

Date: 26th MARCH 2007



## Corporate Overview-ACL

**Strategic View**  
**Positive**

**Analyst**  
**Imran Furkan**

**Share Price**  
**Rs 153.00**

**Market Cap**  
**Rs. 2,290,933,248**

**52 Week High**  
**Rs.256**

(Since that date the company issued a one for one bonus issue, and has announced another one for one bonus issue which is pending CSE approval)

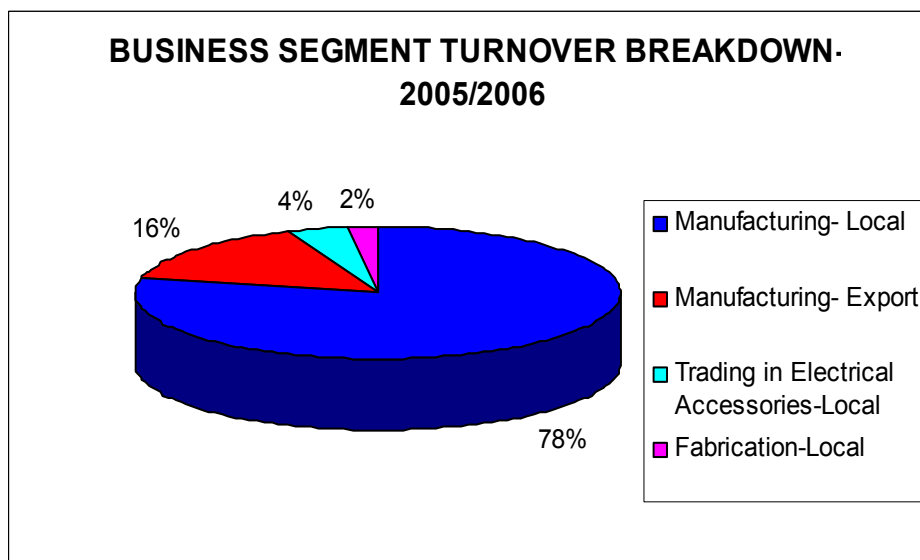
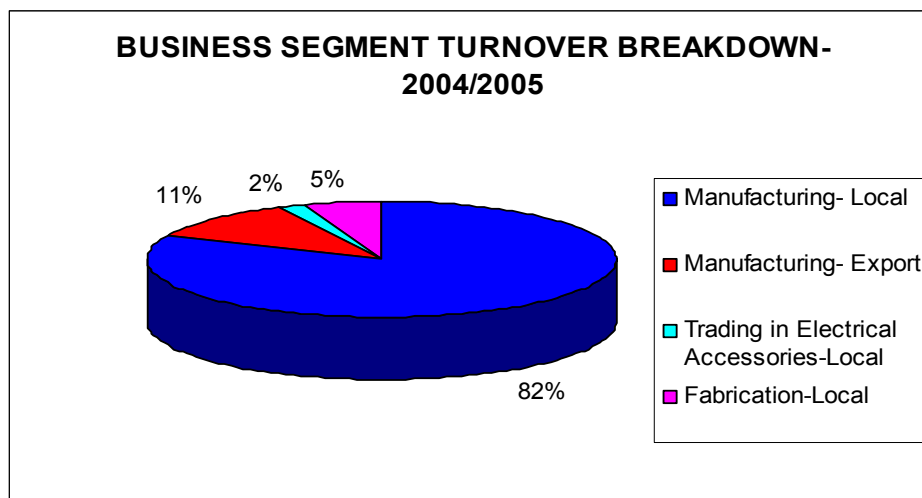


