

CSE Turns Bullish



BARTLEET
Strength of a Century



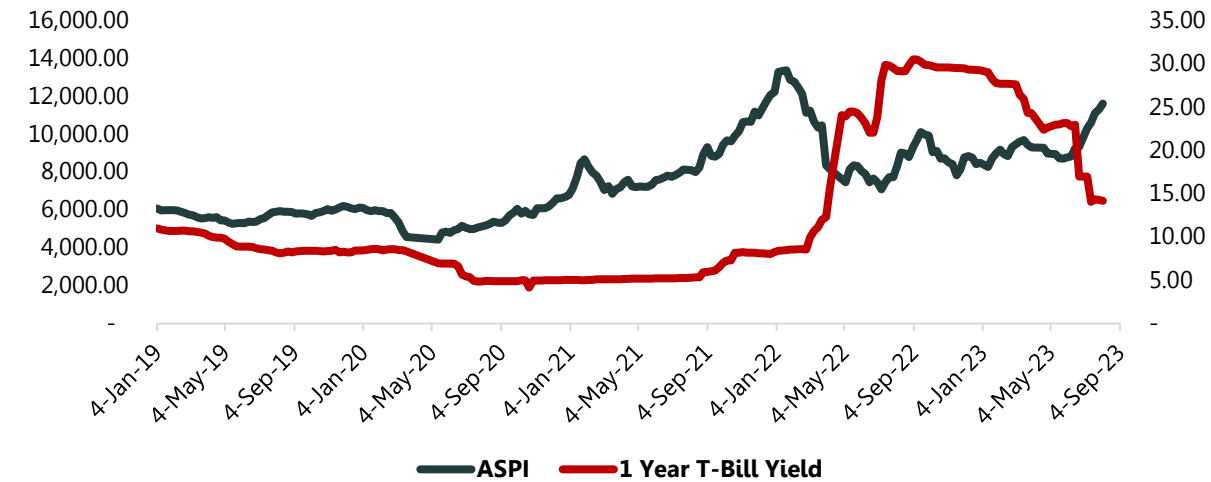
RELIGĂRE
Values that bind

- Sri Lankan stock market activities were initiated in 1896 and renamed the Colombo Stock Exchange (CSE) in 1990.
- CSE is monitored and regulated by the Securities and Exchange Commission (SEC) of Sri Lanka.
- The current market cap of CSE is LKR 4.6 trillion (USD ~14.5 billion)
- 284 companies are listed for equity trading under 20 different sectors according to Global Industry Classification Standard (GICS).
- Foreign investors were keen on Sri Lankan equities and private investments given the attractive valuations and potential in the medium to long term. India has invested in energy, Tyres, Cement, power, and ICT. LIOC, TYRE, ASHO, GLAS and JKH are some of the listed companies that India has presence through either stakes or strategic alliances.

Key Catalysts Driving The Market

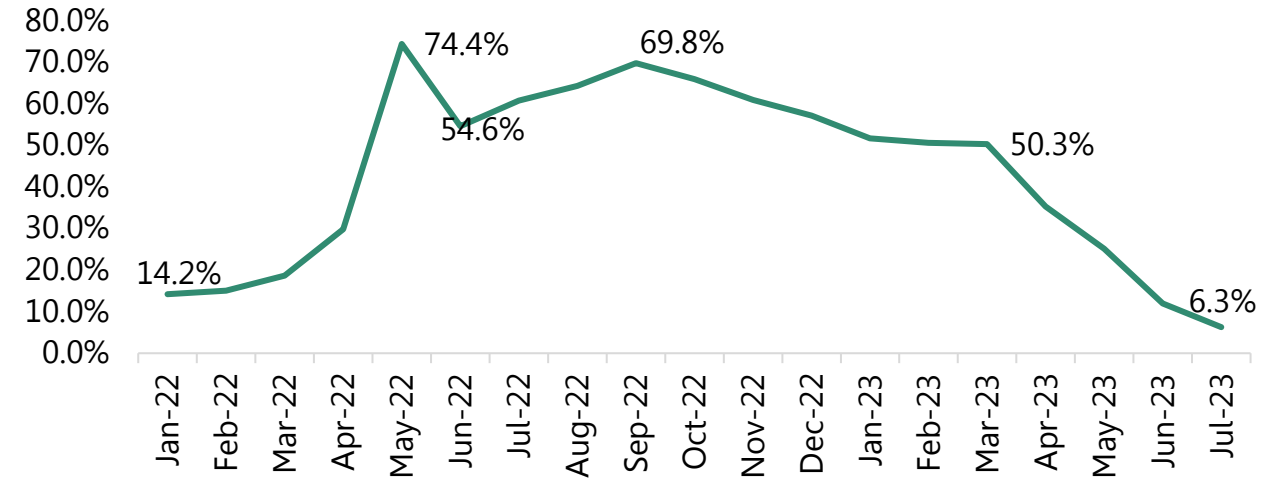
Declining Trend of Interest Rates

ASPI vs Interest Rate



Easing off Inflation Pressures

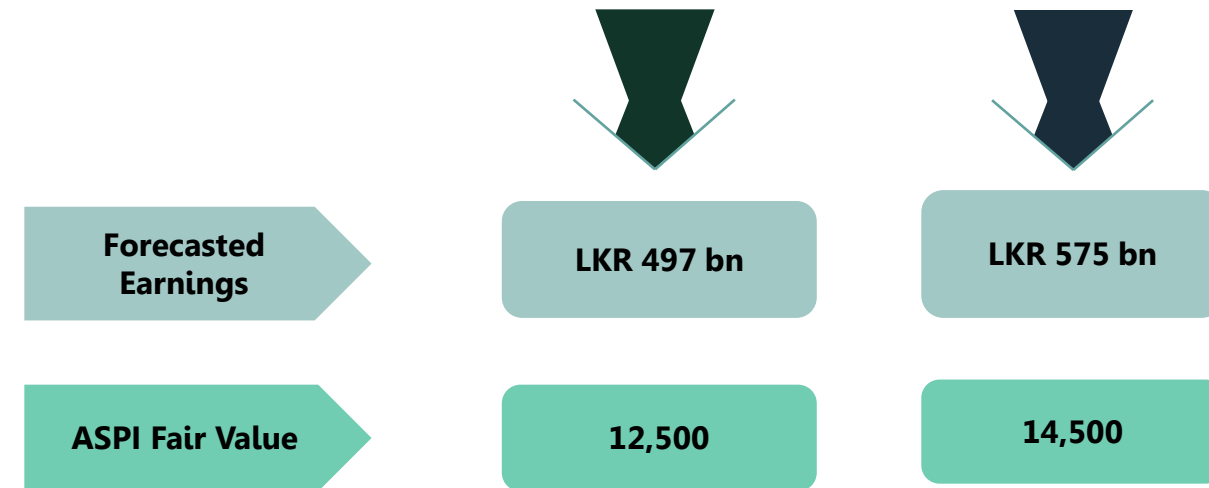
Inflation (CCPI YoY Change)



