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Plantation Sector Update

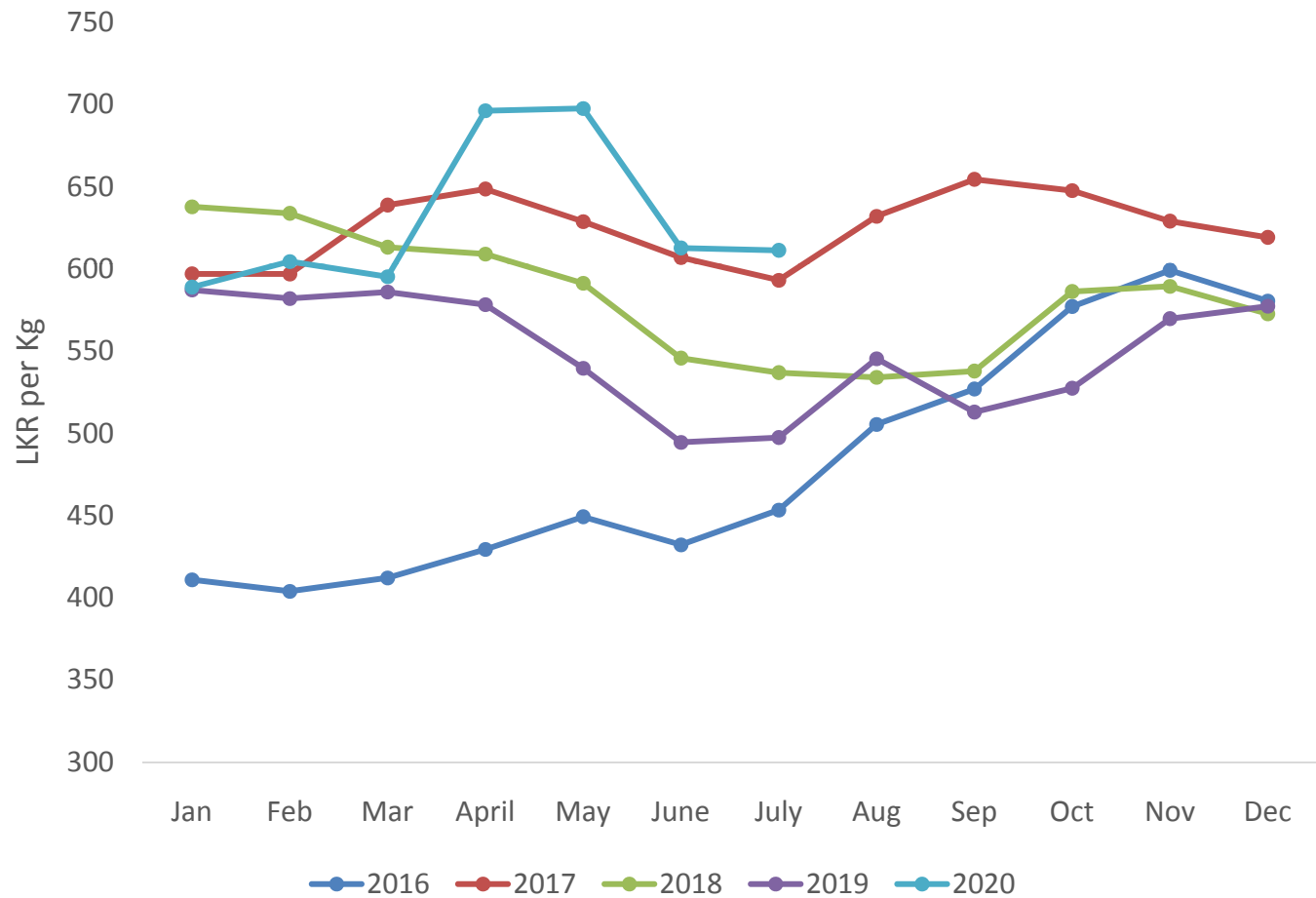
SC Securities (Pvt) Ltd
Subsidiary of Sampath Bank PLC

