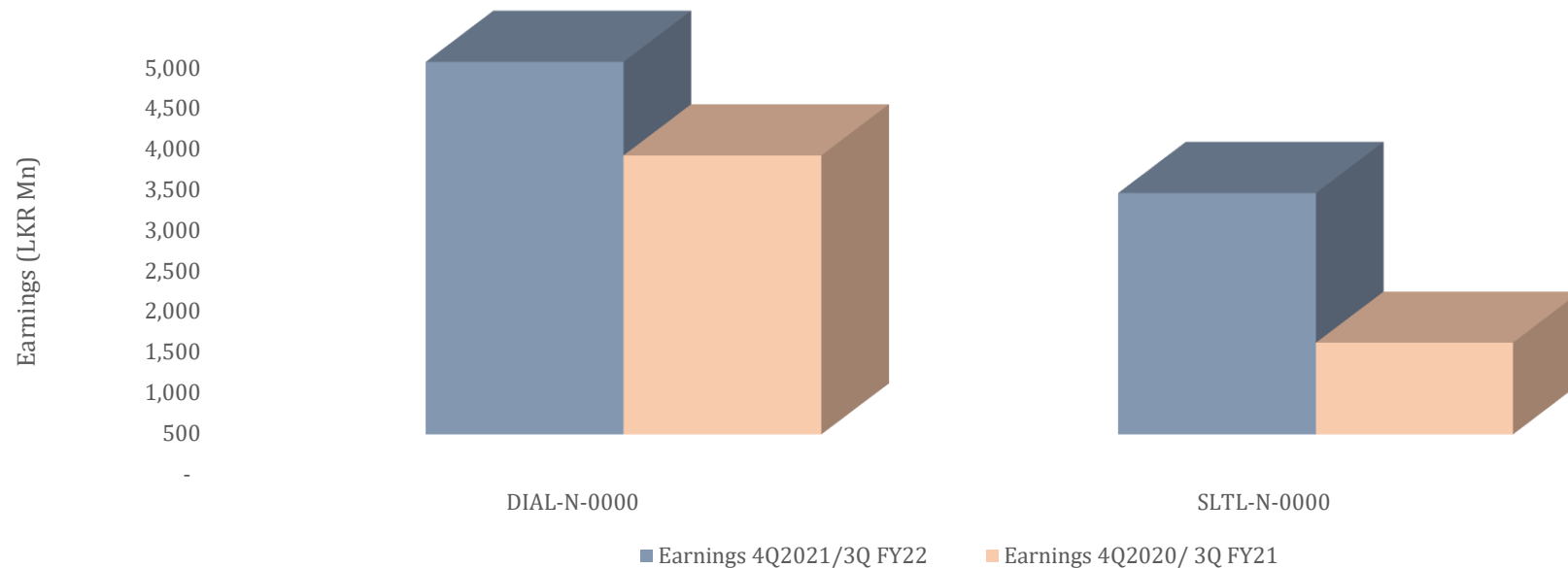
The Dominator: EXPO single handedly drove sector earnings to record a 337% YoY TTM growth

Continuing its usual trend, the **transportation sector** earnings spiked a further 406% YoY, and 91% QoQ on the back of the extraordinary earnings of EXPO for the quarter and the cumulative 12-month period.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2Q FY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
EXPO-N-0000	45,387	10,476	333%	23,041	4,551	12,060	406%	91%	12.0	8.14	67.9
MSL-N-0000	(8)	(84)	90%	2	0	1	6422%	154%	na	9.06	na
TRANSPORTATION	45,379	10,392	337%	23,043	4,551	12,061	406%	91%	12.0	8.14	67.8

