

Access Engineering PLC (AEL.N0000)

- ❖ *Our valuation gives a target value of LKR 28/- to LKR 34/- in the medium to long term, which is above the current market price.*
- ❖ *Positive prospects in the industry with rising per capita income, boom in tourism and office space sector.*
- ❖ *Access's proven engineering expertise enabled them to double its order book within a year, which they lost due to government change.*
- ❖ *Dividend payout was 30% to 40%.*
- ❖ *AEL to record CAGR of 10% over FY17E-FY21E in group revenue*

VALUATION

We establish a valuation range of LKR 28-34 for AEL shares

In terms of Sector multiples discounted appropriately and Peer based Earnings multiples the share reflects a value averaging around LKR 45.56- and LKR 21.87 in terms of Net Asset Value.

The Discounted Cash Flows was used as the supporting method owing to the fluctuating nature of operations and revenue that requires a blend of fundamentals and comparable based valuation techniques.

Hence we have considered the arithmetic average of base case DCF and PER based valuation methodologies to arrive at an average price target range of LKR 28 to 34 per share.

Our base-case assumptions of a risk-free rate of 10.0% and a market risk premium of 5.0% yields LKR 30 value per share intrinsic value. We assume treasury security yields would go down gradually over time from existing relatively higher rates. We believe risk premium of 5% appropriately reflects Sri Lankan equities considering the yield spread between Sovereign and Treasury notes adjusted for equity risk. Here we have considered the income tax rate hike to 28% from existing 12% and a target debt to equity ratio of 30%. We have estimated the terminal value by considering levered free cash flows after the explicit forecasting period. Finally, we arrived at our equity value by discounting the leveraged FCF values over the explicit period together with discounted terminal value at the AEL WACC.

Recommendation:

BUY/HOLD

Target Price Range:

LKR 28/- to 34/- (Medium to Long Term)

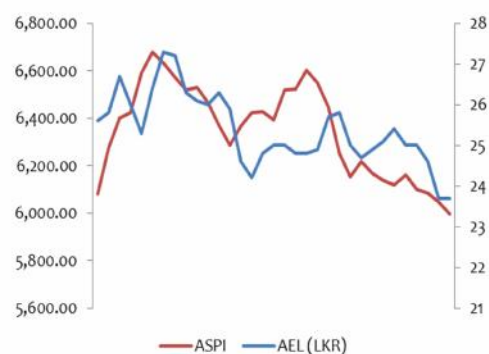
GROUP DATA

Issued Share Capital (Mn)	1,000.00
Stated Capital (LKR Mn)	9,000.00
Market Cap (LKR Mn)	23,800.00
Market Cap (USD Mn)	156.58
Average Daily T/O (LKR Mn)	14.53
Average Daily Volume (Mn)	0.59
Beta Values Against ASPI	1.94
Beta Values Against S&P SL20	1.54
52wk Hi/Lo (LKR)	20.10/27.70
Last Traded Price (31.03.2017) (LKR)	23.80
Trailing Earnings per share (LKR)	2.51
Net Assets per share (LKR)	18.34
PER (AEL) (Times)	9.48
PER (Sector) (Times)	41.20
PBV (AEL) (Times)	1.30
PBV (Sector) (Times)	1.00

MAJOR SHAREHOLDERS (%) 31-Dec-16

Mr. S J S Perera	25.00
Mr. R J S Gomez	11.70
Mr. J C Joshua	10.00
Mrs. R M N Joshua	7.00
Mr. S J S Perera	4.92

PRICE VS ASPI - 52 WEEKS (MAR 2016 to MAR 2017)





OVERVIEW OF THE GROUP

Access Engineering PLC (AEL) was established in 2001 and since its inception they have built a solid reputation of developing and implementing value engineering solutions for complex projects in diverse industries. Its track record includes over 100 major projects successfully completed; among these are Bridges and Flyovers, Roads and Highways, Harbours, Water Treatment Plants and Water Supply Projects, Land Drainage and Irrigation Schemes and Telecommunication Infrastructure Projects. Further they are specialized in advanced engineering solutions for which it possesses unmatched technical know-how and resources.

Access Engineering is recognized as a 'specialist contractor' by the National Contractors' Association of Sri Lanka and as a 'major contractor' by Construction Industry Development Authority (CIDA), with the highest CIDA grading across most number of disciplines of civil engineering. It is compliant to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditations for its quality, environmental and health and safety management systems and is a signatory to the UN Global Compact.

