SC Securities

Member of the Colombo Stock Exchange

Hayleys PLC (HAYL)

"A Global Nexus"

Initiation Report: BUY

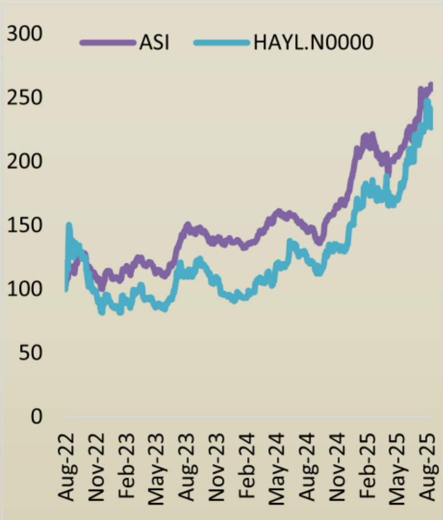
Market Price LKR 175.50| Target Price LKR 209| Upside +19%

August 2025

Trading Snapshot

Sector	Capital Goods
CSE Code	HAYL.N0000
Bloomberg Ticker	HAY1I SL
Shares in Issue (Mn)	750
52 Week High (LKR)	194
52 Week Low (LKR)	87.9
Market Cap (LKR Mn)	436
Market Cap (USD Mn)	131,625
LKR: USD	302
Market Price (LKR)	175.5

Relative Stock Performance



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Case for Investment

Strong Business, Geographical Diversification: Hayleys is the most diversified conglomerate in Sri Lanka with presence spanning 14 main sectors. The dominant market positions of the group companies (both global and local) in their respective sectors has enabled the group to benefit from economies of scale and superior earnings. Further, Hayleys is geographically diversified with more than 50% of its revenue from exports, lowering business risk and enabling growth. Currently, a healthy economy is promoting recovery in the cyclical but growth sectors such as construction, tourism, and consumer and retail, which bodes well for HAYL's businesses.

Healthy Operating Performance: HAYL delivered exceptional growth during FY2025, with topline growing by 12.7% YoY to LKR 492 Bn, whilst net profit grew by 52% YoY to LKR 22.5 Bn. Healthy results by multiple sectors enhanced EBIT by 12% YoY LKR 47.8 Bn, with the key growth sectors being Transportation & Logistics, Projects & Engineering, Consumer & Retail & Hand Protection. Despite some slowdown arising from the U.S tariffs, we envisage double digit growth in the coming year, with a high ROE.

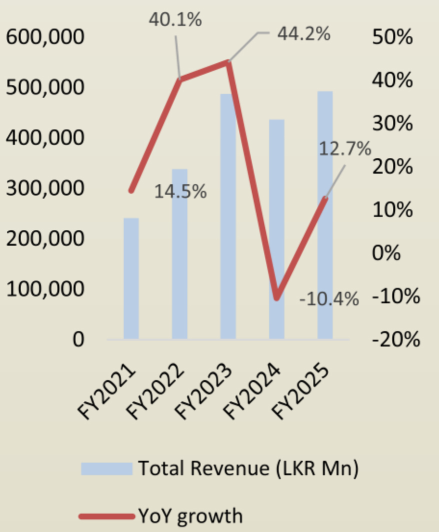
Valuation: HAYL is expected to provide a return of 19% based on our SOTP valuation. The recommendation is based on the performance of its subsidiaries. The SOTP valuation is based on our target prices for HAYC, MGT, DIPD, ALUM, & SINS whilst adding together the other investments. Further, HAYL is expected to provide a dividend yield of 4% to 5%. Thus we expect a total return of ~23% . **We recommend BUY.**

Investor Guide

YE 31st March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (LKR Mn)	436,732	492,201	568,320	657,336	761,097
+/- Growth	*-10.40%*	*12.70%*	*15.47%*	*15.66%*	*15.78%*
Net Profit (LKR Mn)	14,847	22,513	24,953	29,315	31,790
+/- Growth	*-46.3%*	*51.6%*	*10.8%*	*17.5%*	*8.4%*
EPS (LKR)	9.19	17.93	19.96	24.28	25.75
PE (x)	8.94	7.64	8.79	7.23	6.82
NAV (LKR)	106.88	124.19	136.03	152.18	169.32
PBV (x)	0.77	1.10	1.29	1.15	1.04
Dividend/Share (LKR)	5.35	6.00	6.68	8.13	8.62
Dividend Yield (%)	6.52%	4.38%	3.81%	4.63%	4.91%
ROE (%)	8.59%	14.44%	14.68%	15.96%	15.21%
ROA (%)	3.36%	4.41%	4.46%	4.79%	4.77%
Market Cap (LKR Mn)	61,575	102,750	131,625	131,625	131,625
Share Price - (LKR)	82.10	137.00	175.50	175.50	175.50

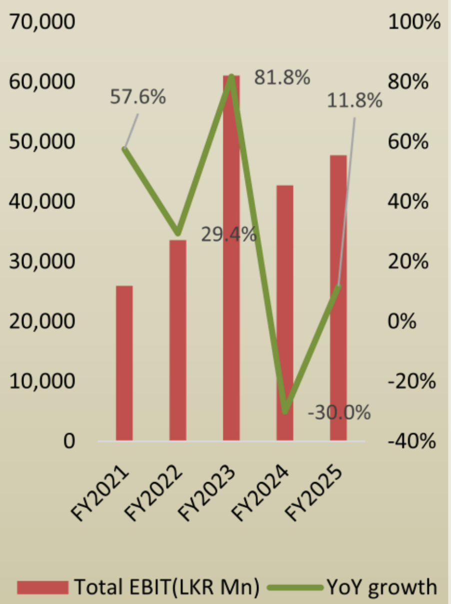
*Source: HAYL Financials, SC Securities Research. *Market Price as of 26th August 2025*

Figure 01: HAYL groups' revenue growth over the years has been strong, despite being buffeted by global headwinds



Source: HAYL Annual Reports

Figure 02: HAYL's EBIT generation has been equally strong over recent years



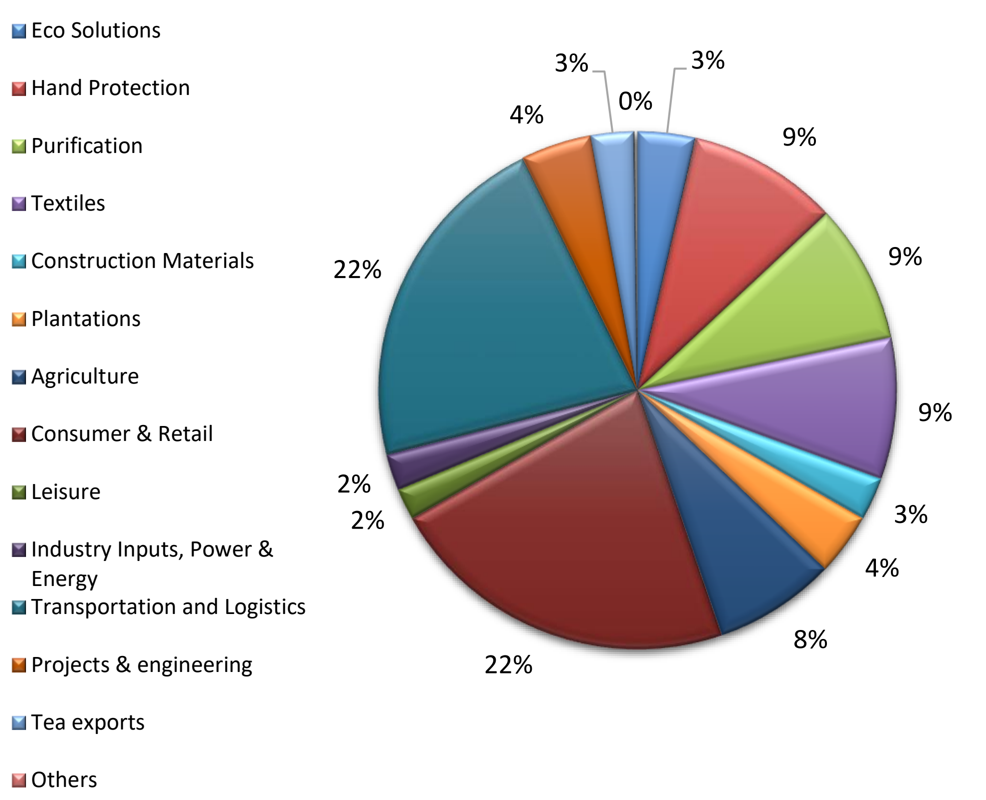
Source:HAYL Annual Reports.

Investment Case

One of the largest conglomerates in Sri Lanka with significant diversification across several sectors

Hayleys is one of the most diversified conglomerates in Sri Lanka with a presence in 14 sectors. The group is also the largest listed conglomerate in Sri Lanka in terms of total revenue. Starting initially with trading and logistic and shipping operations, over the years the group has expanded its operations to other sectors comprising consumer & retail, purification, hand protection, agriculture, plantations, textiles, leisure, eco solutions, construction materials, industry inputs, and power and energy. The well diversified business portfolio (with no sector comprising more than 30% of total revenue) helps to mitigate business risks and reduce over-dependency on any sector.

Figure 03: Revenue breakdown by segment (% contribution)



Source: HAYL Annual Report FY2024/25

Hayleys PLC operates through a network of over 180 business units and subsidiaries. While it is a holding company, Hayleys PLC controls these businesses through direct and indirect ownership. At present, the consumer & retail segment represented by Singer Sri Lanka PLC (acquired by Hayleys in 2017) and the Hayleys Consumer Division contributes the largest proportion towards total revenue (22.0% in FY25), followed by Transportation and Logistics segment (contributing 21.7% towards total revenue in FY25). The other significant revenue contributors are Hand Protection (9.4%), Purification (8.7%), Textiles (8.8%) and Agriculture (7.6%).

In terms of profitability, the Group's Consumer and Retail, Transportation and Logistics, Purification, Textiles, Hand Protection, and Projects and Engineering are the major contributors. Together these accounted for over 66% of the group EBIT in FY2025. The projects and engineering segment is represented by Hayleys Fentons which plays a dominant role in the renewable energy sector; thus making it a significant profit center. The consumer & retail segment is another profit center, and has remained resilient due to the sustained demand for consumer durables despite economic downturns.

The significant profit contributors are Consumer and Retail and Transportation & Logistics together contributing 46% towards overall EBIT in FY2025.

Currently the group directly derives only 6% of its revenue from the United States (U.S). However, there is indirect exposure via subsidiary Hayleys Fabric which supplies to domestic apparel companies,

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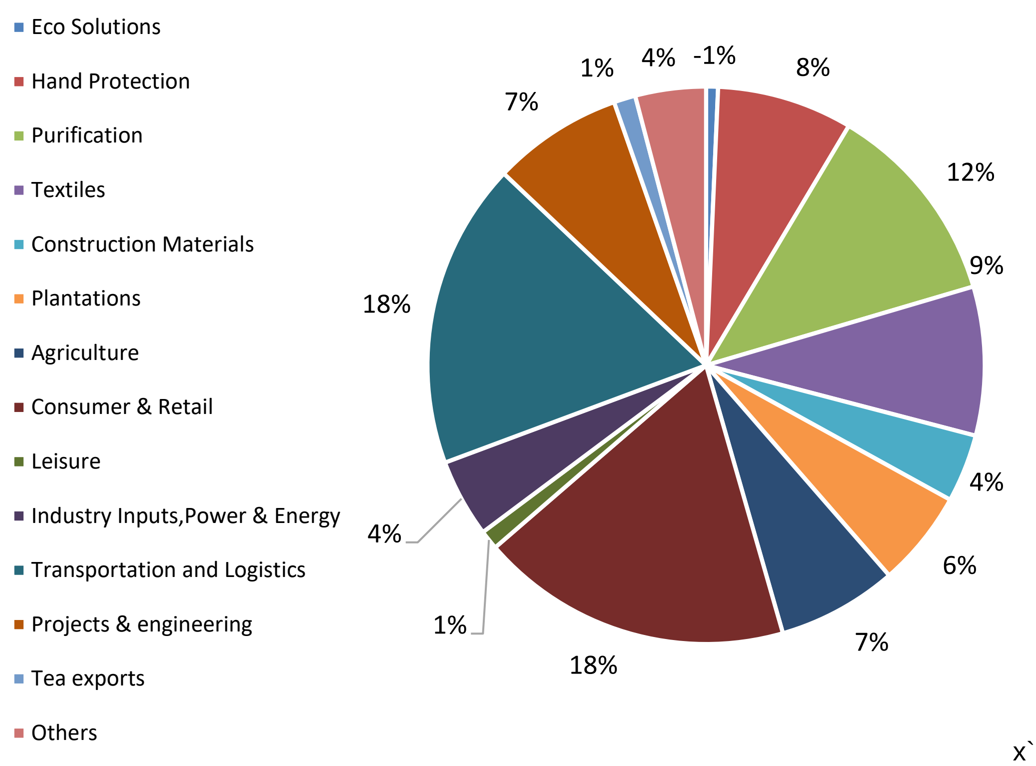
Figure 04: EBIT breakdown by segment (% contribution)



Source: HAYL Annual Report FY2024/25

Leading market positions of the group companies in both local and global markets

HAYL is one of the few Sri Lankan conglomerates with strong export market presence with over 50% of its revenue coming from outside of Sri Lanka. The group is one of the top exporters in the country, historically accounting for over 5% of total Sri Lankan exports. The strong global exposure provides opportunities for further expansion. However, on the flipside a strong slowdown in external markets is also likely to have negative impact on HAYL compared to other conglomerates in Sri Lanka.

Figure 05: Geographical Revenue Contribution (%)

Geographical Segment	Revenue in FY2025 (LKR Mn)	%
Asia	117,791	24%
Australia	6,085	1%
Europe	39,213	8%
USA	30,315	6%
Africa	5,453	1%
Indirect Exports	57,070	12%
Middle East	4,706	1%
Sri Lanka	231,568	47%
Total	**492,201**	**100%**

Source: HAYL Annual Report FY2024/25

Currently, the domestic market contributes 47% to total revenue, whilst exports constitute 53% of group revenue. The United States which has imposed a 20% reciprocal tax on Sri Lanka (effective August 8th 2025), directly accounted for only 6% of HAYL's revenue in FY2025. However, the group also has indirect exposure via subsidiary Hayleys Fabric PLC (comprising 9% of group EBIT in FY25) which supplies textiles to local garment manufacturers which in turn supply to consumers in the U.S market.