Outlook

- **High price for tea amidst low production:** Increase in global demand for tea amidst a decline in global production (due to lock down measures) is driving up prices. Between January to July 2020, Sri Lankan tea prices have gone up 6%, while cumulative tea production have declined by 15% YoY to 156.3 million Kg compared to 184.8 million Kg.
- **Improved demand for rubber gloves :** COVID 19 is driving the global demand for rubber gloves. Sri Lanka being one of the leading rubber glove producers, local demand for rubber is increasing fetching higher prices.
- **Import restrictions on rubber based value added products:** Import ban on rubber based products will boost the demand for domestically produced rubber products. Hence higher demand will attract higher prices for locally produced rubber.
- **Decision to halt new palm oil cultivations:** Banning new palm oil cultivations would negatively affect the palm oil industry. However Sri Lanka's Palm Oil Industry Association has made an appeal to reconsider the statement made by president.

Monthly Average Tea Price

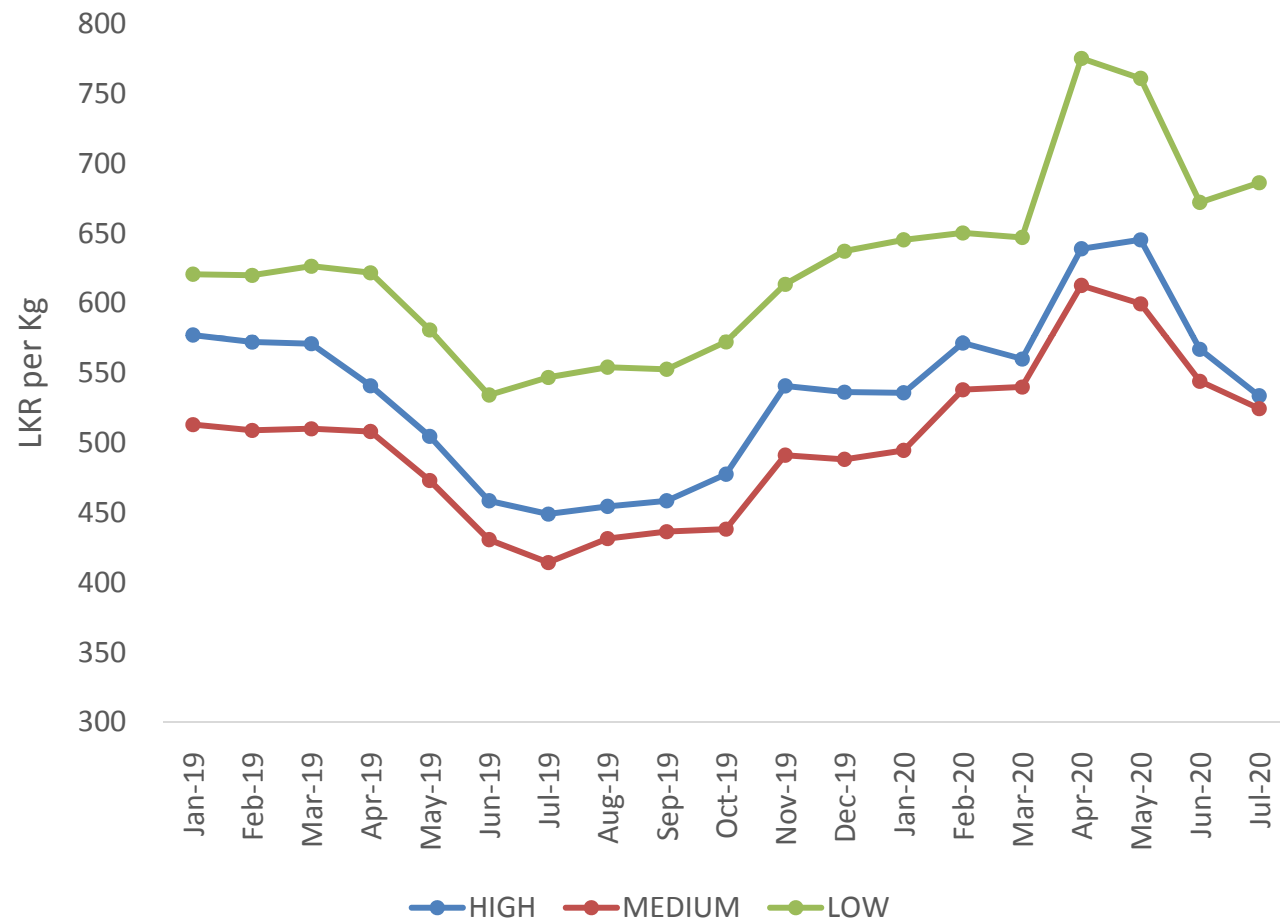
(average of all three elevations)