AEL's fully owned subsidiaries are, **Access Realities (Private) Limited** which owns Access Tower Office, **Access Realities 2 (Private) Limited**, the Developer of the proposed Access Tower II which has nearly completed construction. Its 84% owned subsidiary **Sathosa Motors PLC** holds the franchise for Isuzu commercial vehicles. Its 80% owned subsidiary **Access Projects (Private) Limited** is a leader in the leisure related building construction and interior solutions. The latest additions under its umbrella are three real estate companies namely **Horizon Holdings Ventures (Private) Limited** (100% owned), **Horizon Knowledge City Limited** (92% owned) and **Horizon Holdings (Private) Limited** (50% owned) which collectively own 21 acres of property in the IT and Education Zone of Malabe. Its associate companies are **ZPMC Lanka Company (Private) Limited** a 30% stake in a Joint Venture with Shanghai Zhenhua Heavy Industries Company Limited (ZPMC) of China, the world's largest Container Handling Equipment Manufacturer and **Blue Star Constructions (Pvt) Ltd**, 50% owned by AEL is the beneficial owner of approximately over 1 acre of property located in Rajagiriya in which plans are under way to construct a condominium mix development project.

INDUSTRY OVERVIEW

Sri Lanka's estimated annual gross domestic product at constant price for the year 2016 was recorded as LKR 9,012Bn (+4.4% YoY). Industry activity, which was the second largest contributor to GDP (27.1%) recorded a significant increase in overall growth rate of 6.7%. Among the industrial activities, the 'Construction' activity, which corresponds to a higher share of the industrial activities, increased by 14.9% during the year compared to 2015.

In Country's post conflict era the construction industry has been a key beneficiary of Sri Lanka's rapid economic development. However the sector slowed down in 2015 after the new government halted certain big infrastructure projects, pending reviews of their costs and environmental impact. Further the sector faces number of key challenges. For instance complex network of overlapping regulations, higher labour cost, higher material costs and lack of skilled and unskilled labourers.

In the case of labour shortage, there had been many requests from developers and contractors to Board of Investments of Sri Lanka to import their requirements of human resources. Technical and professional workforce of the construction industry have left the country for better prospects and the skilled and unskilled workforce have left the country primarily to earn better wages.



Therefore the Government should expedite along with the relevant authorities a movement to attract the youth to the industry by giving them a better understanding and the advances occurred in the construction Industry particularly where the modern technology has been introduced including the softwares used for Design and implementation of Architecture, Project Management, Engineering, Quantity Surveying etc. Hence such action could transform Sri Lanka's Construction Industry to be competitive with any other developed country and to work in collaboration with Foreign Equivalents.

However the industry players remain optimistic about the future through the support of population growth and rising per capita income across the country which would demand for a growth in luxury residential apartments. With the boom in tourism and office space sector skyscraper construction will have an enormous demand in the future. The government has invested greatly in developing infrastructure since the end of conflicts in 2009. Regime's intention to further improve the infrastructure with the development of the Central Expressway, a New Airport Terminal at the Bandaranaike International Airport (BIA), a New Bridge across the Kelani River, an Elevated Highways and the Colombo Megapolis Development Programme, indicates well for the future of the industry.

GROUP FUTURE OUTLOOK

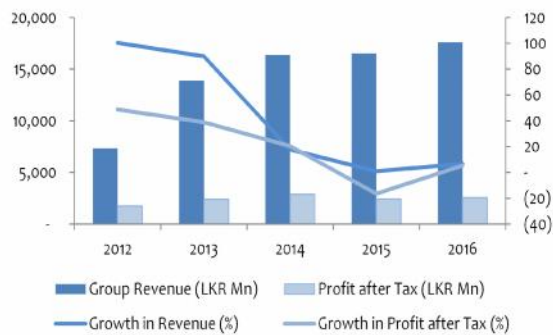
In next few years AEL expects to invest in property and shares of office complexes, malls and hotels. They believe that the principal way to ensure a conclusive footing for its financial stability over the next few years is to expand further into real estate. They have set a target to construct minimum of three million square feet of valuable commercial estate by 2020. To part fulfill this requirement they invested in three real estate companies during the year 2016 (Horizon Holdings Ventures (Private) Limited, Horizon Knowledge City Limited and Horizon Holdings (Private) Limited) which collectively hold 21 acres of land in Malabe. This will strengthen AEL's balance sheet by converting depreciating assets such as cash and cash equivalents into appreciating assets and its thrust into real estate will be supported up by their core competencies in design, engineering, construction and procurement.