In the respective industries Hayley's holds market leadership positions further enhancing its status. For instance, Haycarb is a global leader in charcoal based activated carbon holding 16% market share, whilst DPL is top supplier in the rubber glove industry accounting for 5% of global market share. Hayleys' plantations and the construction materials business are also market leaders in their respective fields in Sri Lanka. The transportation and logistics segment represented by Hayleys Advantis is the largest logistics company in Sri Lanka, handling approximately 19% of containers moving through Colombo Port. Moreover, Singer Sri Lanka PLC is the market leader in the consumer durables sector, with an island wide network of 405 showrooms and over 1,000 dealers. The dominant market positions of these subsidiary entities enables the group to benefit from economies of scale and help generate superior earnings.

Figure 06: Exchange Rate (1 USD>LKR) has remained stable in the last 12M

Source: CBSL

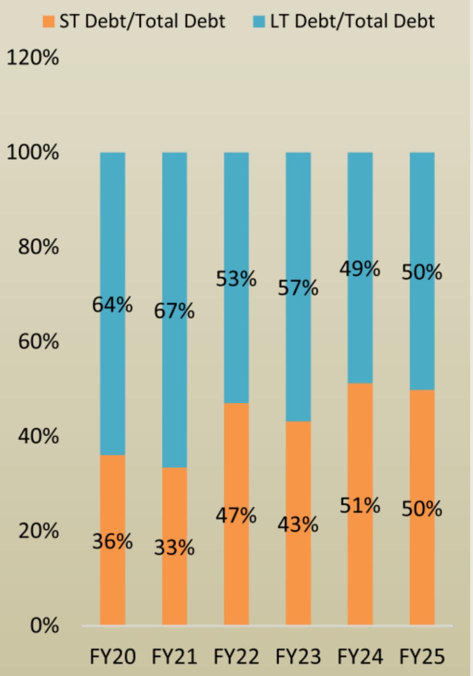
Individual segments operate independently

HAYL is purely a holding company deriving dividend income from its subsidiary companies. The individual companies/segments are managed autonomously with each responsible for its own strategy and profits. Moreover, few companies have drawn on the parent entity for growth capital, although there is evidence to suggest that HAYL can be relied on for corporate guarantees and/or financial support as needed. The key subsidiaries are listed separately (See Appendix 1). Hence, the oversight of the Securities Exchange Commission (SEC), CSE and shareholders promotes transparency and good governance into the group.

Has benefitted from strong operating cashflows whilst maintaining higher leverage compared to peers

HAYL has maintained strong operating cashflows with LKR 11.8 Bn generated from operating activities at group level in FY2025 (FY2024: LKR 30.4 Bn), whilst at the company level LKR 5.39 Bn was generated (FY2024: LKR 5.3 Bn). The robust cashflow generation continues to support ongoing strategic investments, debt servicing and debt repayments.

Figure 07: ST Debt as % of Total Debt



Source: HAYL Annual Reports

Further, the group has shown robust earnings performance generating a Profit After Tax (PAT) of LKR 22.5 Bn in FY2025 compared with LKR 14.85 Bn in the prior year, supported by healthy revenue growth and cost efficiencies, amidst strong market positioning. The net profit margin had grown to 4.57% in FY2025 from 3.40% in FY2024. Going forward, we expect the topline to grow strongly for the Hayleys group due to healthy growth from its businesses in various sectors, especially in Construction materials, Consumer & Retail, Transportation and Logistics, and Projects & Engineering. Despite commodity price fluctuations GP margins are expected to remain at similar levels (~ 24%-25%), although there could be some margin erosion due to the U,S tariff impact. As interest rates are currently bottoming out, we expect finance costs to remain relatively low in the near term supporting group profits. We forecast a similar healthy profit of around LKR 25 Bn in the current financial year.

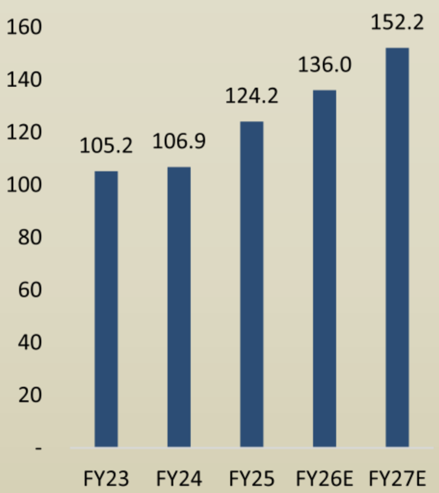
However, HAYL has been relying largely on short term debt for near term working capital financing. Thus, the current short term debt to total debt ratio stands at 50% in FY2025 from 51% in FY2024. Further, HAYL has funded new acquisitions and expansions via debt and internally generated funds, rather than raising fresh equity capital, leading to a higher level of gearing compared to peer conglomerates.

Despite the higher level of capital expenditure and increased borrowings, HAYL has thus far maintained a stable liquidity position with an interest cover of 3.1x in FY2025 (FY2024: 1.94x) and Current Ratio of 1.16x (FY2024: 1.14x). Further, the holding company holds cash and short term deposits of around LKR 2.6 Bn whilst good relationships with banks being a top exporter in the country also provides support towards debt financing. Nonetheless, we take the view that close monitoring of debt metrics and reducing leverage may lead towards better financial flexibility in the future.

HAYL has a relatively high level of gearing compared to peers due to continued growth funded via borrowings.

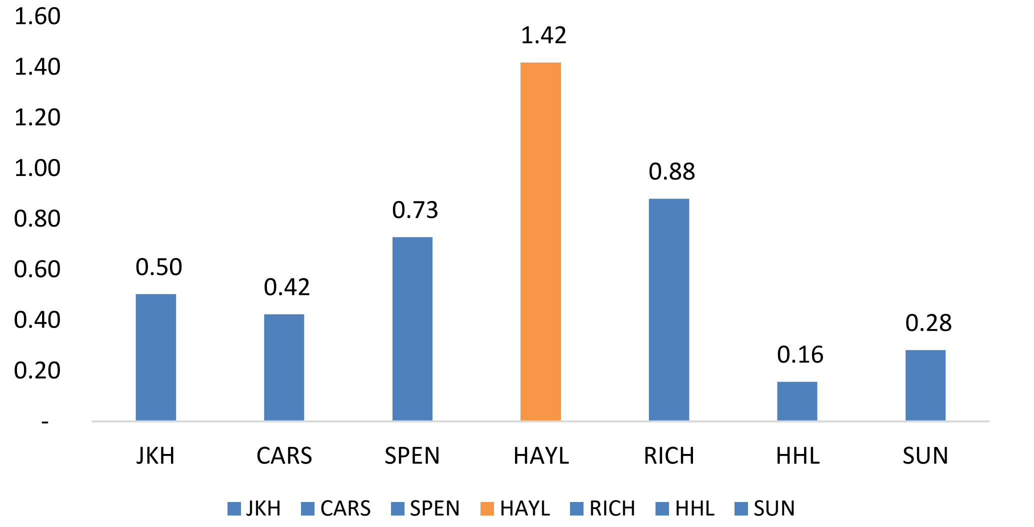
Around 50% of the total debt is short – term (revolving) , used for working capital purposes.

Figure 09: NAVPS Per Share (LKR)



Source: HAYL, SC Securities Research

Figure 08: Gearing Ratios of Peers



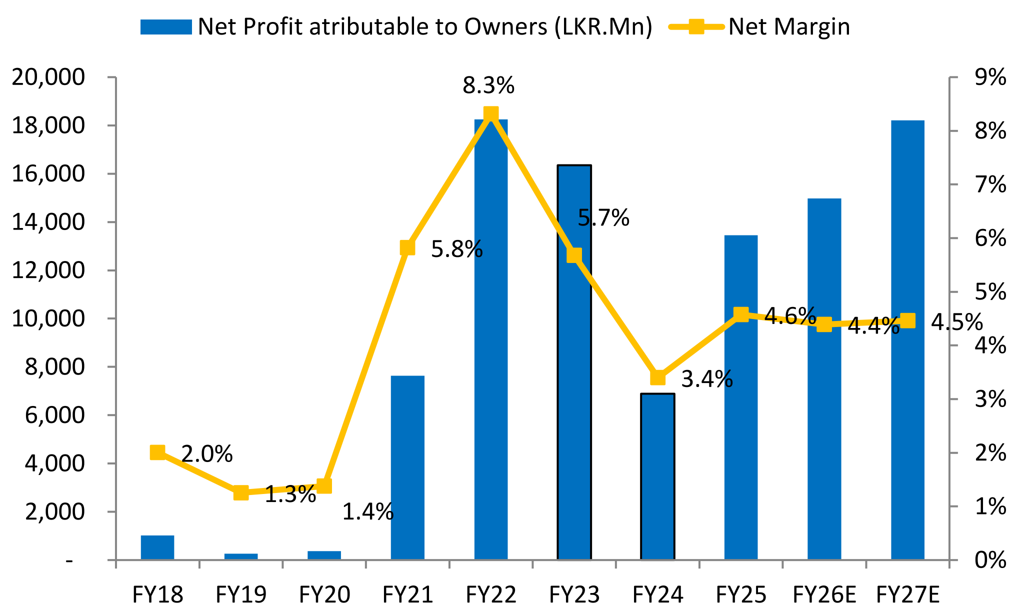
Source: Respective Company Financial Statements FY2024/25. Note: Gearing Ratio is calculated as ST debt & LT debt over total equity.

Sustainability Focus

Hayleys has shown strong commitment to ESG principles and sustainable practices across all segments. ESG considerations are integrated into the strategy, processes and decision making – and embodied in the Hayleys Life code. The Life code provides details on the Group's ESG framework and roadmap to achieve these goals. We take the view that the pursuit of ESG principles will enhance the Group's attractiveness to socially conscious investors. Moreover, this is also expected to drive long term value and shareholder returns.

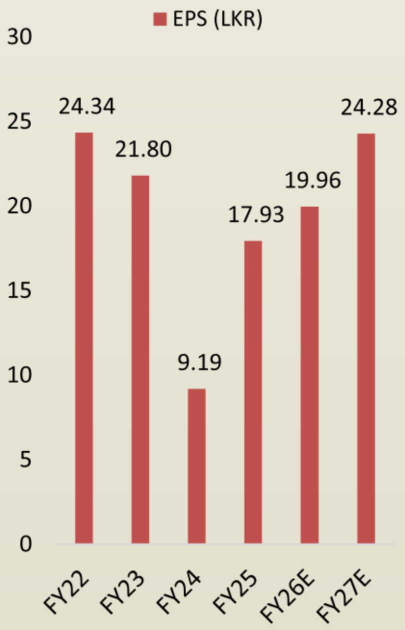
Robust Revenue Growth and Strong Profitability

Figure 10: HAYL Net Profit | Net Margin



Source: HAYL Financial Statements, SC Securities Research.

Figure 11: EPS Per Share (LKR)



Source: HAYL, SC Securities Research

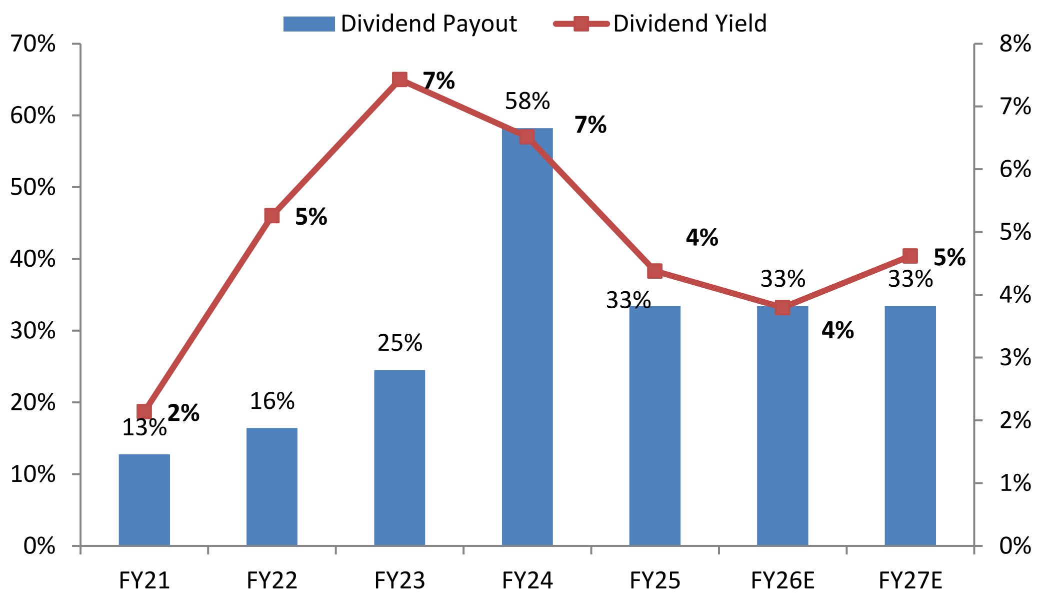
We expect healthy dividend yields going forward based on the expected performances of HAYL's subsidiary entities. Thus it is a good income yielding stock.

Stable Dividend Policy

The company has provided good dividend yields (range of 4% to 8%) over the past four years, post pandemic. Hence, it's a good stock for income investors; whilst providing high capital appreciation for growth investors. Dividend payouts from HAYL to shareholders increased significantly post pandemic on the back of strong earnings performance. Based on a similar level of dividend payout (~33%) we expect a dividend yield of 4%-5% over the next 3 years

We note that HAYL has control over the dividend distribution of its subsidiaries due to its majority ownership and management control. The improving profits of the group entities, primarily hand protection, purification, textiles, consumer & retail, transportation & logistics, and projects to an have led to an increasingly high share of dividend income for the group

Figure 12: HAYL Dividend Payout | Dividend Yield



Source: HAYL Financial Statements, SC Securities Research

The

Sum-Of-The-Parts

Valuation

Haycarb PLC (HAYC)

BUY

Market Price (Voting) LKR 90.50| Target Price LKR 135.65| Upside +50%

Case for Investment

Niche Industry: The activated carbon industry is a niche industry with few substitutes. Haycarb is involved in the production of coconut shell activated carbon (AC) with the end applications being water treatment, air treatment and purification, gold extraction, and energy storage carbons. The key domestic players in this industry are Haycarb PLC, Jacobi Carbons and Adam Carbons – which produce coconut shell AC mainly for the export market (>90%). The industry was valued at USD 4.6 Bn in 2023 and is projected to double in volumes and size by 2030 (CAGR of 9.3%)[1], driven by demand for eco- friendly adsorbent materials, whilst coconut shell AC is considered an effective pollutant removal agent which enhances its appeal in water purification and waste water treatment (source: marketsandmarkets.com). Moreover, the same is gaining traction in the healthcare and pharmaceuticals sectors, in particular for purification and detoxification end uses. At present the industry consists of a few players with established relationships with existing customers whilst the level of expertise and technology required prevents the influx of new players.