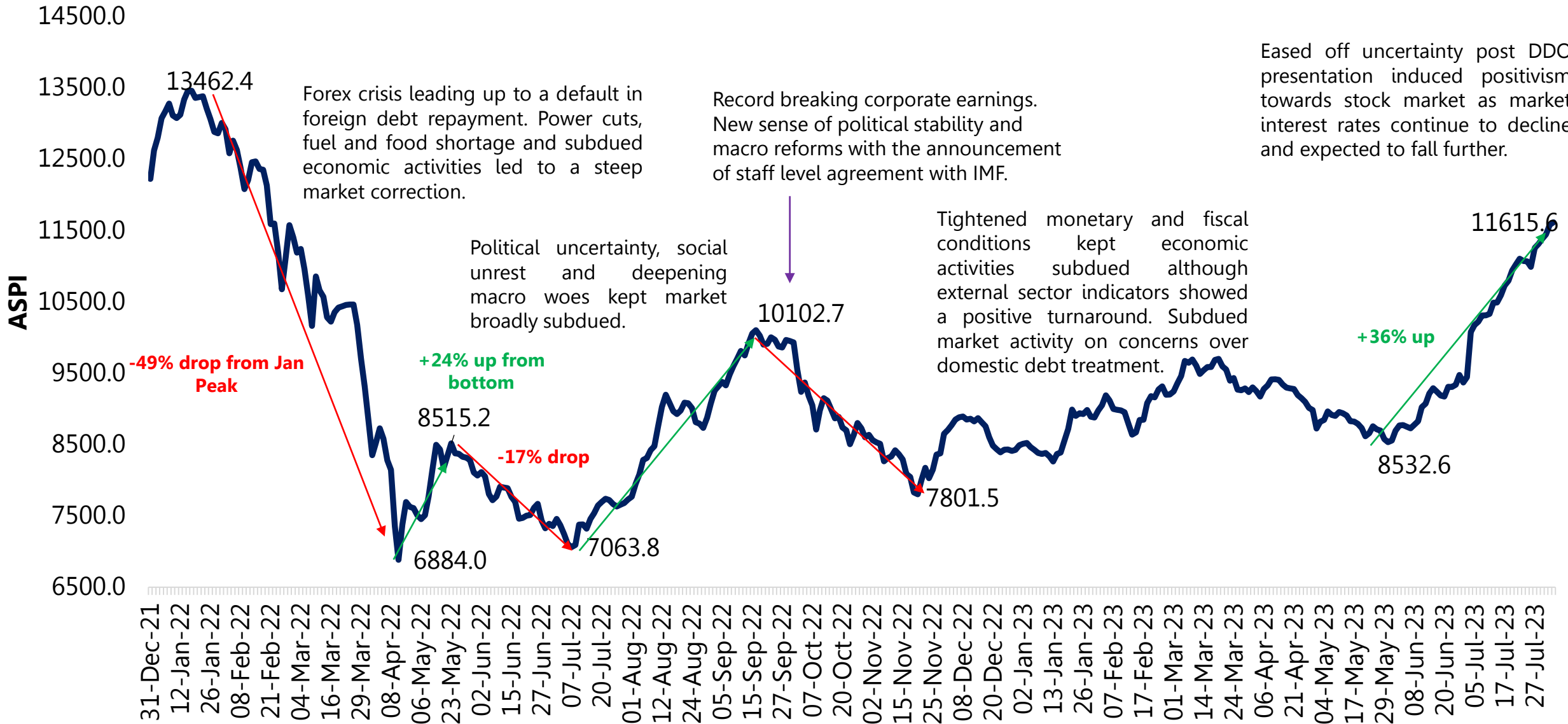
Minimal Impact of Domestic Debt Optimization on Listed Space

- DDO had minimal impact on listed companies as treasury bonds and bills held by listed banks, NBFIs, and insurance companies are exempt from debt treatment. The decline in market interest rates provides capital gains for recently invested bonds if the securities are traded before maturity.
- The only impact comes for SLDBs held by listed banks. However, they've opted for the LKR option which had better conditions.