Another thrust of its diversification is the Motor Vehicle sector. AEL's investment in Sathosa Motors has been a definite success with the shares after purchased by AEL having quadrupled in value. Further SML Frontier, which is 50% owned by Sathosa Motors has shown a fair performance over the years and they intend to go for an IPO for SML Frontier in the near future. AEL sees potential in transforming Country's transportation sector by introducing electric vehicles from luxury SUV's to electric three wheelers and motor bikes.

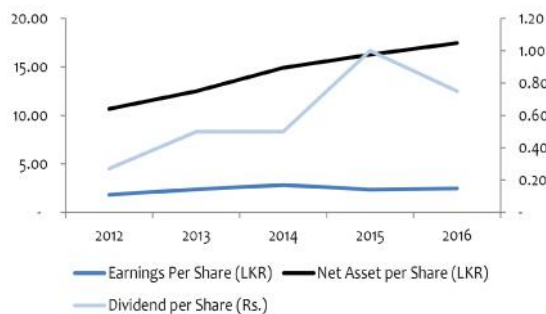
AEL's built and fully owned office building Access Towers 2 is opening for corporate tenants in 2017. Its architectural and interior design borrows from well-known concepts of vibrant and energetic workspaces. The 30-storey building in Colombo will have a food court, gym, spa, penthouse restaurant and bar, and roof top entertainment area, further the building will harvest rainwater.

Access lost projects worth LKR 4Bn in 2015 with the Government change. However with the company's proven engineering expertise, they were able to increase the order book to LKR 45Bn (of which 80% is government infrastructure projects) in December 2016 from LKR 24Bn in November 2015.

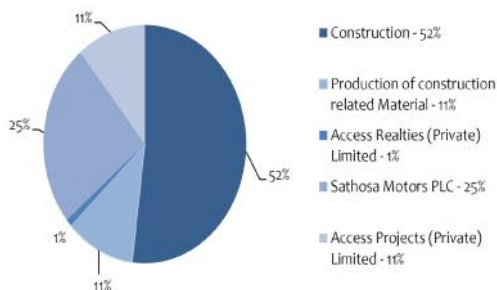
Group Revenue & Profit After Tax



EPS, NAVPS & DPS



3Q FY 17 - Contribution to Group Revenue



FINANCIAL PERFORMANCE

FY 15/16 Group Revenue increased by 7% and total asset base grew by 36%.

During the year ended 31st March 2016, the Group's consolidated revenue was recorded as LKR 17.63 Bn, a growth of 7% over the previous year and gross profit for the period was LKR 3.97 Bn (+4% YoY) with a margin of 23%. The main reason for the growth was AEL's ability to offer fully-integrated value engineering services and turnkey engineering solutions for clients, prudent management of projects and internal sourcing of raw materials from its own plants and quarries. The Group recorded other income of LKR 262Mn mainly from the exchange gain generated by the devaluation of the Rupee as a result of the volatile market conditions that prevailed during the year. Net finance income was LKR 96Mn (-13% YoY) and share of profit from associate & joint venture was LKR 11Mn (+2%). Profit before tax for the year (LKR 2.99Bn) increased by 8% given by the growth in revenue and other income. However the growth was also supported by the enormous decline in other expenses (LKR 57Mn) by 49% and marginal growth in administrative expenses (LKR 1.29Bn) by 3%. During the financial year 2015/16, the Company and its 80% owned subsidiary Access Projects (Private) Limited continued to enjoy a concessionary tax rate on construction income of 12%. Similarly, profits attributable to manufacturing of construction related material of the Company are exempted from income tax, commencing from year of assessment 2011/12 for a period of seven years. Tax expense for the year increased by 31% to record LKR444 Mn due to the significant increase in other income which was taxed at 28% and the full year consolidation of the results of Access Projects (Private) Limited. The profit after tax for

the year ended 31st March 2016 was LKR 2.55Bn with a marginal year on year gain of 5%. Group's CAGR of revenue for the FY ended March 2012 to 2016 was 25% and CAGR of profit before tax and profit for the year for the same period were 11% each.