Philippines Production Plant Expected To Drive Near-Term Growth: HAYC's production capacity has remained fairly stagnant (as company operates at almost full capacity), having manufacturing facilities in Sri Lanka, Thailand and Indonesia. In the absence of volume growth and price increases, revenue increase was managed by growing the value added product range. However, HAYC has commissioned a new production facility in Philippines at a cost of USD 8 Mn which is expected to be completed by June 2026. With the addition of the new plant growth is expected to take place in phases (about 6000 MT at each phase) which will enable the company to cater to existing demand whilst strengthening its international presence. We expect growth to take place in all segments, contributing towards a total annual revenue growth of ~ 5-10% in next 2 years.

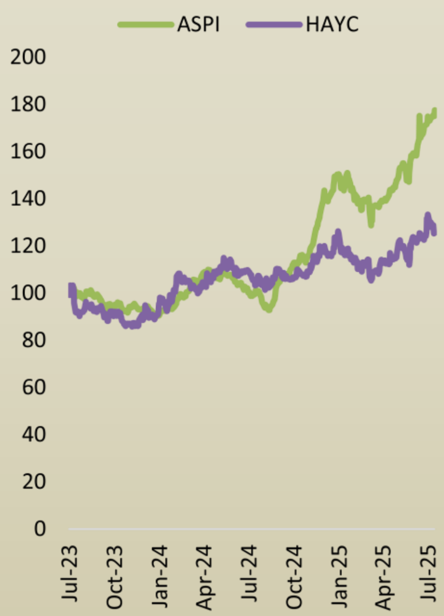
YE 31st March	FY2024	FY2025	FY2026E	FY2027E	FY2028E
Revenue (LKR Mn)	43,179	43,202	45,362	49,898	58,630
+/- Growth	*-29.15%*	*0.05%*	*5.00%*	*10.00%*	*17.50%*
Net Profit (LKR Mn)	4,306	4,271	4,181	4,149	5,156
+/- Growth	*-33.82%*	*-0.81%*	*-2.11%*	*-0.74%*	*24.24%*
EPS (LKR)	12.60	12.10	12.43	12.34	15.33
PE (x)	6.07	6.78	7.28	7.33	5.90
NAV (LKR)	77.09	89.30	97.38	105.40	115.37
PBV (x)	0.99	0.92	0.93	0.86	0.78
Dividend/Share (LKR)	6.00	3.80	4.35	4.32	5.37
Dividend Yield (%)	7.84%	4.63%	4.81%	4.77%	5.93%
ROE (%)	16.35%	13.55%	12.76%	11.71%	13.29%
ROA (%)	10.71%	9.31%	8.59%	7.90%	9.01%
Market Cap (LKR Mn)	22,730	24,394	26,890	26,890	26,890
Share Price - (LKR)	76.50	82.10	90.50	90.50	90.50

Source: HAYC Financials, SC Securities Research, Market Price as of 26th August 2025

Trading Snapshot

Sector	Materials
CSE Code	HAYC.N0000
Bloomberg Ticker	HAYC SL
Shares in Issue (Mn)	297
52 Week High (LKR)	96.8
52 Week Low (LKR)	73.6
Market Cap (LKR Mn)	26,890
Market Cap (USD Mn)	89.04
LKR: USD	301.98
Market Price (LKR)	90.5

Relative Stock Performance



Source: CSE

HAY has generated strong operating cashflows in recent years (LKR 7.3 Bn in operating cashflow in FY25). Thus it is well positioned to cater to the future growth in global demand and is able to take on capacity expansions

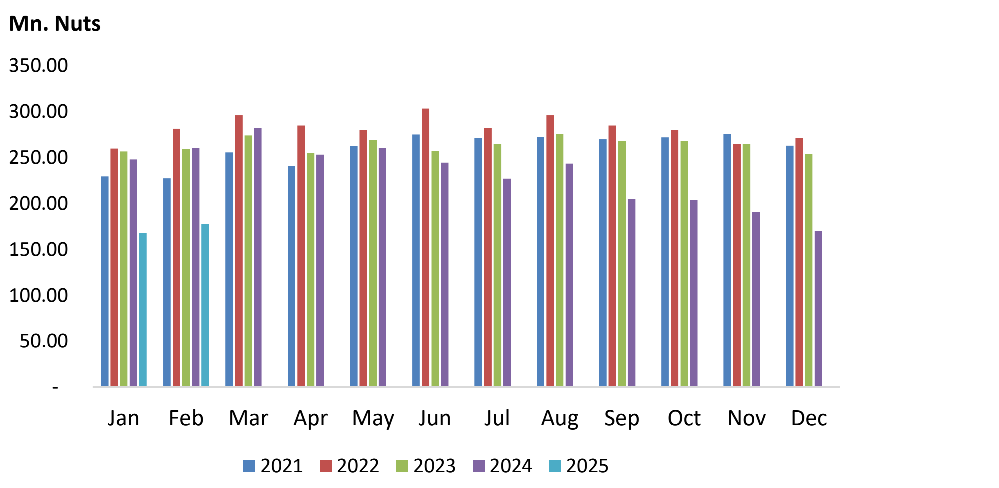
US Tariffs Impact Likely To Be Insignificant: The U.S has imposed a blanket 20% tariff on all exports from Sri Lanka, effective August 7th, 2025. HAYC currently faces a 4.8% levy on its imports to the U.S to which the new tariff of 20% will be added. We expect the company pass on this tariff to U.S customers. Currently, the Asian region contributes towards 50% of total revenue due to growing demand for water purification and gold extraction applications. Other growth markets are the African region and Australia, whereby the company has the opportunity to diversify its revenue base and reduce the negative effect of the tariffs.

Margins Expected To Remain Stable: Persistent shortages in coconut shells caused a significant increase in raw material prices. This had contributed towards charcoal prices soaring over the past year. Hence, the gross profit margin decreased to 27.9% in FY2025 from 30.7% in FY2024. Going forward, we expect a similar level of GP margin for HAYC. We envisage future EBIT margins to be stable in the range of 12% to 14%, supported by operational efficiencies.

Valuation: HAYC is currently trading on a FY26E PER of 7.3x and PBV of 1x. As the company is highly cash generating and operates in a growth industry, we assign the industry level PER of 11x to HAYC. Based on our blended valuations (DCF & Forward PER) we arrive at a target price of **LKR 135.65** per share. **Recommend Strong Buy.**

Coconut production has been falling in recent years, due to white fly disease, weather pattern changes etc. This is a phenomenon see in many Asian countries, including those from which HAYC sources charcoal.

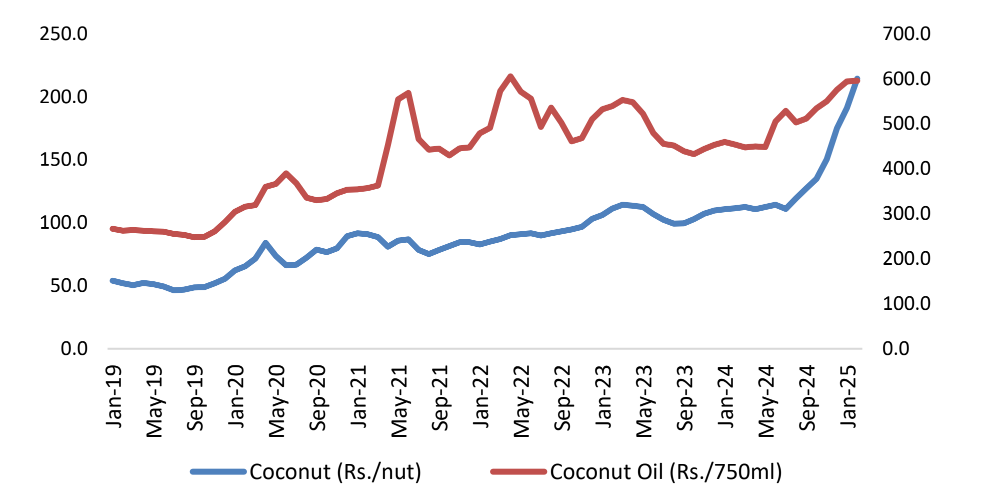
Figure 13: Coconut Production (Mn nuts)



Source: Coconut Development Authority

Falling coconut production has resulted in upward pressure on coconut prices as seen in the right-side chart.

Figure 14: Coconut and Coconut Oil Prices (Rs.)



Source: Coconut Development Authority

Dipped Products PLC (DIPD)

BUY

Market Price (Voting) LKR 58.50| Target Price LKR 75.24| Upside +29%

Case for Investment

Trading Snapshot

Sector	Materials
CSE Code	DIPD.N0000
Bloomberg Ticker	DIPD SL
Shares in Issue (Mn)	599
52 Week High (LKR)	63.9
52 Week Low (LKR)	30.5
Market Cap (LKR Mn)	35,019
Market Cap (USD Mn)	115.96
LKR: USD	302.0
Market Price (LKR)	58.5

Relative Stock Performance

Source: CSE

Leading provider of rubber gloves to the world market: Founded in 1976, DIPD is the leading manufacturer of protective handwear, presently accounting for 5% of global market share. The availability of premium quality natural rubber latex in Sri Lanka has supported DIPD's foray into this industry. The global rubber gloves market is estimated at USD 13.79 Bn in 2024 and is projected to grow at CAGR of ~8% over the medium term (source: Grand View Research) driven by factors such as increasing regulations, safety standards (such as in electronics), innovations in the medical field which require medical gloves, and growing demand for industrial gloves and sports gloves. The hand protection segment of DIPD accounts for ~ 60% of the total revenue. The company acquired a rubber glove manufacturing facility, Hi Care Thai Gloves for USD 11 Mn in 2024. Thus with the additional capacity and a robust order book (over 99% of production is for exports), we expect a growth of < 10% this year in hand protection segment.

US Tariffs not expected to significantly impact DIPD's sales: DIPD has 5 manufacturing facilities in the Sri Lanka and 2 in Thailand, with a workforce consisting of over 2,500 people. At presently around 25% of Sri Lankan exports and 10% of Thai exports go to the U.S market. Subsequent to the new tariff regime imposed by the U.S, Sri Lankan exports will face a 20% tariff, whilst Thai exports face a tariff rate of 19%, similar to many other Asian nations. Since, DIPD already has a sound global customer base – the tariffs are not expected to significantly impact its revenue and market share.

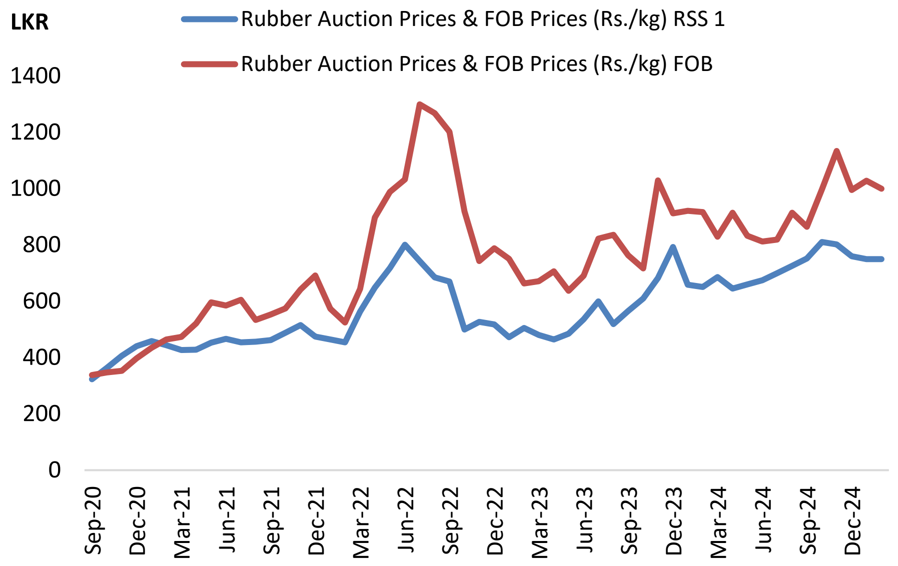
YE 31st March	FY2024	FY2025	FY2026E	FY2027E	FY2028E
Revenue (LKR Mn)	73,942	79,289	80,066	84,741	90,697
+/- Growth	*-7.69%*	*7.23%*	*0.98%*	*5.84%*	*7.03%*
Net Profit (LKR Mn)	5,779	5,034	6,748	7,212	7,771
+/- Growth	*-32.03%*	*-12.90%*	*34.05%*	*6.88%*	*7.75%*
EPS (LKR)	7.47	6.47	8.83	9.43	10.17
PE (x)	4.07	8.50	6.63	6.20	5.76
NAV (LKR)	48.24	53.09	74.83	84.05	93.98
PBV (x)	0.63	1.04	0.78	0.70	0.62
Dividend/Share (LKR)	2.25	1.90	2.65	2.83	3.05
Dividend Yield (%)	7.40%	3.45%	4.53%	4.84%	5.21%
ROE (%)	16.61%	13.30%	15.98%	15.17%	14.58%
ROA (%)	9.13%	7.27%	8.90%	9.02%	9.00%
Market Cap (LKR Mn)	18,198	32,924	35,018	35,018	35,018
Share Price - (LKR)	30.40	55.00	58.50	58.50	58.50

Source: DIPD Financials, SC Securities Research, Market Price as of 26th August 2025

Varied product portfolio and established branch network: DIPD has a diverse product portfolio comprising of over 750 world class products sold across 70 countries. DIPD invests extensively into R & D to grow its product portfolio and meet customer demands. Further, marketing offices have been established in Italy, France, Poland, India and Middle East to support sales; a key to its success.