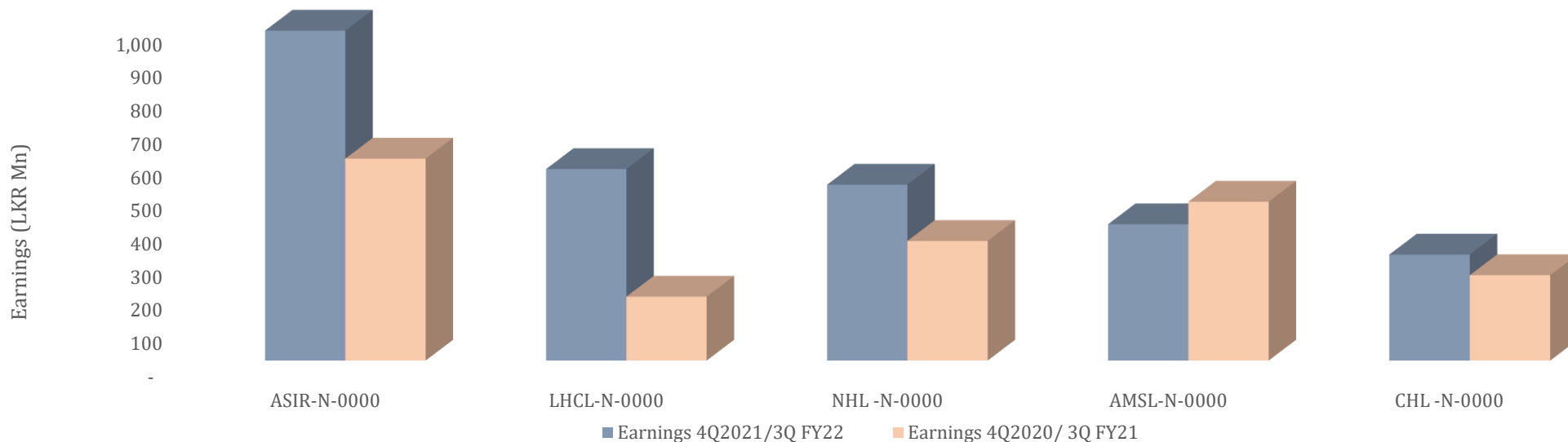
The **telecommunication sector** earnings continued its upward trend growing by 66% YoY during the quarter and 47% on a TTM basis on the back of improved data usage, cost saving initiatives and lower forex losses.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2Q FY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
DIAL-N-0000	17,061	12,034	42%	4,587	3,437	5,409	33%	-15%	5.5	1.00	18.2
SLTL-N-0000	12,155	7,878	54%	2,975	1,131	3,231	163%	-8%	6.2	0.81	12.9
TELECOMMUNICATION SERVICES	29,216	19,912	47%	7,562	4,568	8,640	66%	-12%	5.8	0.90	15.6

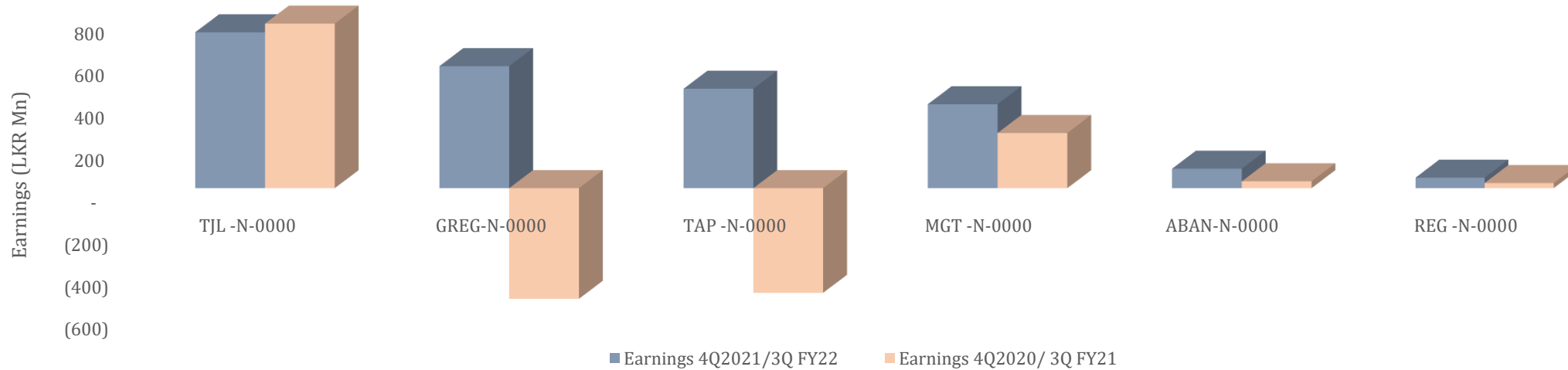
Riding The Wave: Built to thrive during a health crisis, TTM earnings grew by 262% YoY