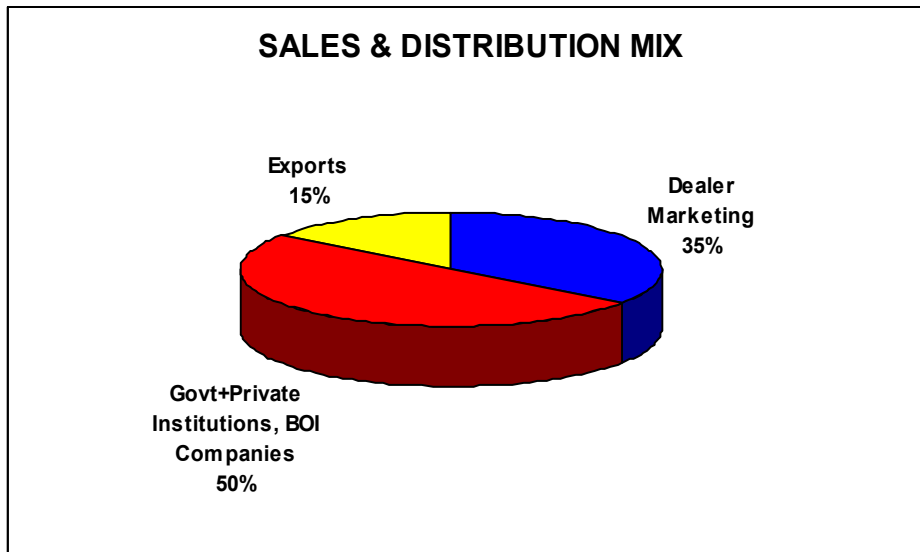
- The counter is currently trading at 4.43X based on annualized historic earnings, a discount to the sector P/E of 10.04
- The net profit attributable to shareholders for the nine months ended 31.12.2006 displayed a rise of 141% over the same period of last year
- The group hopes to boost exports' share from 16% of turnover to 50% in the coming years
- The group has been instrumental in re launching the Clipsal brand of electrical accessories in Sri Lanka and claims to have 18% market share at present
- The Group has also got in to the manufacture of Aluminium Rods for which it has been given a 5 year tax holiday
- The concessions given to the construction sector in the last budget is expected to help the company if the construction sector continues to grow rapidly in the coming years

**ACL Cables Ltd**

ACL Cables Limited was established in 1962. It was listed on the Colombo Stock Exchange on 1st January 1976. Its core business is the manufacture and marketing of cables and conductors. The company claims 45% market share in the local cables market and together with its subsidiary Kelani Cable Ltd claims 70% of total market share. ACL also claims a 80% market share in the cables purchased by B.O.I Companies.

SUBSIDIARIES	GROUP HOLDING% (EFFECTIVE)2005/2006
ACL PLASTICS LTD	65.2
CEYLON BULBS & ELECTRICALS LTD	85.1
LANKA OLEX CABLES(PVT)LTD	100
KELANI CABLES LTD	79.3
KELANI ELECTRICAL ACCESSORIES(PVT)LTD	79.3
ACL-KELANI MAGNET(PVT) WIRE LTD	93.8





**Performance for the nine months ended 31.12.2006**

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Revenue grew 80% to reach Rs. 5,765,561,000. Cost of sales rose by 66% and was at Rs. 4,078,693,000. Gross profits were up 129 % and amounted to Rs. 1,686,868,000. Other operating income declined 121% and totalled Rs. 13,659,000. Distribution costs went up by 73% to reach Rs. 221,299,000. Administrative expenses were up by 35% and totalled Rs. 110,903,000. Other Operating Expenses declined 14% to Rs. 9,524,000. Profit from operating activities grew 129% to Rs. 1,331,483,000 for the nine months ended 31.12.2006.

Finance costs grew 79% and totalled Rs. 138,077,000. Profit before tax grew 136% and reached Rs. 1,193,406,000. Tax expenses jumped 133% to Rs. 354,560,000. The profits after tax rose 138% to Rs.838,846,000. The profits attributable to shareholders were up 141% and totaled Rs. 771,665,000.

Annualized Earnings per Share reached Rs.34.35\*.