Sri Lankan rubber production has been faced with lower yields compared to other rubber producing countries due to fungus issues and weather conditions, impacting rubber prices

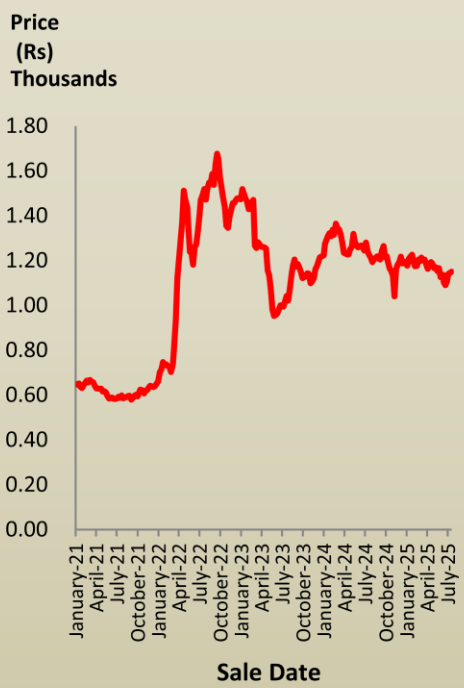
Figure 15: Rubber Prices



Source: Ceylon Chamber of Commerce, Central Bank of Sri Lanka

Forecast for Tea production remains optimistic: Hayleys plantation sector consists of three listed regional plantation companies , namely Kelani Valley Plantation PLC, Talawakelle Tea Estates PLC, and Horana Plantations PLC. Collectively, these companies cultivate 26,166 hectares of tea, rubber and other crops across 55 estates. The most extensively cultivated crop in the plantation segment is Tea, with Mabroc Teas (a Hayleys subsidiary) acting as the distribution arm. Global tea production has surpassed USD 17 Bn annually with Tea trade valued at USD 9.5 Bn. The International Institute for Sustainable Development estimates that global tea consumption has risen by 2.5% per capita over the past decade, primarily in East Asia, Africa, Latin America and Caribbean countries. Going forward demand is expected to remain robust due to rising incomes in developing countries and market diversification into organic and specialty teas. Thus in the plantations segment we expect a normalized revenue growth (<5%) whilst weather plays a role in production. Wages play a role in margins in the planation segment with the minimum wages set at LKR 1,700/-. from August 2024. However, the RPC's are expected to factor in these costs to their operations.

Figure 16: Tea Prices have risen



Source: Forbes and Walkers Tea Brokers

Strong Profitability: Despite turbulences in the domestic and global economy, DIPD group has maintained strong profitability in recent years. It recorded a revenue growth of LKR 79 Bn in FY2025 (7% YoY rise), driven by rising volumes and enhanced product mix in the hand protection segment, whilst higher average tea prices and volume growth in rubber grew the plantations segment. Partly due to LKR appreciation the net margin declined to 6% in FY2025. However, we expect the net margin to recover to industry level going forward, with a higher ROE (DIPD recorded a ROE of 13% in FY2025), anticipated in FY2026E.

Valuation: DIPD is currently trading on a FY26E PER of 6.6x . Our DCF valuation (using a risk free rate of 8%, risk premium of 5% and terminal growth rate of 4%, derives a fair price of LKR 75/- per share. **We recommend Strong BUY.**

Alumex PLC (ALUM)

Market Price (Voting) LKR 17.90| Target Price LKR 31.80| Upside +78%

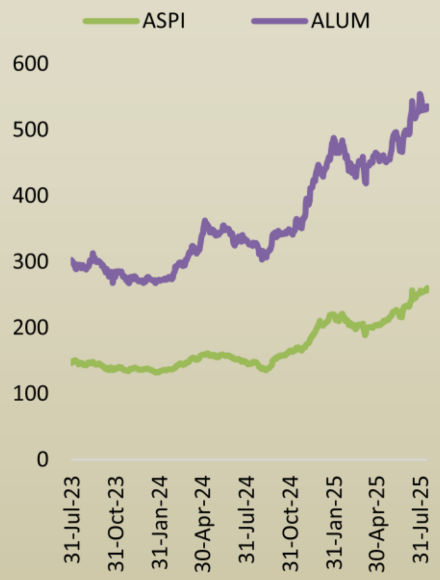
BUY

Case for Investment

Trading Snapshot

Sector	Materials
CSE Code	ALUM.N0000
Bloomberg Ticker	ALUM SL
Shares in Issue (Mn)	599
52 Week High (LKR)	18.7
52 Week Low (LKR)	10.3
Market Cap (LKR Mn)	10,715
Market Cap (USD Mn)	35.48
LKR: USD	302.0
Market Price (LKR)	17.9

Relative Stock Performance



Source: CSE

Global aluminum market continues to gain momentum: Demand for Aluminum has witnessed rapid growth over the past decade. According to Fortune Business Insights (FBI) the global market was valued at USD 249.83 Bn in 2024 and is projected to grow at a CAGR of 6.2% to USD 403.29 Bn by 2032. Rising product demand in the transportation sector, including aerospace, automotive and marine industries is anticipated to fuel market growth. In particular, the automotive industry is driving product demand as electric vehicle (EV) manufacturers are replacing steel with this metal to reduce the vehicle weight and achieve a better battery performance. The growth in the construction and packaging industries are also contributing towards aluminum's popularity due to its strength, durability and resistance to corrosion. Moreover higher preference for secondary/recycled products is expected to aid aluminum growth, as these are considered less energy intensive and saves natural resources, contributing towards sustainability. E.g.: aluminum cans are highly recyclable and are recycled at a high rate. The dominant demand for aluminum comes from the Asia Pacific region (accounting for 64% of market share) driven by rapid urbanization, growth in construction and automotive production. In the United States, the aluminum demand is projected to grow strongly, driven by EV production and aerospace applications.

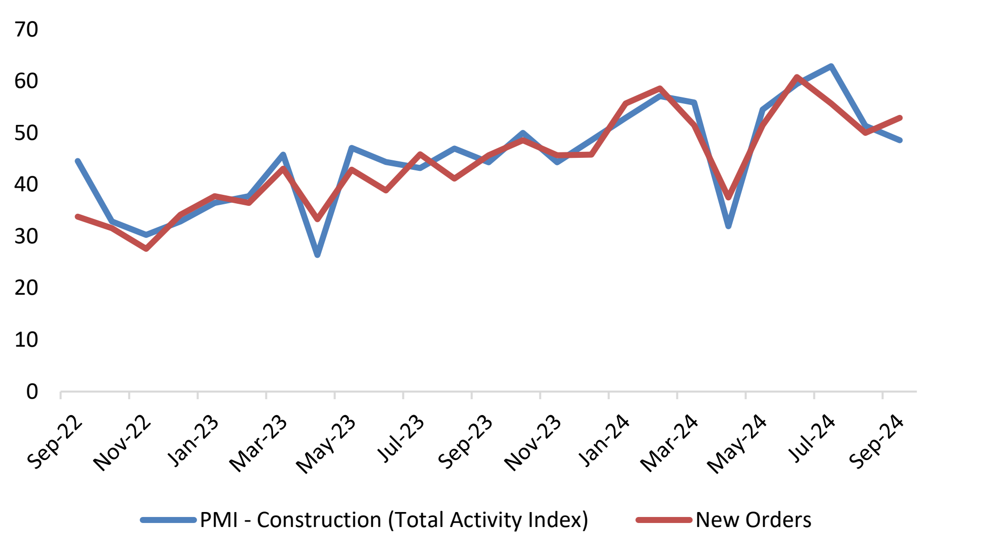
Recovery in the domestic construction sector is fueling growth: In Sri Lanka, ALUM is the leading aluminum extrusions manufacturer holding 45%market share. In the local market recovery in the construction sector has been driving demand for aluminum products, led by the resurgence in public infrastructure projects and private sector constructions. Further, the lower interest rates have been instrumental in boosting construction activity. Moreover, the stable exchange rate has contributed towards moderating raw material costs (imported inputs account for ~ 30-35% of construction costs) and helped with sector recovery.

YE 31st March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (LKR Mn)	10,993	14,338	18,040	21,642	24,888
+/- Growth	*7.62%*	*30.43%*	*25.82%*	*19.97%*	*15.00%*
Net Profit (LKR Mn)	186	867	730	1,000	1,170
+/- Growth	*-1922.4%*	*366.0%*	*-15.8%*	*37.0%*	*17.0%*
EPS (LKR)	0.31	1.45	1.22	1.67	1.96
PE (x)	30.88	10.49	14.68	10.72	9.16
NAV (LKR)	6.36	7.76	8.62	9.78	11.15
PBV (x)	1.51	1.96	2.08	1.83	1.60
Dividend/Share (LKR)	-	0.40	0.37	0.50	0.59
Dividend Yield (%)	0.00%	2.63%	2.04%	2.80%	3.28%
ROE (%)	5.02%	20.51%	14.89%	18.16%	18.68%
ROA (%)	1.44%	5.24%	4.02%	4.80%	4.97%
Market Cap (LKR Mn)	5,747	9,099	10,715	10,715	10,715
Share Price - (LKR)	9.60	15.20	17.90	17.90	17.90

Source: ALUM Financials, SC Securities Research, Market Price as of 26th August 2025

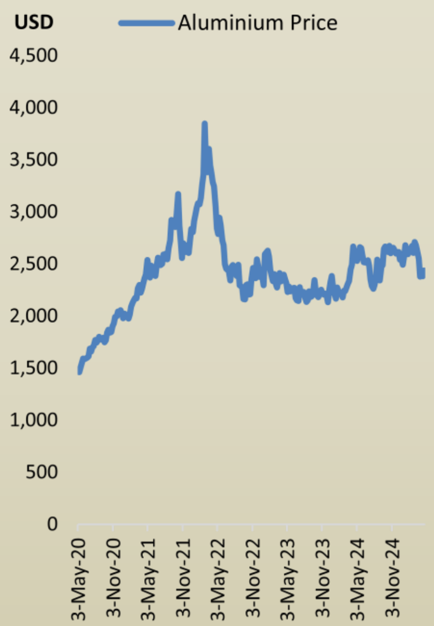
The Construction PMI has been rebounding in recent months, recording values above 50, and signaling expansion in construction activities. Favorable industry conditions have promoted growth, including steady project work and stable prices.

Figure 17: Purchasing Managers Index (PMI) - Construction



Source: Central Bank of Sri Lanka

Figure 18: Global Aluminum prices have stabilized driven by improved supply chain efficiencies and moderate global inflation



Source: [Aluminum Historical Prices - Investing.com]

During Covid-19, the prolonged production slowdown in different industries, led to depressed Aluminum prices

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Sharp export – led growth for ALUM in FY2025: Currently, exports account for 35% of total revenue. However, following the Covid-19 pandemic when the domestic market slumped, the company wanted to grow its international presence. Thus ALUM's strategy is to expand into all countries and grow its export division to ~ 50% of total revenue over the medium term. The company delivered robust revenue growth of 30% YoY in FY2025, due to strong domestic and export sales. Notably, export volumes surged by 56% during the year led by its expanding international presence and valued added product portfolio. Similarly, a high level of export led growth is expected in FY26E (25%-30% YoY growth).

Strategic Partnerships have expanded business: The company has struck strategic partnerships with foreign parties which include being a licensed manufacturer for aluminum proprietary systems. These parties include Schueco (Germany), Gutmann (Germany), Capraal (Australia), Candorview (U.S), Hydro group (Norway) and Aluk (Italy). These licensed partnerships have a promising outlook

U.S tariffs impacts: In March 2025, the U.S announced a 25% sectoral tariff on steel and aluminum products. The rate was doubled to 50% in June 2025. Currently, the U.S accounts for 10% - 15% of ALUM's exports (<LKR 1 Bn in revenue). ALUM expects orders to be forthcoming from the U.S in the future despite the high tariffs as their domestic aluminum industry cannot cater to the total demand. We do not expect the tariffs to greatly pressure ALUM's revenue.

Robust Operating Performance: The company's GP margin de-grew slightly to 20% in FY2025 from 21% in FY2024, due to increases in COGS. The Operating Profit (EBIT) margin grew to 13% in FY2025 from 10% in the prior year mainly due to other income derived from an insurance claim which offset the related write-offs. Leaving out the non-operating items ALUM has maintained stable cost controls. Led by one-off gain and lower finance costs the company had achieved a PAT of LKR 867 Mn in FY2025 with an ROE of 21%. We estimate an EBIT margin of around 10% going forward with PAT of around LKR 700 Mn in FY2026E.

Valuation: Our DCF valuation with a WACC of 15.5% (8% risk free rate, 2% terminal growth rate and 8.5% risk premium) suggests a fair price of **LKR 31.80/- for the share** with an upside of 78%. **We recommend Strong BUY**

Hayleys Fabric PLC (MGT)

BUY

Market Price (Voting) LKR 43.70| Target Price LKR 59.0| Upside +35%

Case for Investment

A cyclical slowdown expected in key export markets: MGT which is the largest fabric manufacturer in Sri Lanka, is expected to face significant headwinds in CY2025 and CY2026 due to softening demand in key markets which include the United States (indirectly accounting for about 60% of MGT's sales) and Eurozone (~ 30% of MGT's sales). These markets have seen rising inflation making consumers increasingly price sensitive. Fashion retailers predict low consumer sentiment in the near term as the economic outlook remains in flux and sluggish across markets (As per McKinsey and Company, State of Fashion 2025). Therefore McKinsey had predicted the global fashion market to post single digit growth, reflective of a structural deceleration following the post-pandemic boom.

US tariffs expected to change trade dynamics: Effective August 7th, 2025, all Sri Lankan exports to the U.S will face a reciprocal tariff of 20%. In 2024, Apparel exports accounted for 65% of total exports to the U.S making this the most heavily impacted sector. Presently, MGT which has all its production facilities in Sri Lanka, partners with globally renowned brands such as NIKE, Decathlon, Victoria's Secret, Tommy Hilfiger and Calvin Klein as a fabric supplier. The textiles are supplied to local apparel manufacturing heavy-weights such as MAS Holdings, Hidramani and Brandix. Key competitor countries for Sri Lanka in terms of garments manufacturing are Bangladesh (faces a 20% tariff), Vietnam (20%), Cambodia (19%), India (currently 50%) and China (average tariff of 55%). While it is difficult to quantify the impact of the tariffs, we take the view that Sri Lanka is competitively positioned versus other garment producing countries. Further, the higher tariffs on India and China may change trade dynamics in favour of lower tariff countries. As per McKinsey and Company, major economies are now choosing to source from countries where they have more political alignment, with the trend expected to accelerate going forward.

While the U.S remains a key market, the company is also looking for further growth in U.K and Europe as a revenue diversification strategy.