Source: <http://teasrilanka.org/tea-prices>

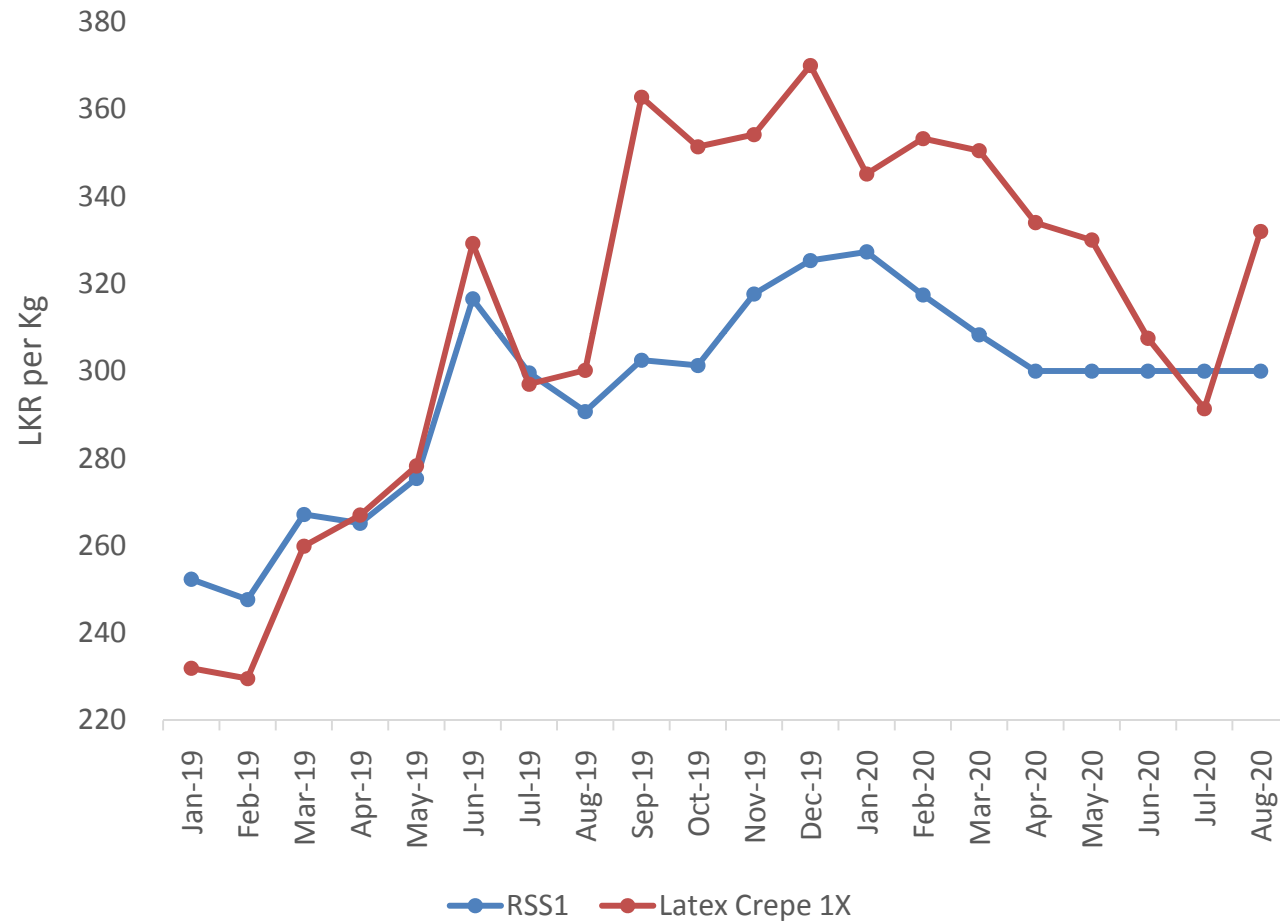
Tea Price Movement

by elevation



Source: <https://web.forbestea.com/statistics/sri-lankan-statistics/24-monthly-elevation-averages>

Rubber Price Movement



Source: http://www.rrisl.gov.lk/statistics_e.php

Segmental Revenue

Symbol	Revenue - LFY (LKR Mn)	Segmental Revenue (LKR Mn)			
		Tea	Rubber	Oil Palm	Other
AGAL	2,650	1,455	675	349	171
BALA	2,573	2,356	237		
CTEA	10,713	10,713			
ELPL	3,308	2,345	157	780	26
HAPU	3,170	2,697	298		176
HOPL	1,762	1,408	265		43
HPL	4,040	4,040			
KGAL	2,422	960	1,206		256
KOTA	3,270	2,635	541	93	
KVAL	8,909	7,993	989		86
MADU	2,007	2,007			
MASK	4,167	4,160			8
NAMU	2,555	1,157	244	958	56
TPL	3,886	3,762	13		52
UDPL	1,632	1,577	40		15
WATA	3,327	67		2,675	584