Total asset base of the Group increased by 36% to LKR 30.3 Bn supported by the recent acquisition of a land bank in Malabe, capacity building initiatives, construction of Access Tower II, investments made in various corporate debentures and short term deposit. The Group invested over LKR 720 Mn during the year in the construction of Access Tower II which is scheduled for completion in 2016/17. As at 31st March 2016 current ratio

was 2.7x (2.6x – 31st March 2015) and quick asset ratio was 2.3x (2.1x – 31st March 2015). The return on shareholders' equity for the year was 14.1% and 13.1% at Group and Company levels respectively. During the year, the Company paid LKR 750 Mn in cash dividends to its shareholders.

FY17 3Q revenue of the Group up by 17% and profits dropped by 1%.

The cumulative nine months revenue of the Group for the FY ended 2016/17 (LKR 15.27Bn) is an increase of 17 % over the revenue of LKR 13.09 Bn recorded in the same period of the previous financial year. Construction segment which contributed 52% to the group revenue, picked up with the government reviving projects initiated by the former regime that were put on hold pending cost evaluations. Accordingly the construction segment recorded revenue of LKR 7.96Bn with a year on year gain of 15%. Sathosa Motors PLC contributed LKR 3.85Bn for the group revenue (25%) with a year on year gain of 41% whereas Production of construction related material recorded an year on year increase of 36% while contributing LKR 1.62Bn (11%) for the group revenue. Cost of sales of the group increased by 15% to mark LKR 11.55Bn with a marginal gain in gross profit margin to 24% from 2015 figure of 23%. Other Income LKR 103Mn (-34% YoY). Other expenses (LKR 31Mn) decreased by 47% and Administrative expenses increased by 20% to record LKR 1.16Bn. Net finance expense was LKR 103Mn against previous year net finance income of LKR 88Mn. Share of profit from associate was LKR 20Mn (+115% YoY). Profit before tax of the Group for the nine months of the financial year 2016/17 (LKR 2.55 Bn) is an increase of 14% over the previous financial year. Cumulative profit after tax of the group dropped marginally by 1% to mark LKR 1.9Bn as a result of income tax expense (LKR 654Mn) increase (+105% YoY) with the deferred tax adjustment made for the income tax rate increase from 12% to 28% from 1st of April 2017.

The total asset base of the Group increased by 6% to LKR 32.31Bn (31st March 2016 - LKR 30.34 Bn) during the nine months period. Current ratio dropped to 2.3x from 2.7x recorded on 31st March 2016, whereas quick asset ratio also decreased to 2.0x from 2.3x.

DIVIDENDS

In 2016, AEL paid a dividend of LKR 1.00 per share and in the year 2017 interim dividend of LKR 0.50 per share has been paid. The dividend payout ratio for 2016 was 40.5% and the dividend yield is 4.2% calculated at the current market price.

MULTIPLES BASED ANALYSIS

The trailing earnings per share (EPS) of the Group for the period ended 31 December 2016 was LKR 2.51. The net asset per share at the period end was LKR 18.34. AEL's last traded share price was LKR 23.80. The share price was moving within a range of LKR 20.10 to LKR 27.70 during the last 52-weeks. The current market capitalization

of the Group is LKR 23.80 Bn as at 31st March 2017. AEL is currently trading (as at 31st March 2017) at a PER of 9.48X which is trading at a discount of 77% than the Construction & Engineering sector PER of 41.2X and AEL's PBV is 1.3X which is premium (-30%) than the sector PBV of 1.0X. During the last 52Weeks average daily turnover of AEL was LKR 14.53Mn and the average daily volume was 592,497 shares. AEL is a liquid stock and is favoured amongst local retail and institutional investors.

