

Upgrade HAYL to BUY

Date: 27th May 2009

Ticker
HAYL

Recommendation
BUY from HOLD

ASPI Index Level*
2,142.46

MPI Index Level*
2,444.28

Share Price*
Rs113.00

Market Cap*
Rs 8,474 mn

*CSE DATA on 26th May 2009

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Hayleys: Upgrade to Buy

- We had originally issued a Buy recommendation on Hayleys at Rs95 on the 11th of January 2008 when the ASPI was at 2403 points.
- After the stock rose sharply, on the 5th of August we issued a Sell recommendation. The stock price was Rs148 and the ASPI was 2480 points at the time. On the 10th of September 2008 when the stock price fell to Rs136 we issued a Hold recommendation.
- Now with the counter underperforming since our Sell recommendation, at a price of Rs113 we are again issuing a Buy recommendation on Hayleys. We therefore advice investors to again accumulate a position in the counter.
- The company despite being highly exposed to the external market appears to have weathered the downturn in the global economy much better than anticipated.
- Key business lines at Dipped products and Haycarb appear to have shown an improved performance in the final quarter for the year.
- Furthermore, though Hayleys has traditionally been a Conglomerate with a heavy external exposure, it does have a significant domestic asset base, strategic investments and strong domestic networks that could help it to be a beneficiary of a rebound in the local economy.



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