Health Care Equipment & Services sector earnings improved significantly growing by +50% YoY during the quarter and 262%YoY on a TTM basis. It is a segment that may continue to thrive in the event of a long-drawn recovery.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2 QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
ASIR-N-0000	3,358	824	308%	992	607	1,046	63%	-5%	13.8	4.06	29.5
LHCL-N-0000	2,226	385	478%	576	192	497	200%	16%	5.5	1.32	23.9
NHL -N-0000	1,507	175	-762%	529	360	313	47%	69%	7.9	2.30	29.0
AMSL-N-0000	1,112	680	64%	410	478	261	-14%	57%	8.6	2.00	23.3
CHL -N-0000	906	453	100%	319	257	244	24%	31%	5.2	0.65	12.4
HEALTH CARE EQUIPMENT & SERVICES	9,274	2,559	262%	2,876	1,912	2,420	50%	19%	9.4	2.24	23.8

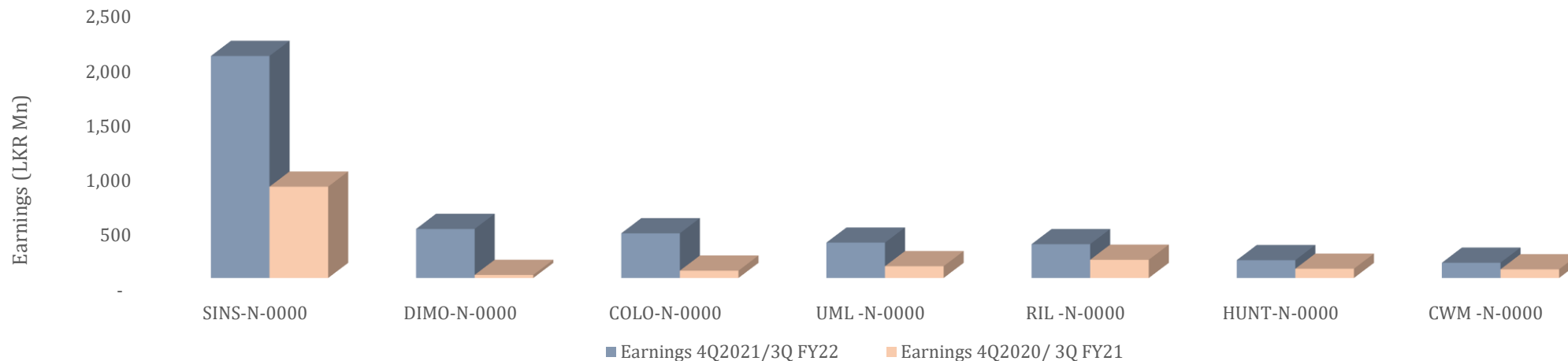
Consumer Durables & Apparel sector earnings improved significantly growing by +1252% YoY during the quarter and 287% YoY on a TTM basis. TJL and MGT may continue maintain earnings momentum due to recent 25% depreciation of LKR against USD and NIKE’s increased orderbook to SL.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
TJL -N-0000	2,453	1,800	36%	738	779	644	-5%	-15%	12.3	1.59	12.9
GREG-N-0000	2,349	(306)	-868%	577	(524)	301	210%	92%	6.1	1.53	25.3
TAP -N-0000	(289)	(347)	-17%	470	(495)	168	195%	180%	na	0.17	na
MGT -N-0000	1,257	477	164%	397	261	394	52%	1%	11.3	3.98	35.1
ABAN-N-0000	209	71	193%	92	32	22	185%	310%	4.7	0.56	11.9
REG -N-0000	201	59	239%	49	24	17	106%	184%	7.4	0.84	11.5
CONSUMER DUR. & APPAREL	6,008	1,552	287%	2,312	171	1,569	1252%	47%	12.9	0.72	5.6

The Retail Recovery: Retailers witnessed a phenomenal growth of 259% (YoY) and 487% (TTM)