Peer Companies Multiples

Peer Company	CMP	EPS	PER(x)	NAV	PBV(x)
AEL	23.80	2.51	9.48	18.34	1.30
TKYO	61.00	9.36	6.52	40.19	1.52
RCL	119.00	28.35	4.20	149.97	0.79
ALUM	19.00	2.34	8.12	7.53	2.52
ACL	54.50	19.67	2.77	77.06	0.71
Mean			6.22		1.37

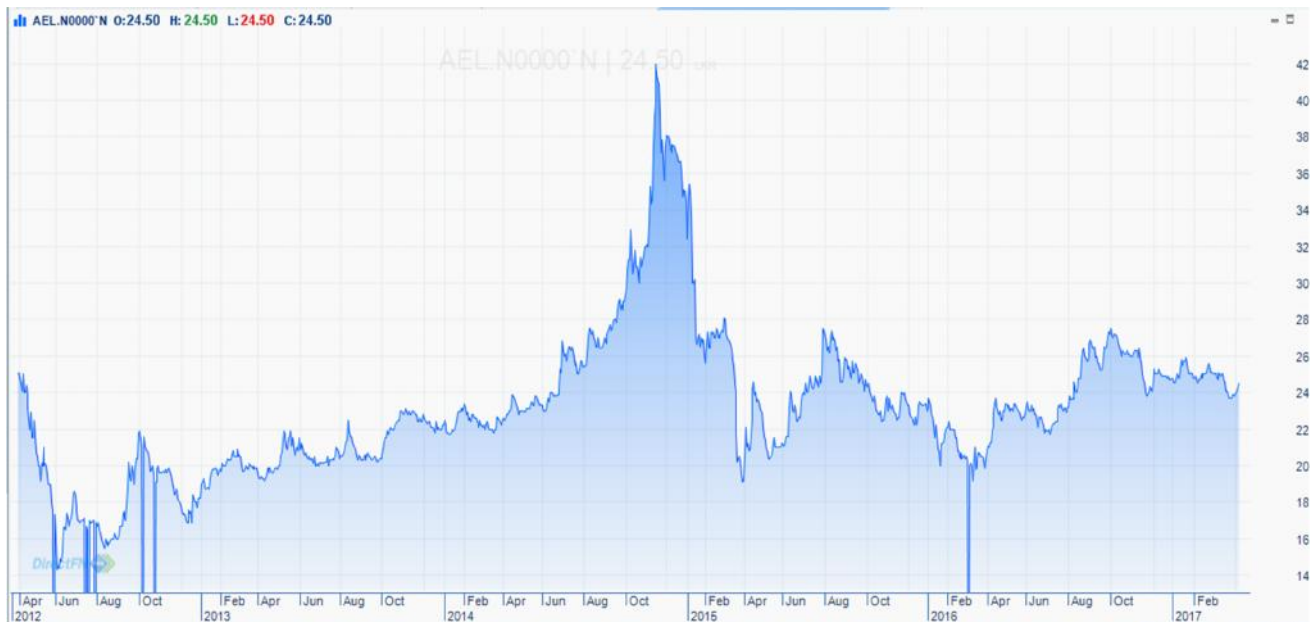
RECOMMENDATION

We believe AEL currently trades below its fundamental value and with expected higher earnings that would be generated in the future from the foreseen construction boom to take off in the next few years in the country a target value ranging between LKR 28/- to LKR 34/- is expected in the mid to long term. Thus we would like to recommend 'BUY/HOLD' for Medium to Long term for AEL equity shares with the expectation that the market would recover to reflect fair value of the assets.

Important to Note:

The recommendations are based on values derived from sector and peer based multiples of the relevant shares and it is important to bear in mind that the market price would depend on prevailing market sentiments, political and economic stability and other macro-economic factors which may affect to the sector in which the company operates and the Company's performance itself which would have a positive or negative effect on the market price of the share irrespective of the valuation.

FIVE YEARS PRICE MOVEMENT



RATIOS

GROUP	2012	2013	2014	2015	2016	2017E	2018E
Group Revenue (LKR Mn)	7,320	13,900	16,373	16,514	17,625	19,387	21,326
Growth in Revenue (%)	101	90	18	1	7	10	10
Profit after Tax (LKR Mn)	1,737	2,412	2,902	2,424	2,551	2,850	2,575
Growth in Profit after Tax (%)	49	39	20	(16)	5	12	(10)
Equity Attributable to Owners (LKR Mn)	10,670	12,486	14,916	16,269	17,462	19,172	20,717
Growth in Shareholders' funds (%)	145.63	17.02	19.46	9.07	7	10	8
Return on Equity (%)	16.20	19.00	19.00	14.40	14.10	13.90	13.02
Debt/Equity Ratio	0.10	0.10	0.58	3.70	34.80	28.24	28.33
Current Assets Ratio	2.30	2.40	2.80	2.60	2.70	2.29	2.26
Quick Assets Ratio	1.80	1.90	2.30	2.10	2.30	1.94	1.90
Earnings Per Share (LKR)	1.83	2.38	2.83	2.35	2.47	2.79	2.52
Net Asset per Share (LKR)	10.67	12.49	14.92	16.27	17.46	19.17	20.72