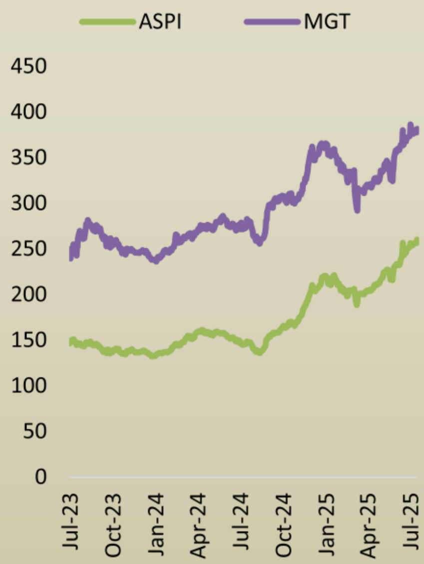
YE 31st March	FY24	FY25	FY26E	FY27E	FY28E
Revenue (USD '000's)	155,327	146,036	138,735	137,347	138,721
+/- Growth	*-6.78%*	*-5.98%*	*-5.00%*	*-1.00%*	*1.00%*
Net Profit (USD '000's)	7,865	7,036	6,678	7,505	8,019
+/- Growth	*594.10%*	*-10.53%*	*-5.09%*	*12.38%*	*6.86%*
EPS (USD)	0.019	0.017	0.016	0.018	0.019
PE (x)	6.70	8.83	9.00	8.01	7.50
NAV (USD)	0.079	0.091	0.100	0.111	0.123
PBV (x)	1.73	1.65	1.44	1.30	1.18
Dividend/Share (USD)	0.008	0.006	0.006	0.007	0.008
Dividend Yield (%)	5.84%	4.77%	4.44%	4.99%	5.34%
ROE (%)	23.97%	18.64%	15.99%	16.22%	15.70%
ROA (%)	6.76%	5.93%	5.77%	6.22%	6.35%
Market Cap (LKR Mn)	17,076	18,697	18,157	18,157	18,157
Share Price - (LKR)	41.10	45.00	43.70	43.70	43.70

Source: MGT Financials, SC Securities Research, Market Price as of 26th August 2025

Trading Snapshot

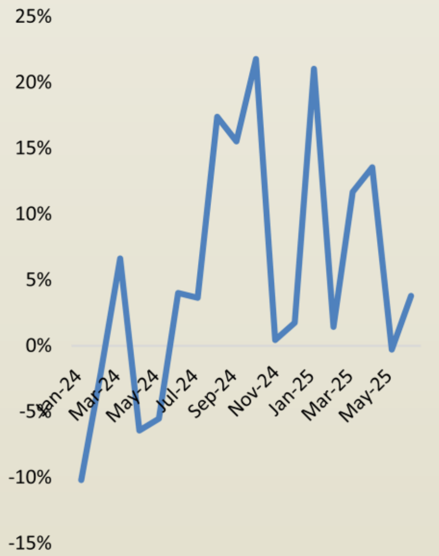
Sector	Materials
CSE Code	MGT.N0000
Bloomberg Ticker	MGT SL
Shares in Issue (Mn)	415
52 Week High (LKR)	56.7
52 Week Low (LKR)	37.0
Market Cap (LKR Mn)	18,157
Market Cap (USD Mn)	60.12
LKR: USD	302.0
Market Price (LKR)	43.7

Relative Stock Performance



Source: CSE

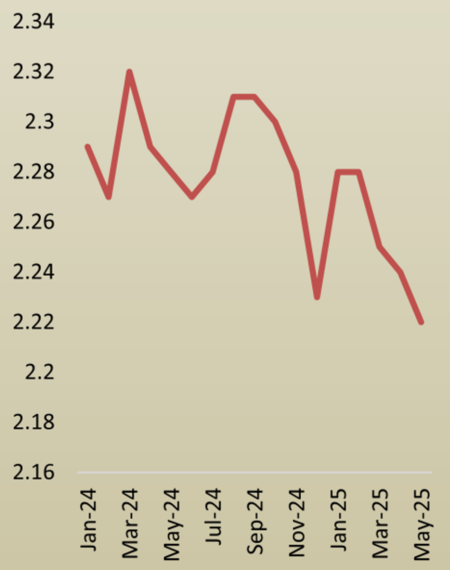
Figure 19: Sri Lankan Textiles and Garment Exports Growth Rate (YoY)



Source: Forbes and Walkers Tea Brokers

Total export earnings from Textiles and Garments stood at USD 5.0 Bn in 2024 recording a 3.7% YoY growth. In the YTD 2025, growth took place in successive months.

Figure 21: U.S Inventory to Sales Ratio - Clothing and Clothing Accessory Stores

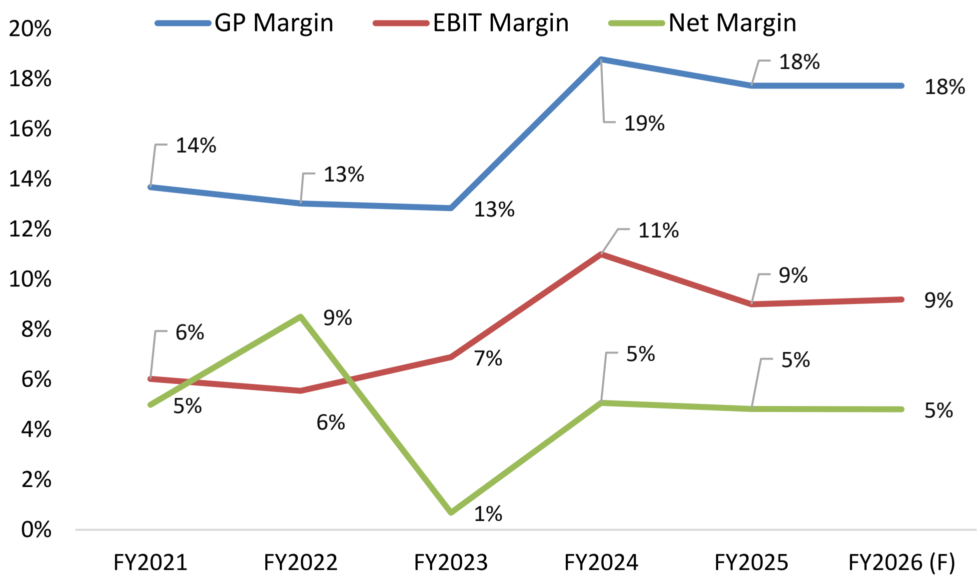


Source: Federal Reserve Bank of ST Louis

Revenue contraction predicated: In the year ended March 2025, MGT reported a revenue of USD 146 Mn, denoting a 6% decline from the prior year. The main cause of the decline was the loss of a key customer from subsidiary South Asia Textiles Ltd. In the current fiscal year, revenue contraction (> 5%) is envisaged largely due softening demand from U.S and Europe. However, we expect longer term recovery for Sri Lankan textiles and garment exports with MGT's contraction expected to bottom-out in the medium term.

U.S inventory levels shows reduction: The inventory to sales ratios for U.S clothing and clothing accessory stores has reduced in recent months (see side panel), signaling efficient inventory management. A ratio of 2 indicates that retailers have 2 dollars' worth of inventory cover each dollar of sales. This year and next year, ongoing shifts in global trade and higher trade barriers will likely have an impact on sourcing conditions. The adverse conditions may prompt clothing brands to hold back on new orders to their suppliers. Moreover, retailers may reconfigure their supply chains to prioritize near shoring in order to minimize lead times and simplify logistics.

Figure 20: MGT Profit Margins



Source: MGT Financials , SC securities research

Margins expected to remain stable: MGT's GP margin decreased to 18% in FY2025 from 19% in FY2024, mostly due to higher input costs which could not be passed on to the consumer. Rising operating expenses (partly due to conversion impact of the appreciated LKR) and administrative expenses caused the operating margin to reduce to 9% in FY2025 from 11% in the prior year. In FY2025 finance expenses reduced by 39% YoY due to lower interest rates, whilst exchange losses also improved further supporting the improved finance costs. Profit After Tax (PAT) reduced slightly by 11% YoY to LKR 7.0 Bn. **At present it is too early to say if there will be any negative impact on margins due to the U.S tariff regime.** However, under the operating environment we predict similar margins.

Valuation: Based on our DCF valuation model with a risk free rate of 8%, equity risk premium of 7.5% and terminal growth rate of 4%, we arrive at DCF valuation of LKR 60.90-. We assign a forward PER (FY27E) of 10.5x (in line with the broad market PER) to arrive at value of LKR 57.30/-. Based on our blended valuation (equal weights to each value) we arrive at a **fair price of LKR 59/-** per share. **Recommend BUY**.

Singer Sri Lanka PLC (SINS)

BUY

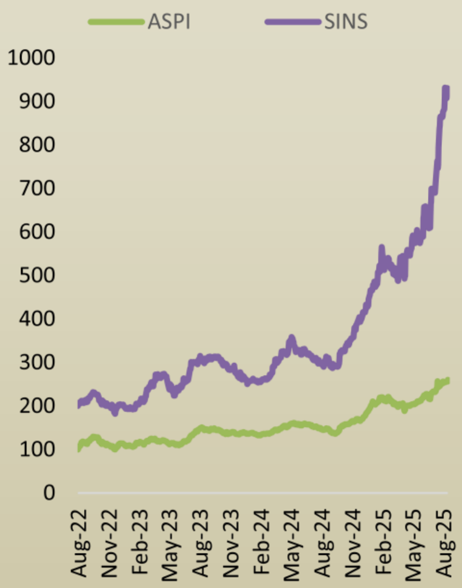
Market Price (Voting) LKR 66.80| Target Price LKR 85.0| Upside +27%

Case for Investment

Trading Snapshot

Sector	Retailing
CSE Code	SINS.N0000
Bloomberg Ticker	SINS SL
Shares in Issue (Mn)	1,168
52 Week High (LKR)	69.4
52 Week Low (LKR)	14.9
Market Cap (LKR Mn)	77,997
Market Cap (USD Mn)	258.28
LKR: USD	302.0
Market Price (LKR)	66.8

Relative Stock Performance



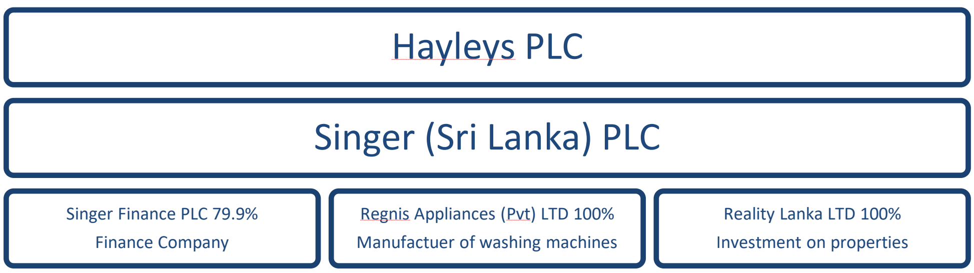
Source: CSE

Rising GDP per capital and growing middle class consumers to open up opportunities: Despite economic setbacks the Sri Lankan economy continues to show recovery. GDP per capita stood at USD 4,160 in CY2024 and with a real GDP growth expectation of 4% is expected to grow to USD 4,334 in CY2025. As a developing country Sri Lanka is above peer countries such as India (USD 2,900), Pakistan (USD 1,644) and Bangladesh (USD 2,820) in terms of per capita GDP. The availability of higher disposable income is expected to translate into higher consumer spending on consumer durables, amidst a growing middle class. SINS is well positioned to capture this growing demand, being the leading consumer durables retailer in the country.

Strong brand name and wide distribution network: Singer is an established brand name in Sri Lanka catering to over 5 million households. The group has a wide distribution network comprising of 405 showrooms island-wide (including 30 Singer Megas), over 1,000 dealers and an online channel. Singer's main competitors are Abans PLC (400+ showrooms) and Softlogic Retail (Pvt) Ltd (300+ showrooms). There is intense competition amongst existing players to increase their market share. However, given the customer loyalty built over the years and multi-channel and multi brand business model of Singer, entry barriers to new players remain fairly high. Under the current landscape we expect SINS is expected to dominate the consumer durables industry going forward

Double digit growth expected across all segments: Given the economic recovery, robust revenue growth was recorded at Singer Group (including Singer Finance) in FY2025 to LKR 88 Bn (26% YoY growth). The group was able to capitalize on pent up demand in consumer electronics and home appliances segments resulting in revenue growth of 72% YoY and 38% YoY, respectively. The sewing machines segment reported a revenue growth of 35% YoY led by Singers dominant market share of 70%. The furniture segment showed a healthy growth of 15% YoY as SINS entered into the high end market with its Singer Premium Furniture range. However, the digital segment (mainly mobile phones and computers) showed a subdued 6% YoY growth due to introduction of a higher VAT which activated the grey market. Going forward, double digit growth is envisaged across all segments as the market leader. In the case of the digital products the introduction of new regulations by the Telecom Authority may mitigate the impact of the grey market.

Figure 22: Singer Sri Lanka Group Structure



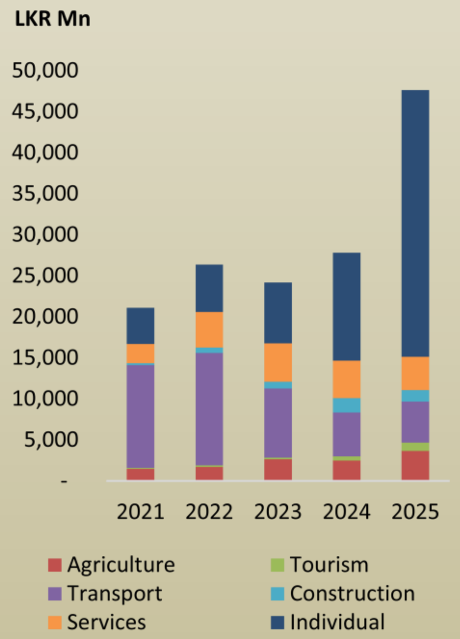
Source: SINS Financials , SC securities research

Figure 24: Private Sector Credit Growth (QoQ)

Source: CBSL

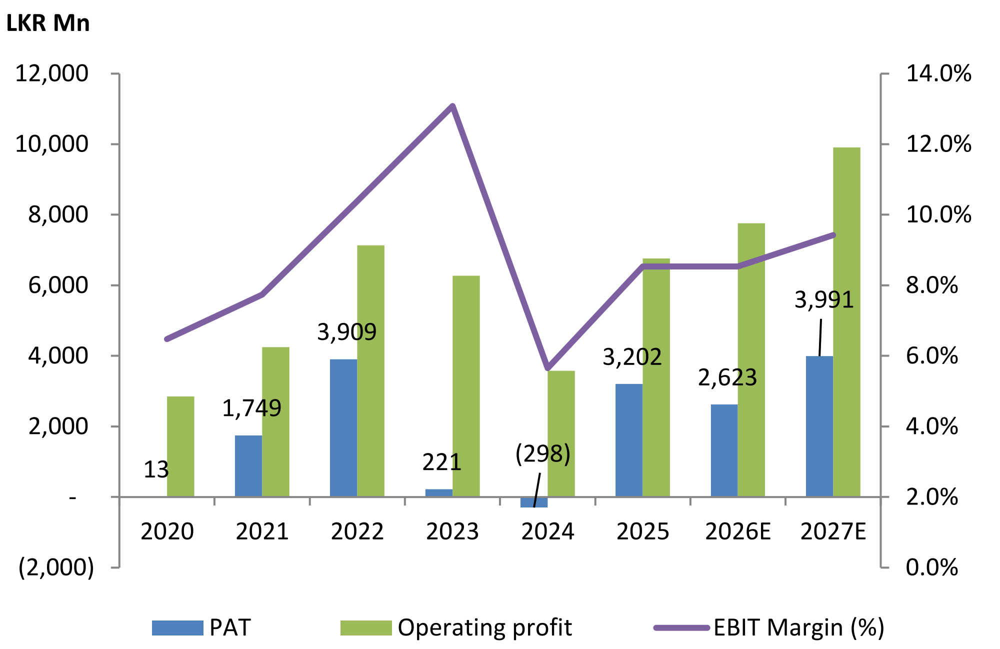
Private sector credit growth has picked up over the past 12M on the back of lower interest rates. The same is expected to boost consumer future spending.