(\*Based on total shares after the first 1 for 1 bonus issue-the second 1 for 1 bonus issue has just been announced and is yet to receive the necessary approvals and hence has not been used to calculate the Annualized Earnings per Share)

## Growth Factors

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- The Group has also got in to the manufacture of Aluminium Rods for which it has been given a 5 year tax holiday
- The concessions given to the construction sector in the last budget is expected to help the company as the construction sector expands rapidly in the coming years

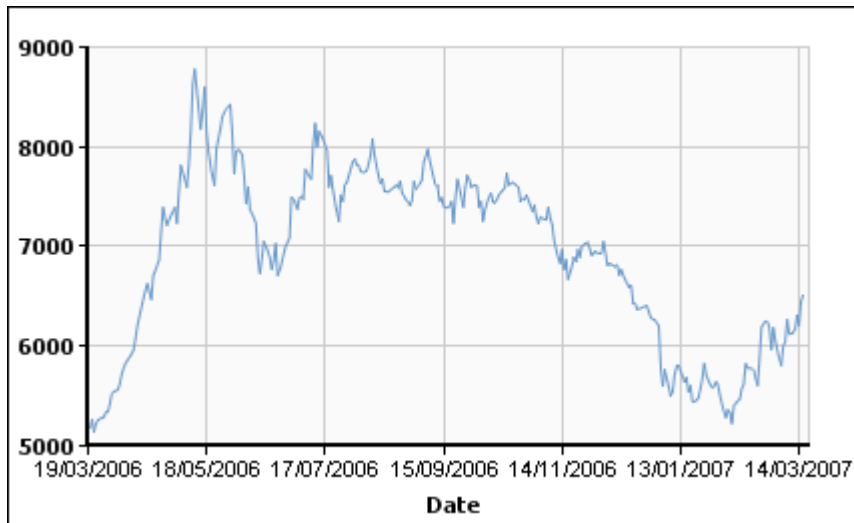
## Key Risk Factor

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- The risk factor for the company is the volatility of world copper prices .The company believes increased copper prices can be passed to the consumers and profit margins can be maintained at target levels. However higher prices in cabling will depress total demand volumes in the long term since decisions on cabling are made at the end of the building process and can be amended, switched or curtailed due to higher prices and or the tight budgets of builders

### World Copper Prices

US\$ Per Tonne



Source:-LME

## Financial Statement Highlights

<b>TRADING RESULTS</b>					
<b>Y/E 31st March</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Turnover	4,460,458	3,167,136	1,997,082	1,663,180	1,412,539
Operating Profit	862,816	513,256	198,857	197,945	204,751
Profit Before Tax	760,542	424,925	118,471	110,303	104,939
Taxation	-205,893	-53,802	-29,013	-25,363	-24,239
Profit after Tax	554,649	371,123	89,458	84,940	80,700

<b>BALANCE SHEET</b>					
<b>As At</b>	<b>31st March</b>	<b>31st March</b>	<b>31st March</b>	<b>31st March</b>	<b>31st March</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Share Capital	149,734	122,510	122,510	122,510	98,008
Capital Reserve	134,325	161,550	161,550	36,834	36,834
Revenue Reserve	1,706,622	1,201,134	876,575	795,051	754,258
Deferred Expenditure	-	-	-	-	-2,391
Deferred Income	-	-	-	3,501	8,027
	<b>1,990,681</b>	<b>1,485,194</b>	<b>1,160,635</b>	<b>957,896</b>	<b>894,736</b>
Minority Interest	270,230	225,302	200,574	195,825	189,882
Non Current Liabilities	386,183	478,316	136,054	139,832	149,434
	<b>2,647,094</b>	<b>2,188,812</b>	<b>1,497,263</b>	<b>1,293,553</b>	<b>1,234,052</b>
Property, Plant & Equipment	854,179	757,277	785,641	623,747	678,027
Operating Lease Prepayments	1,930	-	-	-	-
Capital Work in Progress	7,522	129,904	120,070	44,625	44,961
Intangible Assets	550	733	-	-	-
Investments	23,244	23,237	23,334	22,439	22,194
Current Assets	3,545,312	2,422,287	1,715,141	1,392,606	1,282,851
Current Liabilities	-1,785,643	-1,144,626	-1,146,923	-789,864	-793,981
Capital Employed	<b>2,647,094</b>	<b>2,188,812</b>	<b>1,497,263</b>	<b>1,293,553</b>	<b>1,234,052</b>

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