Source: AEL Annual Reports , APSL Research Estimates

DETAILED FINANCIAL STATEMENTS

INCOME STATEMENT - GROUP	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	2015-2016	3Q FY 2016	3Q FY 2017	3Q FY 2016-17	2017 E	2018 E
LKR ' Mn						Change %			Change %		
Revenue	7,320	13,900	16,373	16,514	17,625	7	13,097	15,279	17	19,387	21,326
Cost of Sales	(5,200)	(10,839)	(12,187)	(12,699)	(13,648)	7	(10,086)	(11,549)	15	(13,959)	(15,355)
Gross Profit	2,121	3,061	4,186	3,815	3,977	4	3,011	3,730	24	5,428	5,971
Other Income	247	59	93	190	262	38	156	103	(34)	42	47
Administrative Expenses	(385)	(643)	(1,047)	(1,252)	(1,294)	3	(974)	(1,165)	20	(2,172)	(2,496)
Other Expenses	(52)	(44)	(59)	(111)	(57)	(49)	(59)	(31)	(47)	(97)	(107)
Net Finance / (Expense)											
Income	102	239	136	110	96	(13)	88	(103)	(216)	137	143
Share of Profit of Associate & JV, Net of Tax	-	-	7	11	11	2	9	20	115	12	12
Profit Before Tax	2,033	2,672	3,316	2,763	2,995	8	2,232	2,554	14	3,351	3,572
Income Tax Expenses	(297)	(260)	(415)	(339)	(444)	31	(319)	(654)	105	(501)	(997)
Profit for the Year	1,737	2,412	2,902	2,424	2,551	5	1,913	1,900	(1)	2,850	2,575
Profit Attributable to:											
Owners of the Company	1,733	2,376	2,833	2,346	2,465	5	1,829	1,873	2	2,793	2,524
Non-Controlling Interest	4	35	69	78	86	10	84	27	(68)	57	52
Profit for the Year	1,737	2,412	2,902	2,424	2,551	5	1,913	1,900	(1)	2,850	2,575