Expectations of Earnings Recovery and Cheaper Valuations



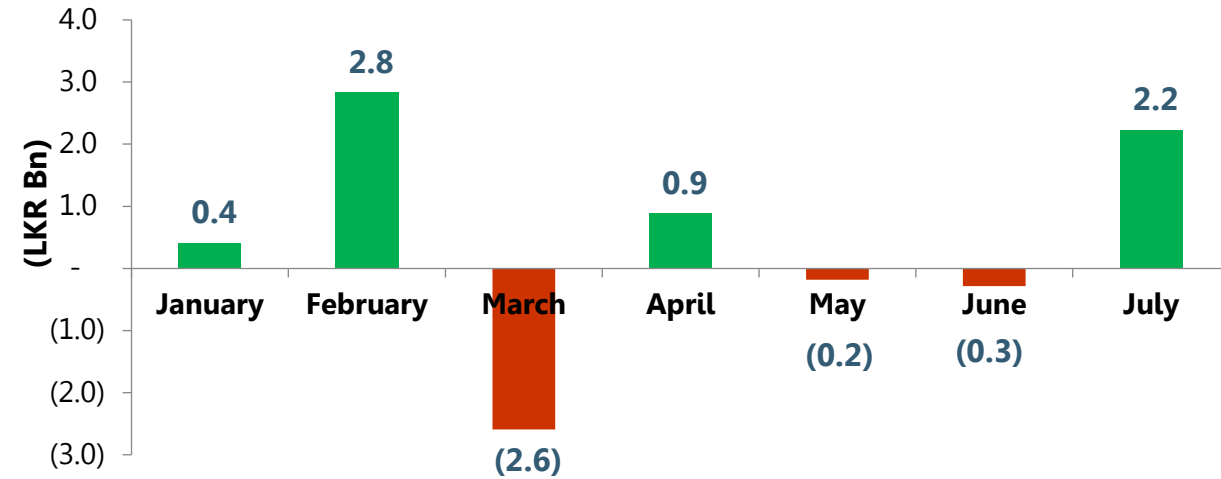
ASPI Up 37% YTD



7M 2023 IN RETROSPECT

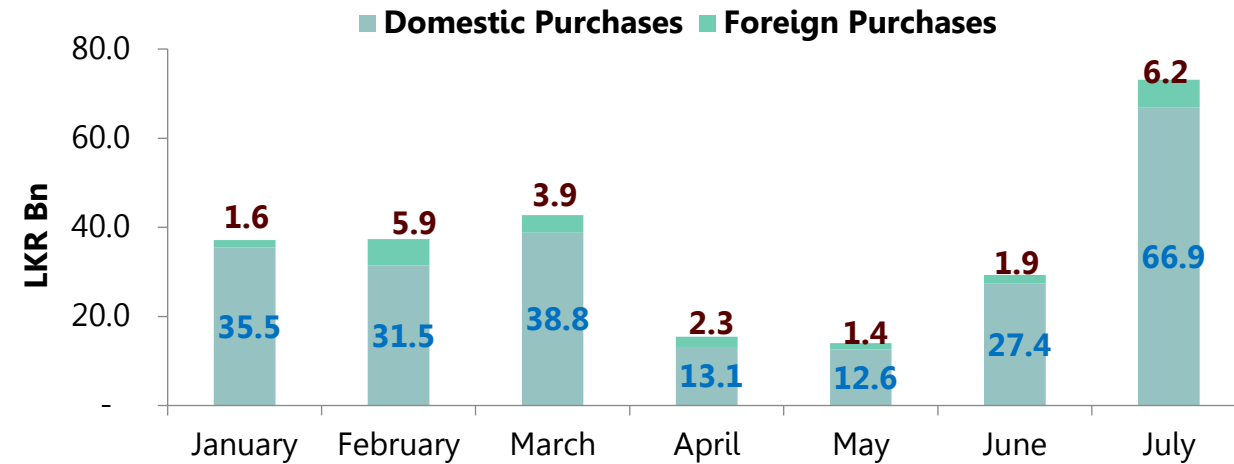
Foreign net Inflow/(outflow)

Foreign investors turned net buyer in 2023



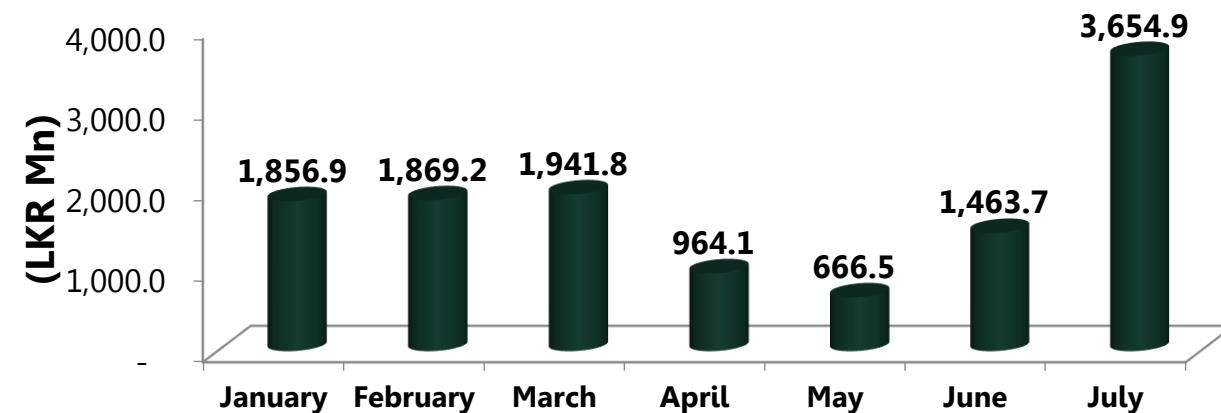
Foreign to local investor mix

The market was largely dominated by local investors



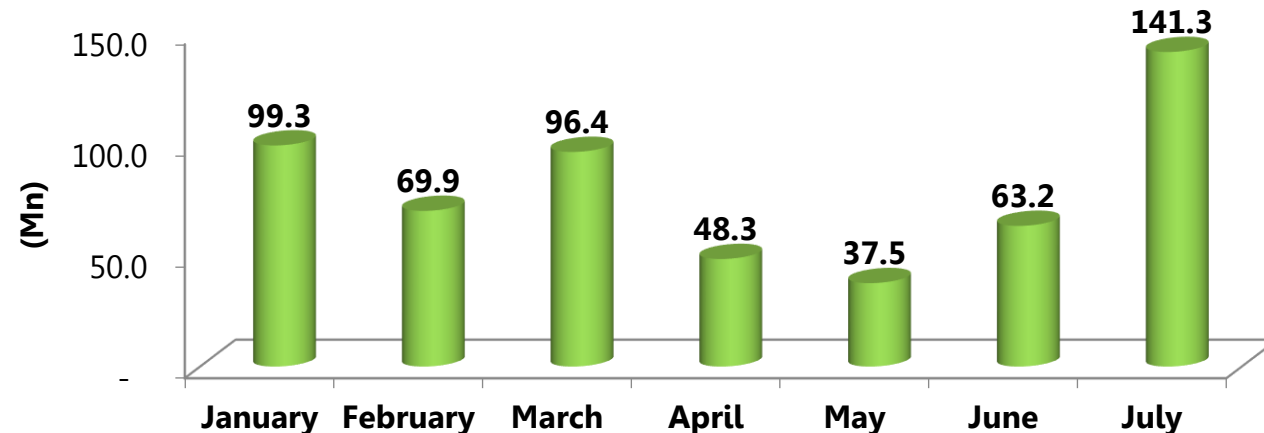
Average Daily Turnover (LKR Mn)

Average daily turnover saw an improvement in July



Average Daily Volume (mn)