Figure 25: SFIN's Loan Portfolio by Sector



Source: SFIN Annual Report

Figure 23: SINS (Holding Company) Profitability



Source: SINS Financials, SC Securities Research

Hire Purchase option to drive sales: Presently around 30% of Singer Sri Lanka's sales are on hire purchase. Hence the availability of the "easy payment scheme" with SINS is expected to be strong driver of sales going forward. The CBSL has continued to lower policy rates over the last two years with a view to stimulating economic growth. The interest rates are currently bottoming out and the same is expected to enhance lending segments including the hire purchase arm which supports Singer Sri Lanka's business.

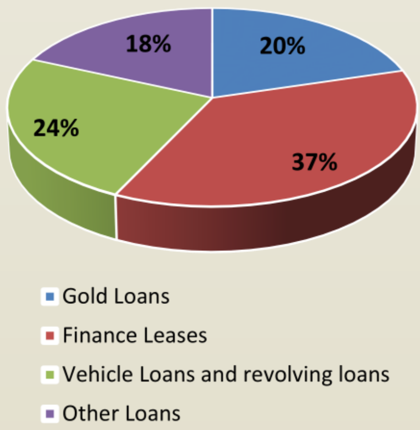
Valuation: As Singer Sri Lanka PLC is a group entity, we have used the Sum of The Parts (SOTP) Valuation Method in arriving at the per share value of SINS. In applying the SOTP method the company was broken down into two components: Holding Company and Financial Services. Based on the valuation methods SINS value is decomposed into the value of the Singer Holding Company (LKR 70) and Singer Finance PLC (LKR 15). Hence, we arrive at fair price of **LKR 85 for SINS** (upside 27%). **Recommend Strong Buy**.

Singer Holding Company

The Holding Company is primarily a consumer durables retailer offering various white goods, consumer electronics, computers, mobile phones and furniture. We have used the Discounted Cashflow (DCF) method to value the holding company. The other two subsidiary companies of the holding company are unlisted (Reality Lanka and Regnis Appliances) with relatively smaller revenue streams. We have not included these into our SOTP valuation.

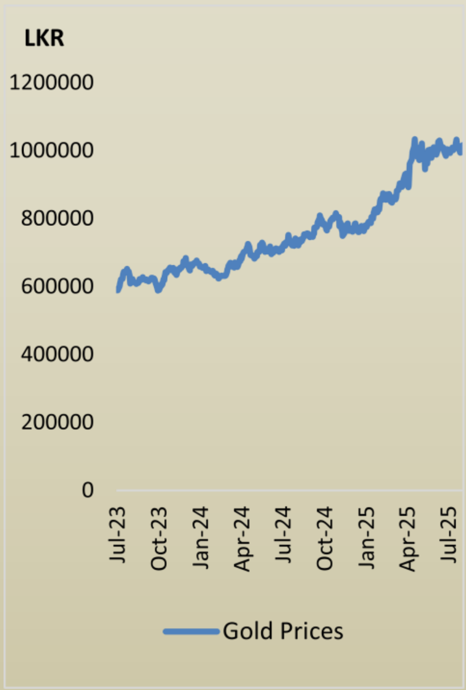
The primary driver of revenue growth for Singer would be the country's GDP per capita, which is expected to drive underlying consumer demand in non-discretionary items. . The currently stable exchange rates are also conducive towards consumer durables retailers. Currently the holding company is trading on a high Forward PER in line with high growth prospects. Based our DCF model to arrive at a per share fair value of LKR 70/- for Singer Holding Company.

Figure 26: SFIN's Portfolio by Product



Source: SFIN Annual Report

Figure 27: Uncertainty about the direction of the U.S economy has catapulted the price of gold to near all-time highs



Source: Central Bank of Sri Lanka

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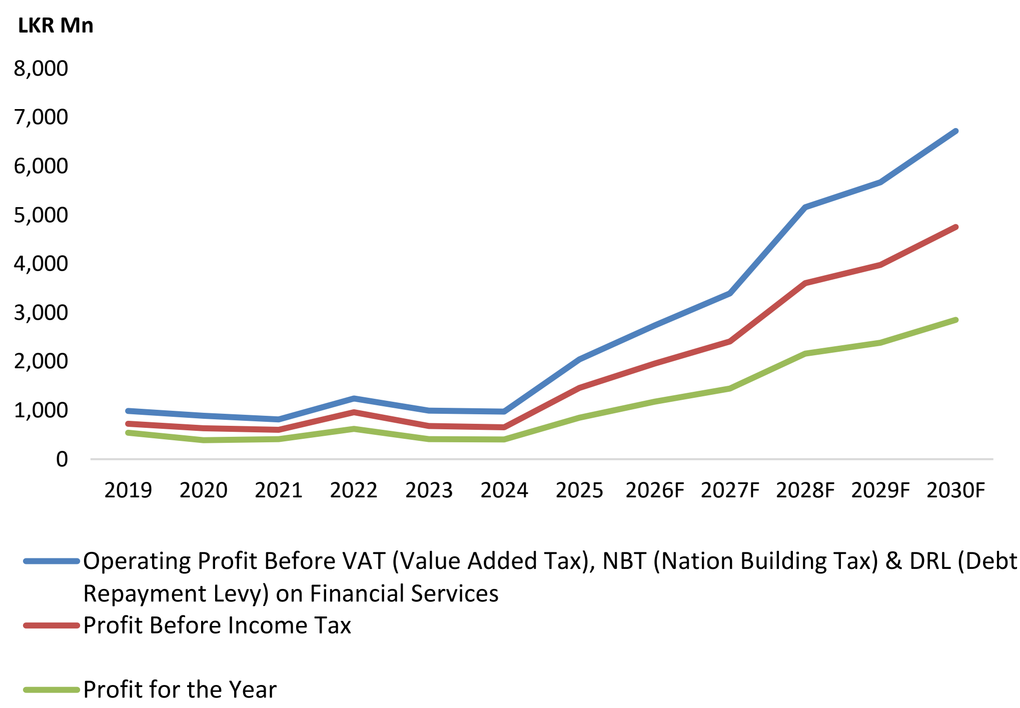
Singer Finance PLC (SFIN)

SFIN currently holds 2.8% market share in the non -banking finance industry. The company has shown robust growth in the recent year and currently comprises of 56 branches spanning the country. The principal activities of the company consist of finance leasing, gold loans, hire purchase, factoring, and mobilizing deposits. The portfolio has fairly high exposure (~20%) to pawning. Hence the rising market price of gold provides the opportunity to further grow this segment. Further, the lifting of import restriction on vehicles in February 2025 provides the catalyst for growing the vehicle leasing product going forward.

SFIN had consciously curtailed its lending during the economic crisis due to higher interest rates and the subdued economic environment. However since CY2024, SFIN has been aggressively lending as interest rates started to reduce. In FY2025 the lending portfolio showed a 71% expansion reaching LKR 47 B, driven mainly by finance leases and loans. Interest Income in the same year grew by 18.5% to LKR 9.0 Bn, whilst interest expenses showed a 12.6% reduction to LKR 4.2 Bn. The net interest income therefore surged to LKR 4.8 Bn (FY2024: LKR 2.8 Bn) and recorded a healthy NIM of 11%. Moreover fee and commission income showed a notable growth of 62% to LKR 612 Mn. Thus SFIN recorded a healthy PAT of LKR 852 Mn in FY2025 with an RoE of 15.0% (above the sector level RoE of 13.5%). We expect a higher PAT of about LKR 1.1 Bn in FY2026E based on high NIMs and fee based income. We arrive at a fair vaue for SFIN (standalone company) based on the Forward PBV approach (assigning a target PBV of 2.2x).

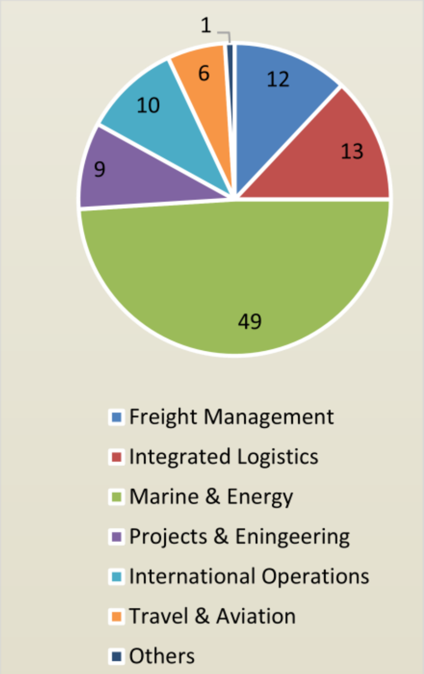
SFIN is currently undergoing a rights issue which will be completed in September 2025, to raise approximately LKR 2.0 Bn in fresh equity capital. The current fair value for SFIN is estimated as LKR 72/- per share. The post-rights issue price is LKR 68.50 per share based on our research.

Figure 28: SFIN Profits



Source: SFIN Financials, SC Securities Research

Figure 29: Transport Cluster Revenue Contribution (percentage)



Source: Hayleys Annual Reports

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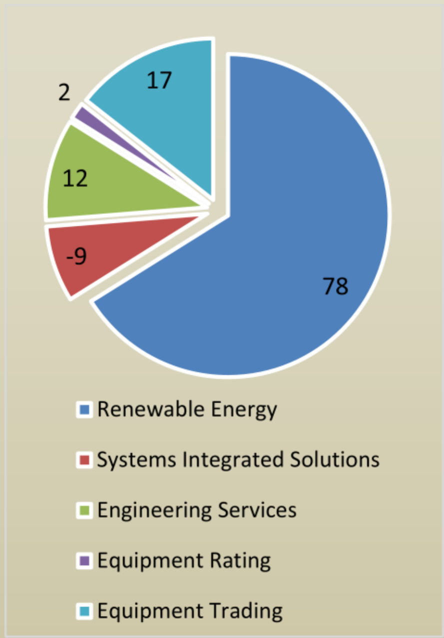
Figure 30: Projects and Engineering Cluster PBT Contribution (percentage)



Source: Hayleys Annual Reports

Transportation and Logistics

The transportation and logistics sector of HAYL accounts for a significant part of group revenue (22% in FY25) and is a key profit generator (18% of EBIT in FY25). The segment is represented by **The Hayleys Advantis Group of Companies, which is the market leader and largest logistics company** in the Sri Lankan transport & Logistics industry. Advantis group handles approximately 19% of the Colombo Ports throughput, The group is also the owner of the largest commercial fleet of floating assets in Sri Lanka.

Currently, there are 59 companies in the Advantis group with operations spanning 8 countries (Sri Lanka, Maldives, India, Bangladesh, Myanmar, Indonesia, Thailand and Singapore). The main competitors for Advantis would be Expo Lanka (Pvt) Limited and John Keells Logistics (Pvt) Limited. However, the same do not compete in all clusters. The Covid-19 years were good for transportation and logistics sector due to the high freight rates. In the last year ended March 2025, segment revenue had increased by 17% YoY to LKR 106 Bn led by an improvement in trade volumes, stronger freight rates and customer acquisition across key verticals. Operating profits also improved showing a 26% YoY improvement to LKR 8.60 Bn, The revenue earned is in USD terms; hence the same is hedged against LKR depreciation.

Sri Lanka's locational advantage in being situated along the main maritime pathways is expected to drive revenue growth in the future. Further, Hayleys Advantis is looking to increase penetration into the region, namely Maldives, Myanmar, Bangladesh, India, Thailand and Singapore which is expected to widen the portfolio of offerings and strengthen its presence in the different markets. Our outlook on the Transportation and Logistics segment is positive. We expect this sector to be a steady cash cow for the group.

Hayleys Fentons

Hayleys Fentons is an engineering company being in operation for over a century, and **the leading solar EPC provider in the country**. Fentons is the key entity in the projects and engineering segment. Due to strong performance particularly in renewable energy, projects and engineering had contributed 8% towards HAYL's group operating profit in FY25. Current government policies are conducive towards renewable energy generation, with green energy comprising around 60% of total power generation. The Public Utilities Commission of Sri Lanka (PUCSL) is hoping to increase the contribution to 70% of total power generation in the medium term. Thus Fenton's group has opportunities for strong expansion domestically. Regional expansion is also on the cards with the company having already established a foothold in Singapore via Nex-Gen Engineering; company is also exploring opportunities in Maldives and India.

Hayleys Fentons currently maintains a strong order book valued around LKR 10.5 Bn, reflecting sustained demand and a healthy projects pipeline, supported by key subunits such as renewable energy and MEP projects. Approximately 60%-70% of the order book is expected to be executed within the next 12 months. The Cabinet mandated a 20% reduction in solar-feed tariffs in January 2025 reflecting a decline in solar panel costs. However, the company has been able to absorb this policy shift and mitigate the impact on its margins. Rising input costs are managed via price escalation clauses and hedging strategies. For long duration projects, the company also maintains a dialogue with clients to realign terms where needed. A 100-150 bps gross margin improvement is envisaged over the next 12-24 months mainly via lean practices and integrated project management. Moreover, the government had mandated an 18.3% increase in grid electricity tariffs (Jun-Dec 2025), which further strengthens the value proposition of solar energy, particularly for domestic and industrial customers; same enables Fentons to sustain and expand operations.

Sum Of The Parts Valuation (SOTP)

The SOTP valuation of **HAYL** is based on our target prices for HAYC, DIPD, MGT, ALUM and SINS whilst taking the carrying value for other investments (into an appropriate multiple). We note that the quoted entities trade at high multiples to the book value reported, providing a healthy market buffer on these investments. We do the same in valuing the unquoted investments.

Company/ Segment	Valuation Basis	Value (LKR Mn)
Haycarb PLC	DCF	41,351
Dipped Products PLC	DCF	46,022
Alumex PLC	DCF	27,607
Hayleys Fabric PLC	DCF	33,937
Singer Sri Lanka PLC	DCF	106,171
Singer Finance PLC	PBV	17,362
Hotels	DCF & PBV	25,913
Hayeys Fibre PLC	EV/EBITDA	3,922
Other investments	PBV	206,022
Net Debt		(162,726)
Holding Discount		(17,279)
Equity value		**328,303**
Share Count (Million)		1,575
Target price		**209.0**
Upside to Market Price		19%

Our **BUY** recommendation for **Hayleys PLC** is based on the strong performance of its Subsidiary Companies during the past financial year plus robust growth expectation for the coming year. The U.S tariff of 20% levied on all Sri Lankan exports may have some revenue impact on the Hand Protection and Textiles segments. However we expect the effects to be short term and to mitigated through revenue diversification .