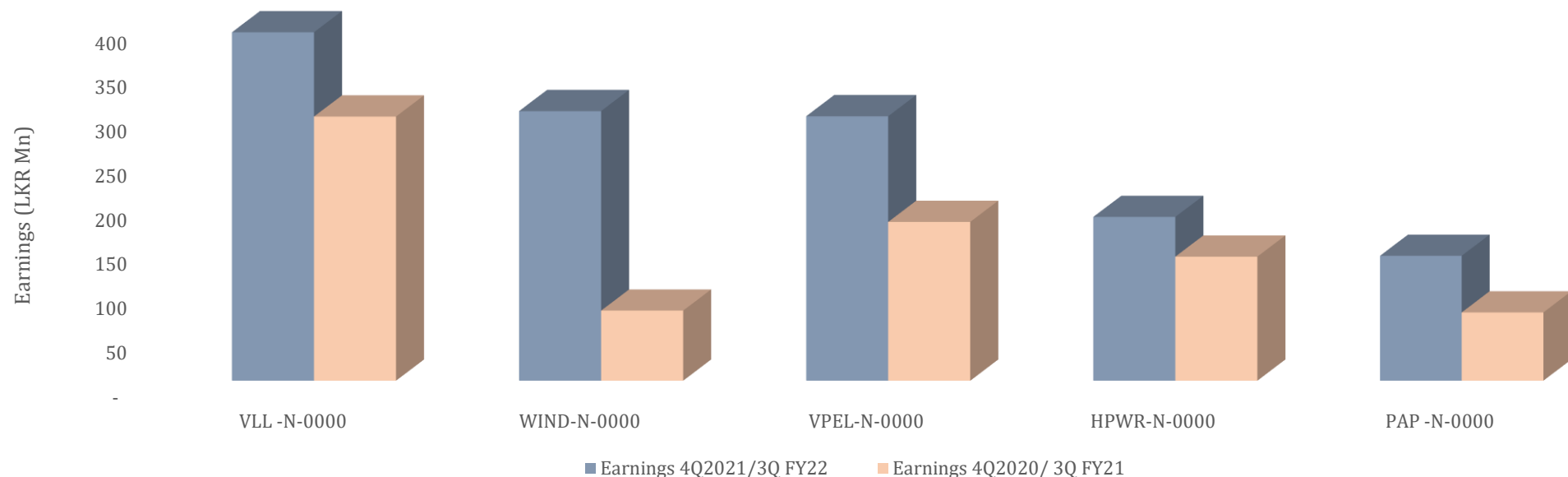
The **retail sector** faced a volatile period in at the start of the year due to the sporadic lockdowns and economic conditions owing to the delta variant. However, Q4 ushered in a welcome recovery with Q4 earnings of over LKR 5bn.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2 QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
SINS-N-0000	3,814	1,689	126%	2,029	835	583	143%	248%	5.1	1.85	36.3
DIMO-N-0000	1,094	705	55%	449	28	563	1485%	-20%	6.4	0.46	7.1
COLO-N-0000	701	60	1077%	408	67	125	511%	227%	2.2	0.39	17.3
UML-N-0000	826	103	-702%	323	108	234	200%	38%	9.8	0.58	6.0
RIL-N-0000	1,046	1,059	-1%	309	167	402	86%	-23%	6.3	0.35	5.4
HUNT-N-0000	353	234	51%	163	85	92	93%	76%	8.5	0.28	3.3
CWM-N-0000	416	40	-941%	139	79	82	76%	70%	5.6	0.89	15.8
RETAILING	7,761	2,163	259%	4,092	1,050	1,791	289.5%	128%	8.1	0.70	8.7

Unwavering Growth: Weather patterns and inelastic demand kept Utilities growth stable

The **Utilities Sector** earnings slumped 20% QoQ due to the cyclical weather conditions whilst growing by 37% YoY on a TTM basis due to the sectors constant capacity additions.



Company	4 Qtr Earnings ending 4Q2021/3QFY22	4 Qtr Earnings ending 4Q2020/3QFY21	YoY %	Earnings 4Q2021/3Q FY22	Earnings 4Q2020/3Q FY21	Earnings 3Q2021/2 QFY22	YoY %	QoQ %	PER (x)	PBV (x)	ROE (%)
VLL -N-0000	929	562	65%	393	298	202	32%	95%	7.4	1.54	20.9
WIND-N-0000	1,790	1,595	12%	305	79	881	284%	-65%	13.4	1.15	8.6
VPEL-N-0000	845	469	80%	299	180	234	66%	28%	6.9	2.12	30.8
HPWR-N-0000	468	176	166%	185	140	118	32%	56%	4.6	1.31	28.4
PAP -N-0000	372	158	136%	141	77	47	83%	198%	7.4	1.16	15.7
UTILITIES	5,436	3,969	37%	1,481	1,052	1,843	41%	-20%	9.4	1.24	13.1

SOFTLOGIC RESEARCH : CORPORATE EARNINGS SNAPSHOT



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