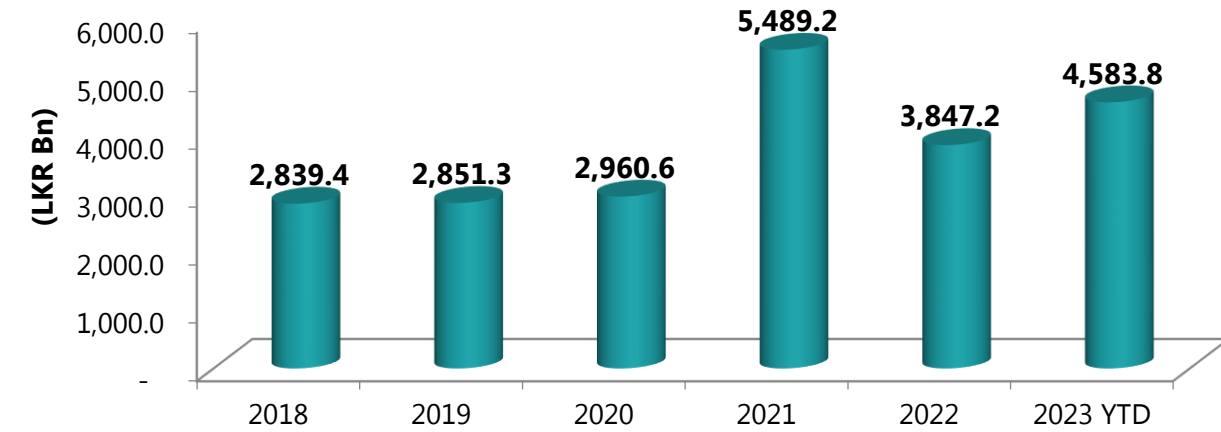
Average daily volume kept subdued albeit recovering in July