Our SOTP valuation for Haleys PLC derives us a fair price of LKR 209/- per share. HAYL currently trades on a 4Qtr PER of about 10x. We assign a higher multiple of 11x (in line with historical performance) and arrive at a Forward PER valuation of LKR 220/- per share. Our Forward PBV valuation (assigning a multiple of 1.5x) gives us a valuation of LKR 204/- per share.

We recommend **BUY** on **HAYL.**

Summarized Financial Statements – Hayleys PLC

Income Statement

Year Ended 31st Mar (LKR Mn)	FY2023	FY2024	FY2025	FY2026E	FY2027E	FY2028E
Revenue	487,431	436,732	492,201	568,320	657,336	761,097
Gross Profit	119,234	109,512	118,312	140,661	163,274	187,486
Total Operating Expenses	(62,441)	(70,285)	(75,609)	(93,773)	(106,565)	(123,387)
Net Operating Profit/Loss	61,073	42,723	47,767	51,340	61,860	70,050
Finance Income	20,721	9,908	6,963	6,615	6,945	7,293
Finance Expenses	(39,538)	(27,150)	(19,106)	(22,439)	(27,001)	(32,014)
Value added taxes (VAT) on financial services	(395)	(397)	(601)	(279)	(369)	(378)
Profit before tax	42,749	25,336	35,373	35,647	41,879	45,414
Income Tax Expense	(15,077)	(10,489)	(12,860)	(10,694)	(12,564)	(13,624)
Profit for the Year	27,672	14,847	22,513	24,953	29,315	31,790
Profit attributable to Equity holders of Parent	16,352	6,889	13,449	14,972	18,213	19,313
Non-controlling Interest	11,320	7,958	9,063	9,981	11,102	12,477
EPS (LKR)	21.80	9.19	17.93	19.96	24.28	25.75
DPS (LKR)	5.35	5.35	6.00	6.68	8.13	8.62

Source: HAYL Financial Statements, SC Securities Research

Statement of Financial Position

Year Ended 31st Mar (LKR Mn)	FY2023	FY2024	FY2025	FY2026E	FY2027E	FY2028E
Property, plant & equipment	126,472	133,790	153,769	181,239	191,465	204,338
NCA- PPE	48,691	50,929	62,790	53,060	54,121	56,951
Total non-current assets	175,163	184,718	216,558	234,299	245,586	261,289
Inventories	87,502	85,203	91,940	105,850	119,980	151,656
Trade and other receivables	98,652	112,832	139,430	159,130	184,054	207,451
TA - (Inventory+ Receivables)	51,425	59,291	62,764	60,803	61,774	46,750
Total current assets	237,579	257,326	294,134	325,782	365,808	405,856
Total assets	**412,742**	**442,044**	**510,693**	**560,081**	**611,394**	**667,145**
Stated capital	1,575	1,575	1,575	1,575	1,575	1,575
Capital reserves	760	870	976	711	711	711
Other components of equity	31,465	29,822	34,167	33,346	33,346	33,346
Revenue reserves	45,130	47,896	56,425	66,387	78,506	91,357
Total equity attributable to equity holders of the company	78,930	80,163	93,142	102,019	114,138	126,989
Non-controlling interest	43,776	45,367	50,950	60,931	72,034	84,510
Total equity	122,707	125,530	144,092	162,950	186,172	211,499
Interest-bearing borrowings	59,158	56,654	71,659	77,871	65,877	59,339
NCL- IBB	35,768	34,197	41,064	47,455	55,134	60,647
Total non-current liabilities	94,926	90,851	112,724	125,326	121,011	119,986
Trade and other payables	66,405	76,689	84,357	97,382	112,635	130,911
Current portion of long term interest-bearing borrowings	31,573	27,160	30,925	21,683	23,563	19,934
Short-term interest-bearing borrowings	68,964	88,069	101,827	152,740	168,014	184,815
Total current liabilities	195,109	225,663	253,877	271,805	304,211	335,660
Total liabilities	290,035	316,514	366,600	397,130	425,223	455,646
Total equity and liabilities	**412,742**	**442,044**	**510,693**	**560,081**	**611,394**	**667,145**
NAV (LKR)	105.24	106.88	124.19	136.03	152.18	169.32

Source: HAYL Financial Statements, SC Securities Research

ANNEXURE: I

Company Snapshot

Hayleys (HAYL) is one of Sri Lanka's largest multinational conglomerates and is the most diversified amongst peers. With a history spanning over 140 years, HAYL commenced operations in 1878 as Chas. P Hayley and Company and was incorporated as Hayleys Limited in 1952 and subsequently converted to a Public Company. HAYL's business portfolio encompasses 14 defined sectors, comprising Transportation and Logistics, Consumer & Retail, Textiles, Hand Protection, Purification, Agriculture, Plantations, Tea Exports, Eco Solutions, Projects and Engineering, Industry Inputs, Power & Energy, Construction Materials, Leisure and Others. HAYL group accounts for approximately 5% of Sri Lanka's export earnings, 4.6% of its Tea and 4.1% of its rubber production and serves 80 countries. The group's operations are also well spread geographically with export revenues (Asia, Europe and Americas) contributing to 53% of its total revenue in FY2025

HAYL mainly acts as a holding company and does not have independent operations of its own.

Though the group is very diversified and key subsidiaries are also listed, the group is effectively controlled by one individual Mr K.D.D Perera (a high-net-worth businessman), with 51% ownership as of June 2025. The HAYL group currently has 06 independent directors in a Board consisting of 13 directors. Thus there is scope for inducting more independent directors into the Board. The company and its keys subsidiaries are listed and provide financial disclosures via the Colombo Stock Exchange ensuring transparency. Hayleys status as a leading exporter in the country provides the group with significance as a listed entity, due to its forex inflows.

Overview of Business Divisions

The listed entities are subject to the oversight of the shareholders and regulatory bodies. The company expects individual businesses to be self-reliant for generating growth capital and debt servicing.

However, there is evidence to suggest that HAYL steps in with financial support and corporate guarantees as and when needed.

HAYL is purely a holding company with no significant independent operations of its own. It mainly provides group support and shared services to the subsidiary entities and also has an investment arm. HAYL's business segments are managed as separate entities with responsibility for the strategy and profitability in the hands of senior management of these entities. The Holding Company is largely dependent on dividend streams from its subsidiaries, where dividends contributed to about 77% of the standalone company's EBIT in FY2025.

Hand Protection

Group's Hand Protection sector comprises Dipped Products PLC, which produces industrial, medical and household rubber gloves currently holding worldwide market share of 5%. Dipped Products PLC (DIPD) provides its products to over 70 countries and has 5 manufacturing facilities located in Sri Lanka and Thailand. It is currently ranked amongst the top 5 hand protection suppliers in the world; with export destinations that include Europe, North & South America, and Russia.

The hand protection segment was a key beneficiary of the Covid-19 pandemic. The outbreak of the recent pandemic resulted in a dramatic surge for rubber disposable gloves which led to shortages in the world market. The end of the pandemic brought about end to supply shortages and brought down rubber gloves prices which reduced in turn normalized DIPD's profits.

Figure 31: Purification Cluster Revenue Contribution- FY25

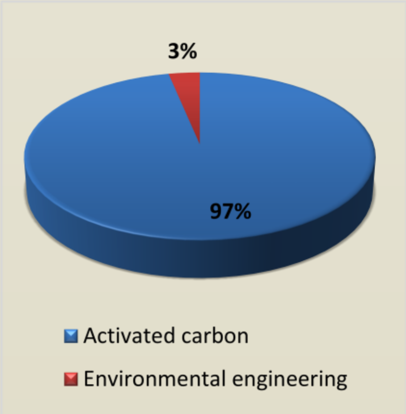
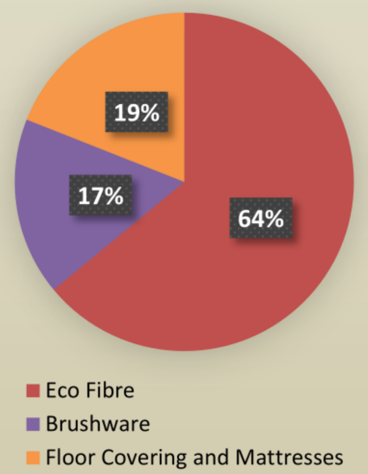


Figure 32: Eco Solutions Cluster Revenue Contribution- FY25



Construction Materials currently account for 2-3% of group revenue, hence HAYL has not been significantly impacted by the Construction Industry downturn in the past few years

Purification Segment

The segment is represented by Haycarb PLC (HAYC) which is a global leader in coconut shell based activated carbon (AC) with a global 16% market share. Services customers in over 50 countries and also operates manufacturing facilities in Sri Lanka, Indonesia and Thailand. AC is a form of processed carbon which has substantial adsorption properties. Adsorption is the binding of molecules or particles from a gas, liquid, or dissolved solid to a surface. The company produces high quality activated carbon to the full spectrum of application – including water treatment, gold extraction, air purification and energy storage. HAYC subsidiary Puritas (Private) Limited is a leading provider of water and waste water purification solutions in Sri Lanka, Maldives and the region. The company is supported by a global marketing and distribution network. In this segment in particular there is a high level of R & D in order to create a value-added products.

Eco Solutions Segment

This segment is represented by Hayleys Fibre PLC which is leading manufacturer and exporter of value-added coconut fiber products such as brush ware, floor coverings, erosion control products, bio-engineering products, rubberized coir and mattresses. Sri Lanka is the world's 4th largest coconut producer and largest exporter of golden-brown fibre to the market. The product portfolio consists of over 1,000 varieties, with 12 manufacturing facilities, including 1 in India. This segment serves customers in over 80 markets; branded products include Ravi, Rileys, Hayleys Fibre and Hayleys Mattresses.

Textiles Segment

This segment is represented by Hayleys Fabric PLC and its subsidiary South Asia Textiles Limited (acquired in 2021) which are leading fabric manufacturers in Sri Lanka, supplying fabric to global fashion brands such as Marks and Spencer, NEXT, Nike, Calvin Klein, Tommy Hilfiger, Victoria's secret and others. In addition to the conventional cotton range, the sector specializes in the manufacture of synthetic fabric and knitting fabric, with over 50% of its manufacturing capacity comprising of synthetic fabric. The Hayley's fabric mills were the first launch its own brand called "INNO" which has continued to perform well. The Hayleys textiles business mainly supplies to local apparel manufacturers such as Hidramani, MAS Holdings and Brandix.

Construction Materials Segment

This sector is represented by Alumex PLC which is Sri Lanka's leading manufacturer of aluminum extrusions for the domestic construction industry as well as export market (aluminum extrusions are objects created using aluminum alloy, which can be used for wide range of purposes. E.g; profiles for tracks, frames, rails and mullions). The company's infrastructure includes extrusions, melting, powder coating and anodizing plants with 9 distribution centers. Whilst the domestic construction sector has been subdued for a few years, Alumex has achieved successful growth in the export market with international presence in the U.K, U.S.A, Canada, Australia, New Zealand, Germany, Italy, Singapore and India.

Plantations Segment

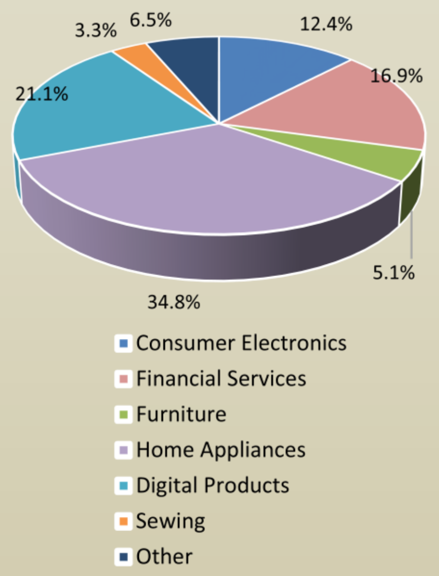
This segment is represented by three Regional Plantations companies namely, Kelani Valley Plantations PLC, Talawakalle Tea Estates PLC, Horana Plantations PLC which together cultivate over 13,000 hectares of Tea and Rubber in the country. Sri Lanka is a major exporter of black tea and is widely considered to be one of the largest exporters of handpicked orthodox tea, fulfilling over 11% of the global demand for tea. Due to its quality, Sri Lankan tea commands a premium price in the world market.

Tea Exports Segment

This segment consists of Mabroc Teas, a tea export company which supplies a range of value-added tea to over 50 countries. Further, the segment includes Martin Bauer Hayleys (Pvt) Limited, a joint venture between HAYL and German based Martin Bauer Group (MBG), which is a manufacturer and exporter of Ceylon Tea extract powders and Tea Aroma in liquid and powder form.

Agriculture Segment

Figure 33: Consumer and Retail Subsegmental Revenue - FY25



The Hayleys Group's Agriculture segment is the largest exporter of processed fruit and vegetables (estimated at around 40-50% of the country's agriculture exports). The fruit and vegetables export business is supported by an out-grower farmer system with approximately 12,000+ out growers out of Colombo. It is also the market leader in the provision of agricultural inputs and solutions such as stainless-steel agricultural equipment, combine harvesters, seed paddy and fertilizer. The sector also enjoys a sizable market share in the Pet, Poultry, and Large Animal sectors with a portfolio of globally renowned brands. It also has an overseas operation in Bangladesh known as "Haychem Bangladesh" which contributed 17% to the segment's total revenue and 38% to Profit Before Tax in FY2025.

Consumer and Retail

This segment includes Singer Sri Lanka PLC which has market leadership in Sri Lanka for consumer durables, and is a well-established household name. HAYL acquired Singer Sri Lanka in 2017 as a strategic business and this has since become a major revenue contributor (accounting for 22% of group revenue in FY25) . This segment also includes the Hayleys Consumer Division, which operates as a distributor for Proctor & Gamble products in Sri Lanka in Sri Lanka and Maldives; a distributor of imported personal care products. Singer holds the franchise for major global brands in relation to commodities such as mobile phones, computers, home appliances and electronic goods. In addition, to its array of global brands, Singer also manufactures a range of refrigerators, sewing machines and washing machines for the domestic market. Singer Finance a subsidiary company of Singer Sri Lanka is a licensed finance company providing leasing services and loans of all types. The post-pandemic rise in consumer spending is envisaged to bode well for the consumer and retail segment, going forward.