Source: AEL Annual Reports , APSL Research Estimates

STATEMENT OF FINANCIAL POSITION	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	2015-2016	3Q FY 2017	3Q FY 2016-17	FY 2017E	FY 2018E
GROUP - LKR ' Mn						Change %		Change %		
Non - current Assets										
Property Plant & Equipment	2,672	3,741	3,787	4,222	4,791	13	5,113	7	6,272	7,207
Investment Properties	3,000	2,717	2,832	3,012	3,329	11	3,288	(1)	3,362	3,396
Investment Properties – Work in Progress	-	-	-	472	1,192	152	2,321	95	2,321	2,321
Intangible Assets	553	551	629	1,292	1,354	5	1,333	(2)	1,327	1,299
Investment in Joint Venture & Associate			62	73	333	359	1,144	244	1,143	1,155
Other Non Current Financial Assets	416	570	38	84	1,359	1,515	1,520	12	1,359	1,359
Total Non - current Assets	6,641	7,579	7,349	9,155	12,357	35	14,719	19	15,783	16,737
Current Assets										
Inventories	1,817	1,860	1,936	2,184	2,376	9	2,266	(5)	2,614	2,875
Trade and other receivables	2,844	4,295	6,976	6,522	6,576	1	9,003	37	7,234	7,957
Amount due from Related Parties	60	129	161	146	26	(82)	82	217	120	82
Current Tax Assets	-	-	-	15	-	(100)	-	-	-	-
Other Current Financial Assets	347	663	1,077	1,275	1,671	31	1,580	(5)	1,668	1,928
Short Term Investments	49	42	44	64	40	(37)	40	(0)	40	40
Short Term Deposits	883	1,371	1,140	1,048	6,792	548	4,058	(40)	4,058	4,058
Cash and Equivalents	1,641	703	1,521	1,918	504	(74)	560	11	1,439	1,464
Total Current Assets	7,643	9,063	12,855	13,173	17,986	37	17,589	(2)	17,172	18,404
Total Assets	14,284	16,642	20,204	22,328	30,343	36	32,309	6	32,955	35,141
Equity and liabilities										
Capital and reserves										
Stated capital	9,000	9,000	9,000	9,000	9,000	-	9,000	-	9,000	9,000
Revaluation Reserve	-	-	101	101	101	-	101	(0)	101	101
Retained Earnings	1,670	3,486	5,815	7,169	8,362	17	9,238	10	10,071	11,617
Total Shareholders Equity	10,670	12,486	14,916	16,269	17,462	7	18,339	5	19,172	20,717
Non-Controlling interest	162	138	266	425	532	25	543	2	532	532
	10,833	12,624	15,182	16,695	17,995	8	18,882	5	19,705	21,250
Non-current liabilities										
Deferred Grant	7	7	7	7	6	(3)	6	-	6	6
Interest Bearing Borrowings	6	2	1	98	5,193	5,206	5,089	(2)	5,013	5,009
Employee Benefits	62	93	121	159	169	6	197	17	169	169
Deferred Taxation	99	158	230	251	235	(6)	556	137	556	556
Total Non-current liabilities	174	259	359	514	5,368	944	5,849	9	5,744	5,740
Current Liabilities										
Trade and other payables	1,446	1,887	4,410	4,430	5,368	21	6,664	24	6,608	7,269
Amounts due to Related Parties	24	22	28	48	42	(12)	35	(17)	45	50
Other Financial Liabilities	1,593	1,786	-	-	-	-	-	-	-	-
Interest Bearing Borrowings	7	6	64	252	652	159	222	(66)	180	4
Current Tax Payables	189	43	134	98	249	153	74	(70)	240	395
Dividend Payable	2	2	4	14	21	44	25	22	21	21
Bank Overdrafts	17	12	23	276	413	49	557	35	413	413
Total Current Liabilities	3,277	3,759	4,663	5,119	6,745	32	7,578	12	7,507	8,152
Total liabilities	3,451	4,018	5,022	5,633	12,113	115	13,427	11	13,251	13,892
Total equity and liabilities	14,284	16,642	20,204	22,328	30,108	35	32,309	7	32,955	35,141

Source: AEL Annual Reports , APSL Research Estimates

STATEMENT OF CASH FLOWS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E	FY 2018E
GROUP - LKR ' Mn							
Cash Flows from Operating Activities							
Profit Before Tax	2,033	2,672	3,316	2,763	2,995	3,351	3,572
Reconciliation of Profit Before Tax to Cash Generated from Operations:							
Depreciation, Amortization and Impairment	228	450	591	668	848	842	1,031
Provision for Retirement Benefits	8	21	32	39	48	-	-
Provision for/Write-off of Bad and Doubtful Debts and Inventories	(1)	1	6	34	25	-	-
Provision for Fall in Value of Investment	27	7	-	-	-	-	-
Gain on Fair Value Changes of Investment Property	(171)	-	-	(174)	(21)	(33)	(34)
(Gain)/Loss on Disposal of Investments	(1)	(0)	-	0	(15)	-	-
Gain from Disposal of Property, Plant and Equipment	0	(4)	(13)	(28)	(35)	-	-
Loss on Sale of Investment in Unit Trust	56	-	-	-	-	-	-
(Gain)/Loss on Fair Value Changes of Short term Investments	-	-	(2)	(22)	10	-	-
Gain on Fair Value Changes of Investment in Unit Trusts	-	(0)	(1)	(0)	0	-	-
Reversal of Provisions, Advances and Unclaimed Dividend	-	(13)	-	-	-	-	-
Amortization of Deferred Revenue	-	-	-	(0)	(0)	-	-
Share of Profit of Associate & JV, Net of Tax	-	-	(7)	(11)	(11)	(12)	(12)
Dividend Income	(105)	(9)	(10)	(8)	(8)	-	-
Net Finance Income	(102)	(239)	(136)	(110)	(96)	-	-
Changes in Working Capital							
(Increase)/Decrease Inventories	(790)	(43)	(76)	154	(196)	(238)	(261)
(Increase)/Decrease Trade and Other Receivables	(1,815)	(1,452)	(920)	1,039	(99)	(658)	(723)
(Increase)/Decrease Other Current Financial Assets	(236)	(316)	(1,610)	(197)	(396)	3	(261)
(Increase)/Decrease Amounts Due from Related Parties	28	(69)	(32)	18	120	(94)	38
Increase/(Decrease) Trade and Other Payables	316	454	739	(533)	944	1,561	661
Increase / (Decrease) Other Current Financial Liabilities	1,335	194	-	-	-	-	-
Increase/(Decrease) Amounts Due to Related Parties	22	(1)	5	20	(6)	3	5
Cash Generated from Operating Activities	832	1,652	1,883	3,652	4,107	4,726	4,016
Interest Paid	(16)	(2)	(11)	(29)	(97)	-	-
Tax Paid	(178)	(346)	(255)	(372)	(273)	(510)	(841)
Super Gain Tax Paid	-	-	-	-	(554)	-	-
Gratuity Paid	(0)	(3)	(9)	(8)	(15)	-	-
Net Cash Flows from Operating Activities	638	1,301	1,608	3,243	3,168	4,216	3,175