KEY MARKET INDICATORS

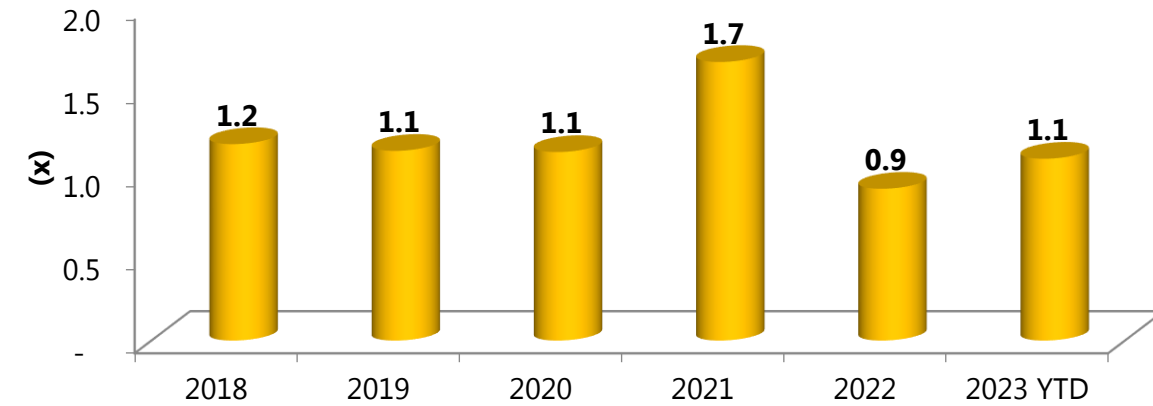
Market Cap

Market Cap remains below LKR 5 Trillion



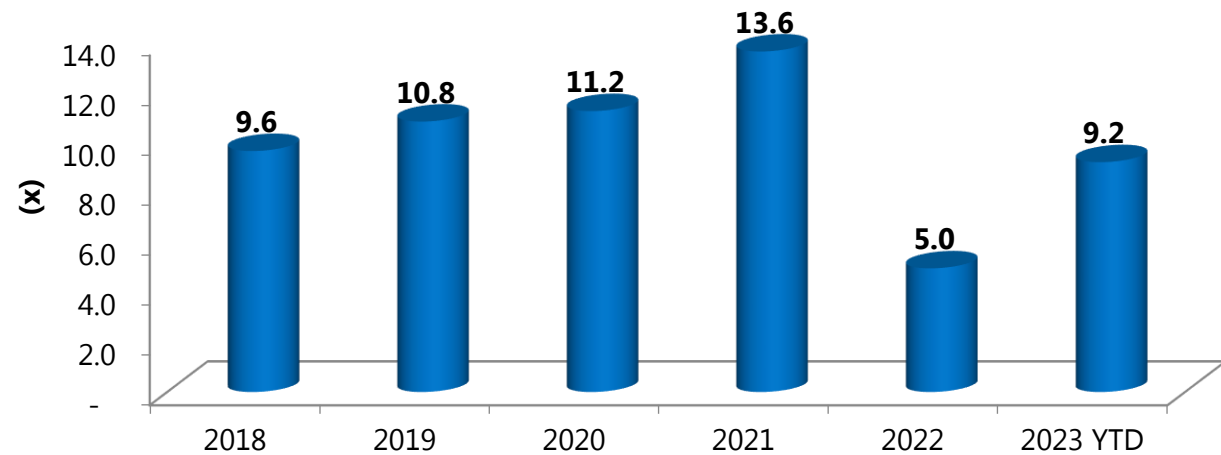
Market PBV

CSE trades broadly par to book value



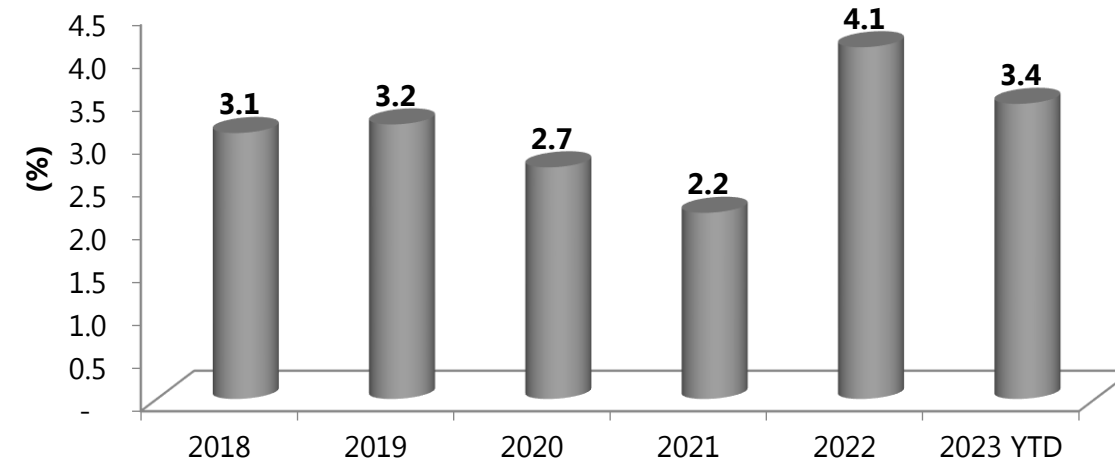
Market PER

CSE trades at a sharp discount to historical average PE



Market Dividend Yield

Dividend yield remains broadly par with historical average

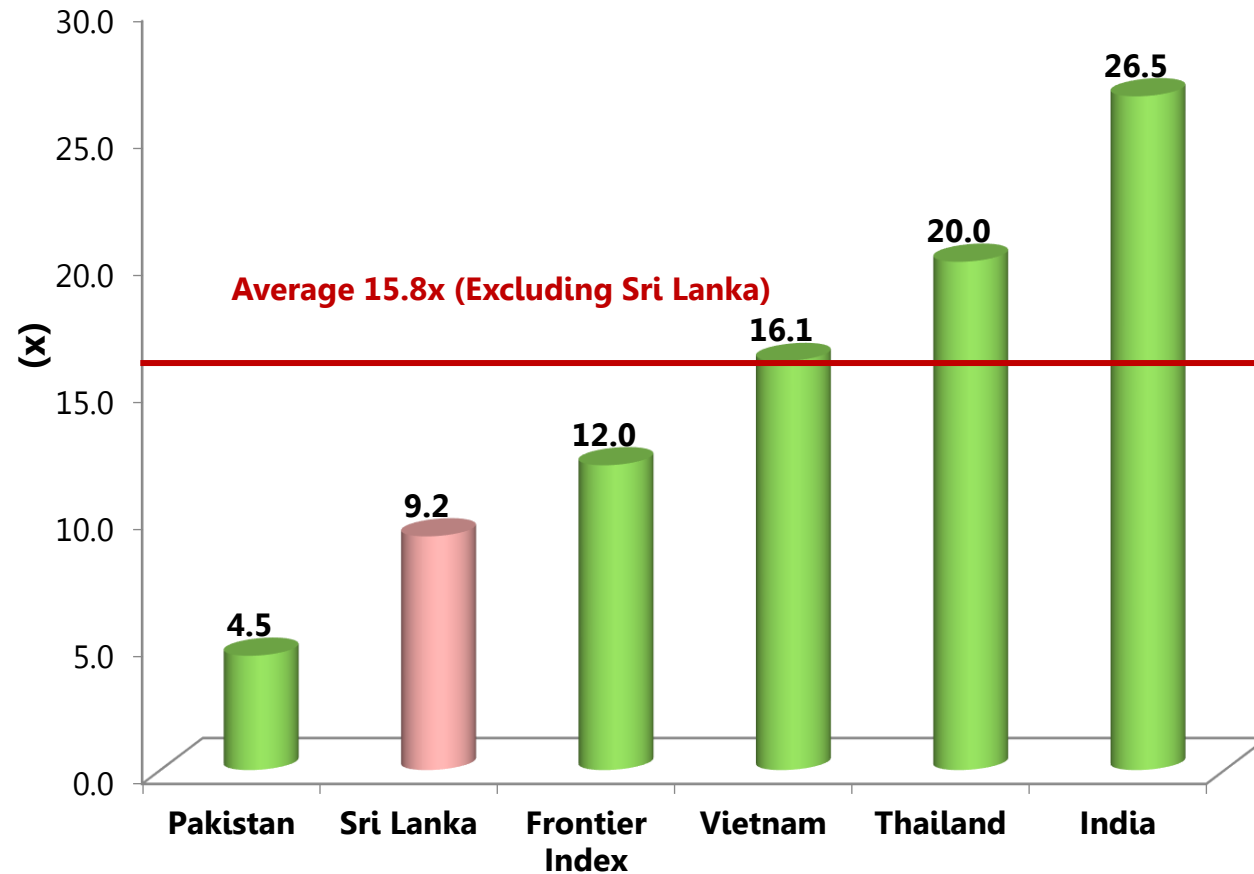


2023 YTD : As of 03rd Aug

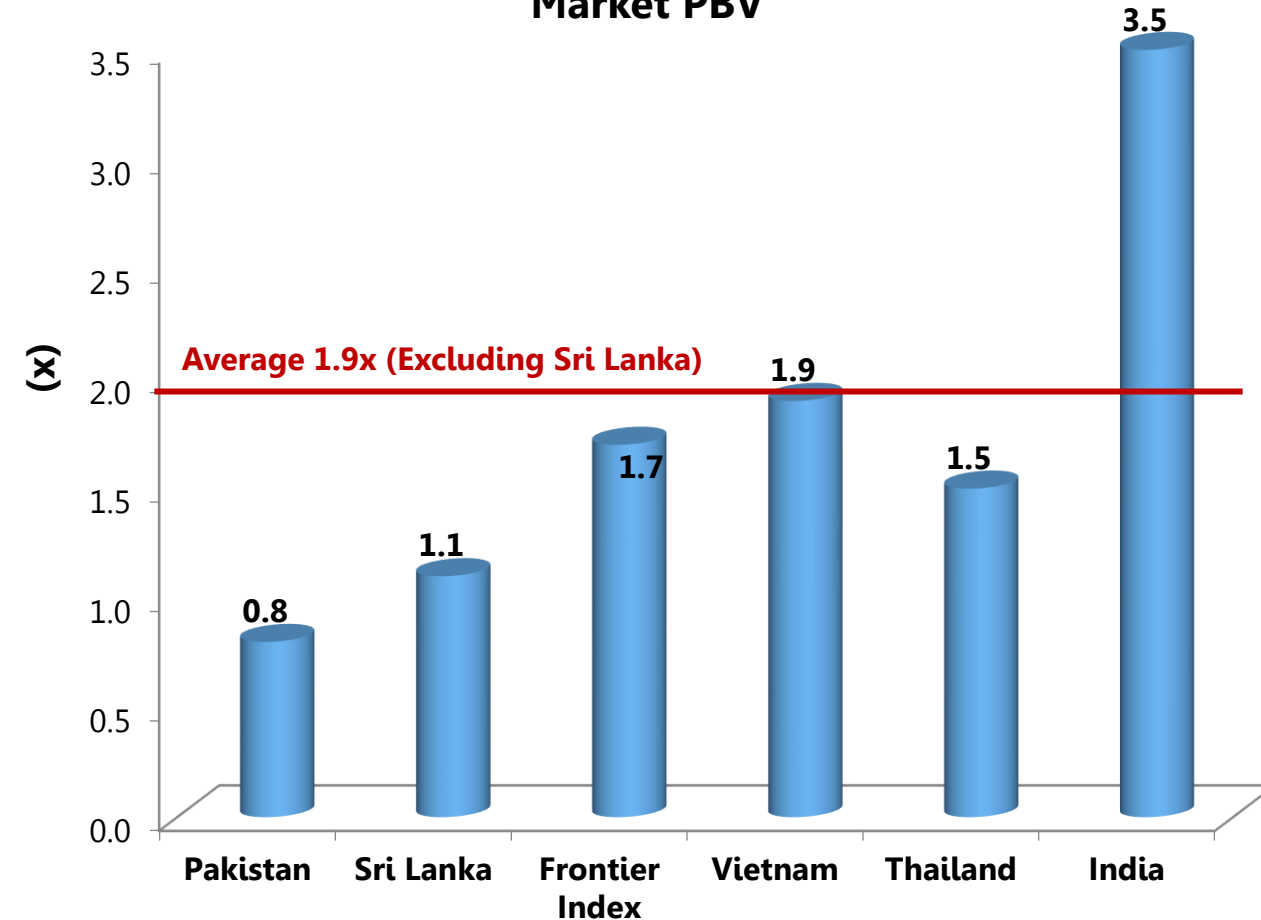
Source: CSE & Bloomberg

CSE Valuations Remain Attractive Against Regional Peers

Market PE