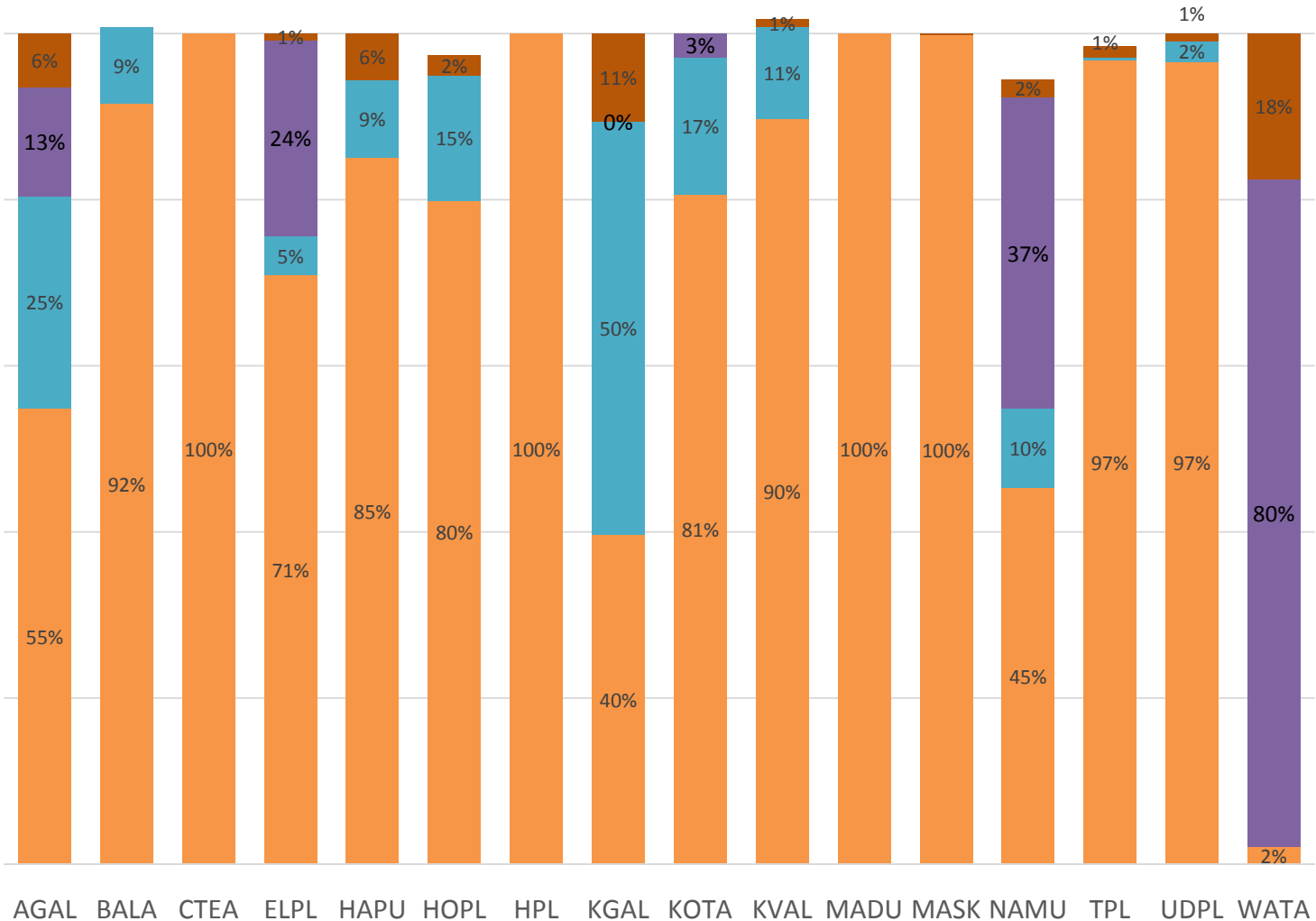
Source: Respective financial statements, SC Securities Research



Sector Exposure

in terms of Revenue

Tea Rubber Oil Palm Other



Source: Respective financial statements, SC Securities Research



Investor Ratios

Symbol	MPS (LKR) (15.09.2020)	4QT PE (x)	Annualized PE (x)	PBV (x)
TPL.N0000	62.10	4.96	3.45	0.50
WATA.N0000	32.00	6.76	4.00	1.48
KVAL.N0000	72.50	31.52	4.07	0.69
ELPL.N0000	30.00	7.10	7.10	0.47
KGAL.N0000	71.00	7.59	7.51	0.50
CTEA.N0000	655.90	7.58	7.58	1.08
NAMU.N0000	125.90	11.09	9.69	1.03
AGAL.N0000	17.60	70.95	11.40	11.14
UDPL.N0000	30.00	(1.95)	16.32	1.60
MADU.N0000	9.60	(4.62)	37.99	1.66
BALA.N0000	13.50	(0.37)	(0.37)	0.76
HOPL.N0000	20.10	(0.80)	(0.80)	0.62
MASK.N0000	13.60	(1.59)	(1.23)	1.27
KOTA.N0000	7.60	(0.97)	(5.82)	0.74
HAPU.N0000	19.20	(1.73)	(7.24)	1.42
HPL.N0000	9.00	(8.00)	(17.09)	1.45

Source: Respective financial statements, SC Securities Research



THANK YOU



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Strong Buy: FV more than 20% above Current Trading Price

Buy: FV between 10% and 20% above Current Trading Price

Hold: FV between -10% and 10% around Current Trading Price

Sell: FV more than 10% below Current Trading Price



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