STATEMENT OF CASH FLOWS	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017E	FY 2018E
GROUP - LKR ' Mn							
Cash Flows from/(used in) Investing Activities							
Purchase of Property, Plant and Equipment	(1,530)	(1,212)	(539)	(938)	(1,431)	(2,296)	(1,939)
Purchase of Intangible Assets	-	-	(80)	(19)	(90)	-	-
Investment in Other Non-Current Financial Assets	(416)	-	(38)	(46)	(1,275)	-	-
Investment in Capital Work in Progress	(115)	-	-	-	-	-	-
Investment in Other Non-Current Financial Assets	-	(154)	-	-	-	-	-
Investment in Investment Properties	(29)	(29)	(111)	(6)	(295)	-	-
Investment in Investment Properties – Work in Progress	8	-	-	(472)	(720)	(1,129)	-
Investment in Shares	(88)	-	-	-	-	-	-
Investment in Unit Trust Fund	(2,058)	(100)	-	-	-	-	-
Investment in Subsidiary	(558)	(103)	(0)	-	-	-	-
Investments in Short Term Deposit	(787)	(387)	-	-	-	-	-
Investment in Joint Venture	-	-	-	-	(250)	(798)	-
Investment in Associate	-	-	(55)	-	-	-	-
(Investments in)/Withdrawal from Short Term Deposit	-	-	231	92	(5,744)	2,735	-
Proceeds from Sale of Property, Plant and Equipment	-	14	29	53	92	-	-
Proceeds from Sale of Shares	16	-	-	-	-	-	-
Proceeds from Sale of Investment in Unit Trust	2,002	-	-	-	-	-	-
Proceeds from Sales of Investment	-	0	-	1	28	-	-
Proceeds from Issue of Shares to Non-Controlling Interest	-	-	-	-	50	-	-
Contribution to Stated Capital by Non-Controlling Interest	-	-	65	-	-	-	-
Acquisition of Subsidiary, Net of Cash Acquired	-	-	-	(1,149)	-	-	-
Dividend Income	105	9	10	8	8	-	-
Interest Income	118	241	147	139	375	-	-
Net Cash Flows used in Investing Activities	(3,332)	(1,721)	(341)	(2,337)	(9,251)	(1,489)	(1,939)
Cash Flows from/(used in) Financing Activities							
Dividends Paid	(162)	(500)	(500)	(1,000)	(750)	(1,140)	(1,030)
Dividends Paid to Non-Controlling Interest	-	(6)	(5)	(5)	(17)	-	-
Repayment of Loan	(611)	(7)	(6)	(209)	(1,816)	(652)	(180)
Payment of Finance Lease Liabilities	(1)	(1)	(7)	(8)	(9)	-	-
Share Issue Expenses Paid	(110)	-	-	-	-	-	-
Proceeds from Issue of Debentures	-	-	-	-	4,826	-	-
Proceeds from Share Issue	5,000	-	-	-	-	-	-
Loan Obtained During the Year	-	-	59	459	2,298	-	-
Net Cash from/(used in) Financing Activities	4,116	(513)	(459)	(762)	4,532	(1,792)	(1,210)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,422	(933)	807	144	(1,551)	935	26
Cash and Cash Equivalent at the Beginning	202	1,624	691	1,498	1,642	91	1,026
Cash and Cash Equivalent at the End	1,624	691	1,498	1,642	91	1,026	1,052

Source: AEL Annual Reports, APSL Research Estimates



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