Market PBV



Abbreviations

Sri Lanka CSE All Share Index
Karachi Stock Exchange Index
Vietnam Ho Chi Minh Stock Index

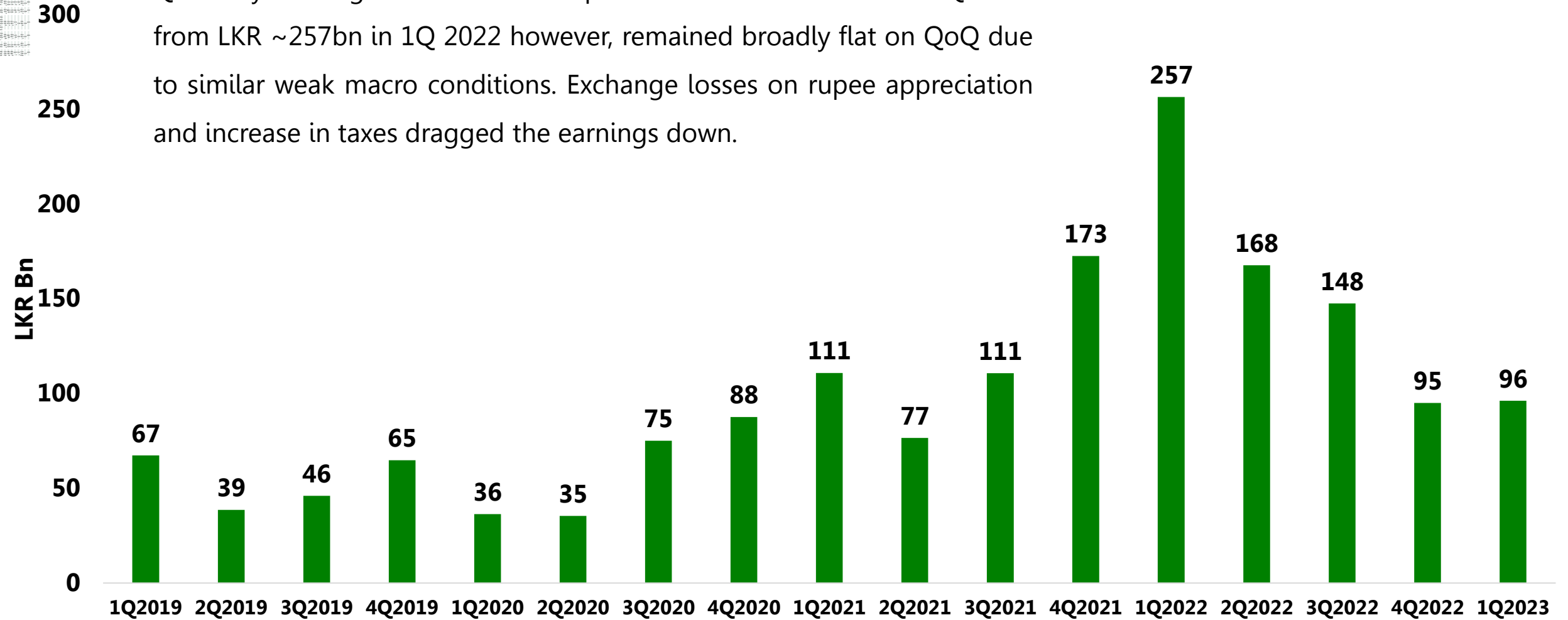
Sri Lanka
Pakistan
Vietnam

S&P BSE 500 index
Stock Exchange of Thailand Index
MSCI FM Frontier Markets

India
Thailand
Frontier Index

CSE Earnings Quarterly (2019-2023 YTD)

Quarterly earnings of all listed companies fell to LKR ~96bn in 1Q 2023 from LKR ~257bn in 1Q 2022 however, remained broadly flat on QoQ due to similar weak macro conditions. Exchange losses on rupee appreciation and increase in taxes dragged the earnings down.