Transportation and Logistics Segment

This segment consists of Hayleys Advantis Group of Companies, which has market leadership in the shipping and logistics industry. Hayleys Advantis has been in operation for over 50 years. The key services are freight management, Leisure sector comprises a 229 key hotel in Colombo, namely Kingsbury and 3 resort hotels under the Amaya Chain with a combined room capacity of 355.

Further, the leisure arm also has Maldivian property, Amaya Kuda Rah.

The Fenton's group is one of Sri Lanka's leading engineering solutions providers. The renewable energy arm is the largest solar EPC provider in the country, and delivered a strong performance in the last financial year.

end to end logistic solutions, and provision of a range of marine services including vessel agency, offshore support services, bunkering, and oil and gas support services. Further the segment's terminals and engineering operation offers inland container depot operations, container repairs, modular construction solutions and project cargo management services. The aviation arm consists of airline agency representation, travel agency services, aviation equipment supplies and ground handling. The Transportation and Logistics segment is one of the largest revenue contributors accounting for 22% of group revenue and 18% of group EBIT in FY25.

Leisure Segment

Under the leisure segment HAYL group owns 4 resort properties via the Amaya Resorts and Spas chain and one city hotel in Colombo, namely The Kingsbury. The listed entities under this segment are Kingsbury PLC and Hayleys Leisure PLC, in which HAYL holds 60% and 65% stakes, respectively. Further, Hayleys Aviation (Pvt) Ltd represents several international airlines as their general sales agent (GSA) in Sri Lanka and Maldives. This segment also includes destination management services, and online travel agency services and bookings.

Power, Energy and Industry Input Segment

This segment is represented by Hayleys Aventura which supplies industrial raw materials to manufacturers and also is a leading supplier of medical and analytical equipment through international principals. The power and energy division mainly supplies renewable energy with an installed capacity of 50 MW supplied to the national grid (through mini hydro, wind and solar power).

Projects and Engineering

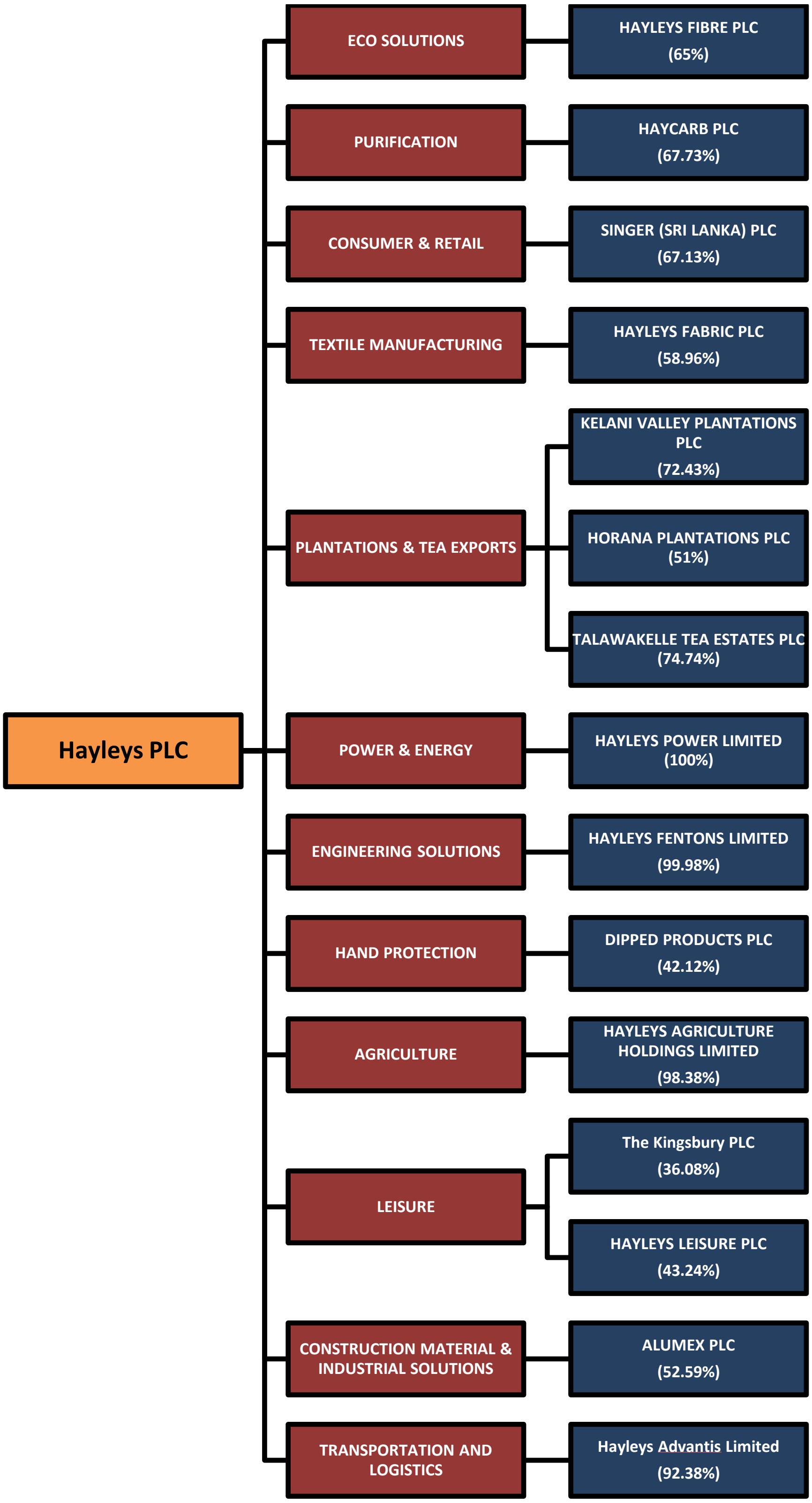
Hayleys Fentons is the key entity in this division, a leading engineering services company offering a variety of services to industrial, commercial and residential segments. Hayleys Fentons is the largest solar EPC provider in Sri Lanka. Other services consist of Engineering, Systems Integrated Solutions, Equipment Renting and Trading.

Others

The sector includes Hayleys Group Services and Hayleys Business Solutions International (Pvt) Ltd - a provider of BPO and shared services within the Group.

ANNEXURE: II

HAYL Corporate Holding Structure (Key Companies)



Source: Hayleys Website, SC Securities Research. Note: The above shareholdings in subsidiaries are direct holdings of Hayleys PLC, whilst "effective holdings" are different. Effective holding refers to the level of actual control or influence a company has over another entity, rather than just a formal ownership of shares.

ANNEXURE: III

SWOT Analysis

STRENGTHS	WEAKNESSES
▪ **Diversified portfolio** - Hayleys operates across 14 defined sectors, reducing sector specific risks. ▪ **Leading Market Positions** - Company holds market leadership (both locally and globally) in key business segments ▪ **Global Exposure** – Company is an important contributor to national exports (~5% of total exports). Further, the diversified geographical exposure promotes growth and mitigates country risks ▪ **Sustainability Focus** – Places emphasis on ESG principles and incorporates these into the "Hayleys Life Code". ▪ **Innovation and R &D** – Continuous investment into research and development, particularly in hand protection, purification and agriculture sectors ▪ **Strong reserve build up** – Due to strong profitability, the company has a large amount of cash reserves and short term financial assets.	▪ **Relatively high gearing** – compared to peers HAYL has a higher level of gearing. This could pose risks in times of economic downturn ▪ **Short term liquidity strain** - Short term debt comprises ~50% of total debt which can create a liquidity strain ▪ **U.S tariff impacts** - Hayleys Fabric PLC (MGT) and Dipped Products PLC (DIPD) will face a revenue risk due to the tariffs, being more heavily exposed to the U.S compared to other sectors.
OPPORTUNITIES	**THREATS**
▪ **Revenue diversification** – The group has opportunities to expand into untapped markets such as Asia and African region. ▪ **Pick up in the Construction and Leisure sectors** – Post pandemic both these sectors have shown strong recovery. ▪ **Digital transformation** - Incorporation of digital technologies can enhance operational efficiency, improve customer experiences and open up new revenue streams ▪ **Global maritime hub** – This benefits the transportation and logistics segment ▪ **Renewable energy expansion** – Given its growing popularity, Hayleys can grow its renewable energy arm (wind power and solar power), both abroad and domestically	▪ **Volatility in commodity prices** – This impacts input costs ▪ **Depressed freight rates** – Results in revenue loss in the transport & logistics segment ▪ **Competition intensifying –** HAYL faces high to moderate competition both abroad and domestically across all sectors. ▪ **Slowdown in key export markets**– Can affect consumer spending, investment and economic activities, impacting the group's revenue and profitability. ▪ **Climate risk** - Adverse weather and climate change can impact Plantations and Agriculture sectors

ANNEXURE: IV

Shareholder List – Top 20 Shareholders

	Name of the Shareholder	No. of Shares	%
1	Mr. K.D.D. Perera	382,596,970	51.0%
2	Trustees of the D.S. Jayasundera Trust	86,980,170	11.6%
3	Seylan Bank PLC/Phantom Investments (Pvt) Ltd	38,556,077	5.1%
4	Hayleys Group Services (Pvt) Ltd No. 02 A/C	11,170,900	1.5%
5	McLarens Holdings Ltd	6,711,119	0.9%
6	Mrs. R.N. Ponnambalam	6,144,380	0.8%
7	GF Capital Global Limited	5,864,000	0.8%
8	Mrs. R.M. Spittel	5,646,970	0.8%
9	Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	5,360,634	0.7%
10	Mr. J.M. Spittel	4,655,610	0.6%
11	Mrs. S.D. Wickremasinghe	4,492,980	0.6%
12	Mrs. P.M. Godamunne	4,434,470	0.6%
13	Mrs. A.K. Wikramanayake	4,384,490	0.6%
14	Mr. S. Rameshan	4,007,620	0.5%
15	Renuka Hotels PLC	3,310,000	0.4%
16	Mrs. S.R.D. Wikramanayake	3,239,320	0.4%
17	Mrs. G.V. De Silva	2,850,830	0.4%
18	Miss S.H. De Silva	2,850,830	0.4%
19	Miss N.K.R.H. De Silva	2,834,010	0.4%
20	Mr H. Yusoof	2,759,818	0.4%
21	Other	161,148,802	21.5%
	Total	**750,000,000**	**100.0%**

Source: Hayleys Financials , June 2025

ANNEXURE: V

Director Board – March 2025

Name of the Director		Description
Mr. Mohan Pandithage	Chairman and Chief Executive	Brings extensive leadership experience and expertise in transportation, logistics, and diversified industries. Under his guidance, the Group has achieved significant growth and resilience, supported by his active involvement in several key subsidiaries and industry bodies.
Mr. Dammika Perera	Co-Chairman and Non-Executive Director	Seasoned business leader and philanthropist with over 35 years of experience across industries such as manufacturing, banking, finance, leisure, plantations, and hydropower. He holds leadership positions in several listed companies and foundations.
Mr. Sarath Ganegoda	Executive Director	Brings over 30 years of leadership experience across multiple industries, with responsibilities in strategic business development and IT at Hayleys PLC. He holds an MBA and is a Fellow of CA Sri Lanka. He also serves on the boards of several listed and unlisted companies, including as Chairman of SriLankan Airlines.
Mr. Rajitha Kariyawasan	Executive Director	Has extensive leadership experience in manufacturing, with over 15 years at Hayleys. He oversees the Group's Purification Sector and holds a BSc in Electronics and Telecommunications, is a Fellow of CIMA (UK), and a Six Sigma Black Belt. He also serves on the boards of several group companies and SLINTEC.
Dr. Harsha Cabral	Non-Executive Director	Renowned President's Counsel with over 37 years of legal expertise in corporate, commercial, intellectual property, and international trade law. He has contributed to key legislation and serves on numerous corporate boards, audit, governance, and legal advisory bodies. He holds a Doctorate in Corporate Law from the University of Canberra.
Mr. Ruwan Waidyaratne	Executive Director	Has over 40 years of experience in transportation and logistics, currently serving as Managing Director of Hayleys Advantis Group. He holds an MBA from Edith Cowan University and is a Chartered Member of the Chartered Institute of Logistics & Transport, with active roles in several industry associations.
Mr. Aravinda Perera	Senior Independent Director	A veteran banker with over 40 years of experience in financial services, having previously served as Managing Director of Sampath Bank. He holds an MBA, an engineering degree, and multiple professional fellowships, and serves on the boards of several listed and private companies.
Mrs. Jayanthi Dharmasena	Executive Director	Brings extensive experience in agriculture and finance, having joined Hayleys in 1991. A Fellow of CIMA (UK), she also serves on the Ceylon Chamber of Commerce's Agriculture Committee and has completed executive programs in India and Singapore.
Mr. Rohan Karr	Executive Director	A seasoned hospitality professional with over 40 years of industry experience in Sri Lanka and the UK. He holds a Master's in Hospitality and Business Studies and has held senior roles at Marriott Hotels and John Keells Holdings. Currently, he is the Managing Director of Hayleys Leisure, overseeing The Kingsbury PLC, Hayleys Leisure PLC, and Amaya Resorts & Spas.
Mr. Gamini Gunaratne	Non-Executive Director	Brings broad leadership experience from both the public and private sectors, including his former role as Vice Chairman of the National Water Supply and Drainage Board. He currently serves as Chairman of Lanka Hotels and Residencies and holds directorships in several listed companies, including Dipped Products PLC and Vallibel Power Erathna PLC.
Mr. Timothy Speldewinde	Independent Non-Executive Director	A Fellow of both CA Sri Lanka and CIMA (UK), with over 26 years of leadership experience, including as CEO of Stretchline Holdings. He has managed international operations and serves as an Independent Non-Executive Director on multiple boards, including Haycarb PLC, Hayleys Fabric PLC, and The Kingsbury PLC.

Name of the Director		Description
Mr. Yohan Perera	Independent Non-Executive Director	A Fellow of CA Sri Lanka and CIMA (UK), with over 40 years of audit and leadership experience. He was formerly the Managing Partner of KPMG Sri Lanka and served on the KPMG Middle East & South Asia Board. He has held key roles in professional bodies and currently serves as an Independent Director on several listed companies, including Commercial Bank and Haycarb PLC.
Mr. Jonathan Alles	Independent Non-Executive Director	A seasoned banker with over 37 years of local and international experience, including as MD/CEO of Hatton National Bank. He has held leadership roles in the Sri Lanka Banks' Association and the Asian Bankers Association. He holds an MBA in Finance from the University of Stirling and serves as an Independent Director on several prominent companies, including Singer PLC and Lion Brewery Ceylon PLC.

Source: Hayleys Annual Report 2025

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