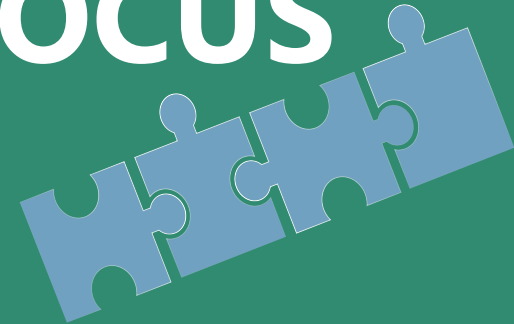


SECTOR EARNINGS & RELATIVE VALUATION

Sector	Market Capitalization (LKR Mn)	Previous Earnings (LKR Mn)	TTM Earnings (LKR Mn)	Earnings Growth (%)	TTM PER (x)	Total Equity (LKR Mn)	P/BV (x)	ROE (%)	DY
Automobiles and Components	5,684.28	830.50	543.10	(34.61)	10.47	6,536.30	0.87	8.49	7.1%
Banks	496,476.54	86,114.58	70,398.14	(18.25)	7.05	842,418.36	0.59	8.71	3.8%
Capital Goods	715,952.29	122,377.16	82,252.66	(32.79)	8.70	894,421.87	0.80	9.16	2.6%
Commercial and Professional Services	6,316.08	2,538.84	2,042.05	(19.57)	3.09	8,544.51	0.74	26.46	7.7%
Consumer Durables and Apparel	83,004.13	10,338.97	5,530.56	(46.51)	15.01	77,860.05	1.07	6.51	0.9%
Consumer Services	195,067.67	(8,824.33)	(16,334.78)	(85.11)	nm	191,216.65	1.02	(7.84)	0.0%
Diversified Financials	771,709.46	111,809.16	70,516.24	(36.93)	10.94	729,686.04	1.06	9.79	0.8%
Energy	79,719.45	741.39	39,923.58	5,285.00	2.00	65,126.57	1.22	75.97	0.0%
Food & Staples Retailing	121,228.07	7,448.16	8,050.55	8.09	15.06	50,350.80	2.41	15.13	4.0%
Food, Beverage and Tobacco	965,105.50	122,784.62	141,570.15	15.30	6.82	605,466.83	1.59	23.64	5.5%
Healthcare & Equipments	71,636.89	9,641.05	3,164.97	(67.17)	22.63	49,733.13	1.44	6.78	1.2%
Household & Personal Products	9,389.97	659.09	777.21	17.92	12.08	5,308.09	1.77	15.76	0.0%
Insurance	156,665.03	19,030.50	21,899.03	15.07	7.15	149,634.28	1.05	15.41	2.5%
Materials	182,815.49	25,035.71	38,816.65	55.05	4.71	156,052.09	1.17	26.05	5.2%
Real Estate	52,765.95	10,901.18	9,650.16	(11.48)	5.47	98,356.92	0.54	9.10	5.9%
Retailing	58,190.82	7,554.68	(357.83)	(104.74)	nm	89,766.80	0.65	(0.37)	1.1%
Software & Services	3,735.39	468.33	185.50	(60.39)	20.14	1,991.75	1.88	9.06	0.0%
Telecommunication Services	266,309.56	11,427.82	(5,842.37)	(151.12)	nm	147,413.28	1.81	(4.03)	0.2%
Transportation	295,675.05	72,759.27	30,954.35	(57.46)	9.55	149,128.60	1.98	20.05	5.4%
Utilities	46,388.66	3,440.99	1,878.25	(45.42)	24.70	45,029.00	1.03	4.02	1.0%
Market P/E	4,583,836.29	617,077.67	505,618.17	(18.06)	9.07	4,360,067.75	1.05	11.68	3.0%



BRS STOCKS IN FOCUS



	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Banks									
COMB	101.25	8.99%	101.69%	12.44	8.14	4.50	4.4%	156.18	0.65
COMB(X)	83.60	7.46%	102.42%	12.44	6.72	7.50	9.0%	156.18	0.54
DFCC	85.10	3.65%	165.94%	10.57	8.05	2.00	2.4%	144.05	0.59
HNB	201.00	3.47%	154.75%	31.23	6.44	5.00	2.5%	342.25	0.59
HNB(X)	164.00	4.63%	134.29%	31.23	5.25	5.00	3.0%	342.25	0.48
NTB	110.00	7.58%	138.10%	26.42	4.16	4.00	3.6%	153.71	0.72
NTB(X)	119.00	12.26%	107.32%	26.42	4.50	4.00	3.4%	153.71	0.77
NDB	81.50	6.54%	154.69%	8.74	9.32	2.50	3.1%	182.50	0.45
PABC	18.60	13.41%	95.79%	5.86	3.17	-	0.0%	48.68	0.38
SAMP	77.80	3.73%	127.49%	10.42	7.47	4.60	5.9%	114.77	0.68
SEYB	55.40	19.65%	75.32%	7.52	7.37	2.00	3.6%	93.29	0.59
SEYB(X)	41.90	13.24%	158.64%	7.52	5.57	2.00	4.8%	93.29	0.45
Diversified Financials									
CFIN	100.25	2.82%	60.40%	31.79	3.15	4.25	4.2%	261.90	0.38
COCR	39.40	-5.06%	75.11%	7.71	5.11	1.00	2.5%	65.34	0.60
PLC	11.20	-5.88%	124.00%	1.72	6.51	1.00	8.9%	21.80	0.51
LFIN	68.10	0.59%	70.25%	15.47	4.40	5.00	7.3%	67.88	1.00
CDB	188.50	-0.53%	-0.79%	23.29	8.09	5.00	2.7%	259.75	0.73
CDB(X)	83.60	-5.11%	56.55%	23.29	3.59	5.00	6.0%	259.75	0.32
VFIN	37.90	-2.07%	68.44%	5.64	6.72	1.00	2.6%	46.96	0.81
LOLC	494.50	0.41%	24.25%	47.16	10.49	-	0.0%	536.15	0.92

	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Insurance									
HASU	55.30	0.55%	28.90%	11.71	4.72	3.65	6.6%	55.70	0.99
JINS	36.00	0.00%	13.56%	2.39	15.06	2.65	7.4%	53.99	0.67
CINS	2,490.00	0.00%	10.69%	480.00	5.19	45.00	1.8%	3,047.88	0.82
CINS(X)	895.00	-0.33%	-12.83%	480.00	1.86	45.00	5.0%	3,047.88	0.29
PINS	26.20	-3.68%	29.70%	3.97	6.60	1.00	3.8%	24.37	1.08
AAIC	75.30	0.00%	-13.05%	7.15	10.53	3.50	4.6%	27.39	2.75
UAL	40.00	3.90%	43.37%	5.04	7.94	-	0.0%	25.75	1.55
Capital Goods									
AEL	17.80	1.71%	66.36%	0.69	25.80	-	0.0%	27.56	0.65
ACL	78.40	-5.88%	11.84%	26.41	2.97	1.25	1.6%	98.07	0.80
CIND	100.00	-28.08%	72.41%	30.39	3.29	6.00	6.0%	139.04	0.72
SPEN	149.25	-0.33%	16.60%	16.36	9.12	4.00	2.7%	183.26	0.81
HAYL	86.50	-3.03%	27.21%	21.80	3.97	5.35	6.2%	105.24	0.82
HHL	80.10	5.26%	42.02%	7.16	11.19	2.35	2.9%	64.38	1.24
JKH	184.25	9.84%	36.23%	6.04	30.50	2.00	1.1%	235.60	0.78
TILE	46.00	-7.07%	-0.22%	11.00	4.18	7.60	16.5%	49.07	0.94
LWL	48.30	-8.52%	-6.21%	10.85	4.45	7.20	14.9%	68.31	0.71
RCL	29.50	-6.94%	4.24%	5.75	5.13	2.90	9.8%	36.04	0.82
RICH	24.10	-1.23%	0.00%	2.51	9.60	0.70	2.9%	12.11	1.99
VONE	48.80	-3.37%	62.13%	8.36	5.84	-	0.0%	67.54	0.72

STOCKS IN FOCUS

	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Consumer Durables									
MGT	37.20	7.83%	64.60%	(0.71)	nm	1.60	4.3%	23.64	1.57
TJL	35.10	0.29%	10.73%	2.97	11.82	0.75	2.1%	44.71	0.79
HEXP	64.20	-2.28%	13.03%	10.87	5.91	3.50	5.5%	53.02	1.21
REG	48.00	1.05%	14.01%	1.05	45.71	-	0.0%	77.90	0.62
Consumer Services									
AHUN	74.90	6.24%	47.44%	(0.86)	nm	-	0.0%	62.00	1.21
AHPL	48.00	5.49%	28.34%	(0.88)	nm	-	0.0%	64.66	0.74
KHL	22.80	4.11%	38.18%	(0.56)	nm	-	0.0%	20.81	1.10
Food, Beverage and Tobacco									
CARS	282.00	0.00%	4.54%	69.87	4.04	1.50	0.5%	347.36	0.81
CCS	48.00	3.90%	30.08%	2.01	23.88	1.30	2.7%	19.22	2.50
CTC	949.75	1.93%	51.96%	118.97	7.98	89.00	9.4%	65.44	14.51
LION	696.75	-0.46%	24.53%	87.40	7.97	41.90	6.0%	290.33	2.40
LMF	164.75	6.29%	33.13%	28.83	5.71	5.00	3.0%	366.68	0.45
MELS	82.20	5.38%	77.92%	16.83	4.88	6.76	8.2%	86.97	0.95
GRAN	105.00	-1.87%	30.43%	40.74	2.58	-	0.0%	147.62	0.71
SUN	52.80	3.53%	51.72%	4.36	12.11	1.15	2.2%	32.62	1.62
DIST	24.50	6.99%	85.61%	4.01	6.11	3.95	16.1%	2.58	9.50
KFP	163.00	0.62%	-0.15%	(7.12)	nm	2.00	1.2%	78.73	2.07
WATA	77.80	2.23%	5.14%	11.71	6.64	10.00	12.9%	30.60	2.54
KGAL	133.50	-0.37%	-2.91%	30.05	4.44	7.00	5.2%	209.79	0.64
NAMU	392.00	-0.70%	7.40%	118.48	3.31	14.00	3.6%	331.70	1.18

STOCKS IN FOCUS

	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Food, Staples and Retailing									
CARG	304.25	-3.95%	29.61%	20.82	14.61	12.00	3.9%	105.08	2.90
Healthcare and Equipment									
CHL	130.00	0.00%	-10.34%	15.73	8.26	2.50	1.9%	229.01	0.57
CHL(X)	119.00	6.25%	8.18%	15.73	7.57	2.50	2.1%	229.01	0.52
ASIR	25.00	1.63%	-2.72%	1.30	19.23	-	0.0%	15.63	1.60
AMSL	13.20	3.12%	1.54%	1.04	12.69	-	0.0%	11.30	1.17
NHL	4.00	0.00%	-44.44%	(0.64)	nm	-	0.0%	4.10	0.98
LHCL	105.25	-3.66%	9.86%	(0.27)	nm	-	0.0%	51.78	2.03
Materials									
CIC	69.40	-4.14%	-18.35%	16.12	4.31	2.50	3.6%	63.54	1.09
CIC(X)	54.20	-3.21%	-2.52%	16.12	3.36	2.50	4.6%	63.54	1.28
LLUB	93.00	0.11%	-3.63%	16.04	5.80	5.00	5.4%	33.85	2.75
DIPD	33.70	-4.80%	15.81%	10.87	3.10	3.35	9.9%	45.06	0.75
HAYC	74.90	3.17%	30.03%	19.60	3.82	6.25	8.3%	74.52	1.01
GLAS	24.50	-2.39%	85.61%	3.09	7.93	1.66	6.8%	10.66	2.50
PARQ	17.20	-3.91%	9.55%	(5.03)	nm	1.30	7.6%	15.04	1.14
REXP	590.00	-2.72%	-1.67%	87.69	6.73	35.00	5.9%	388.62	1.52
TKYO	57.00	0.53%	72.73%	12.43	4.59	1.50	2.6%	64.32	0.89
TKYO(X)	51.80	-0.58%	99.23%	12.43	4.17	1.50	2.9%	64.32	0.81
ALUM	9.20	-5.15%	27.78%	(0.73)	nm	-	0.0%	5.55	1.66

	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Telecommunications									
DIAL	12.20	10.91%	43.53%	(1.09)	nm	-	0.0%	6.53	1.87
SLTL	95.10	-2.96%	39.85%	1.69	56.27	-	0.0%	51.83	1.83
Transportation									
EXPO	151.75	1.51%	-16.74%	2.66	57.05	8.19	5.4%	69.32	2.19
Real Estate									
OSEA	17.20	-1.15%	15.44%	4.53	3.80	1.25	7.3%	43.12	0.40
House and Personal									
BPPL	23.40	1.74%	2.18%	1.67	14.01	-	0.0%	11.78	1.99
Energy									
LIOC	123.25	-5.92%	-39.21%	56.74	2.17	4.00	3.2%	115.59	1.07

	MPS (LKR)	MTD change %	YTD Change %	TTM EPS (LKR)	TTM PER (x)	DPS annual (Rs.)	Dividend Yield (%)	NAV (LKR)	PBV (x)
Utilities									
VPEL	6.80	0.00%	7.94%	0.78	8.72	0.50	7.4%	4.07	1.67
VLL	6.30	0.00%	3.28%	0.90	7.00	0.20	3.2%	6.94	0.91
PAP	3.60	5.88%	5.88%	(0.77)	nm	-	0.0%	3.11	1.16
HPWR	15.10	-5.63%	27.97%	2.69	5.61	3.00	19.9%	22.01	0.69
LVEF	6.40	0.00%	6.67%	(0.07)	nm	-	0.0%	10.86	0.59
WIND	17.70	1.72%	18.79%	1.10	16.09	-	0.0%	16.86	1.05
Retailing									
RIL	6.50	-2.99%	14.04%	(0.73)	nm	-	0.0%	23.53	0.28
SINS	16.00	-1.23%	90.48%	(0.88)	nm	-	0.0%	8.20	1.95
Automobile & Components									
TYRE	72.10	5.41%	24.31%	6.75	10.68	5.00	6.9%	81.30	0.89

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