

**Target Price – LKR 27.60**

**Recommendation – BUY**

**Analyst – Suvimal De Costa**

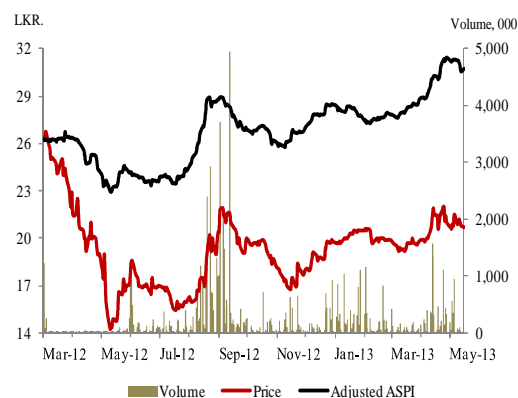
**Date – 17.06.2013**

#### Share Data

Market Price (Voting) as at 13.06.13	LKR 20.50
52 Week Range - Voting	LKR 14.80 - LKR 22.00
Shares in Issue	1,000,000,000
Average Daily Volume (52 Weeks)	311,670
Estimated Free Float	41%

Main Shareholders as at 31.03.2013	No of Shares	%
Mr. S J S Perera	250,000,000	25.00
Mr. R J S Gomez	120,000,000	12.00
Mr. J C Joshua	100,000,000	10.00
Mrs. R M N Joshua	70,000,000	7.00
Mr. S J S Perera	46,000,000	4.60

#### Price Performance



## Access Engineering PLC (AEL) Entering the growth super highway

**Well positioned to benefit from the surge in infrastructure developments** – In 2012, construction sector grew considerably by 39% with AEL's engineering segment top line gaining by 64% in FY12/13. With a strong order book totaling to LKR 30 – 40 Bn during next two to three years, we expect AEL's engineering segment revenue to grow at a CAGR of 21% over the next three years.

**Projects backed by foreign funding to minimize default risk** – Current funding mix has augured well for AEL where 80% of the projects are foreign funded with government funded projects limiting to 5%. While the exposure to the government could increase in the future giving rise to delays in receiving payments, AEL's focus would mainly lie in projects where the funding is secured.

**Strong financials** – AEL's debt to equity ratio is hovering below 1% and the ROEs remain healthy above 20%. We have estimated the momentum to continue during the medium term in line with AEL's strategy to focus on high margin sectors such as water and wastewater management.

**Attractive valuation** – AEL is currently trading 18% below its IPO price and at a 34% discount to the estimated intrinsic value of LKR 27.60. Considering favorable prospects, we expect the stock to offer significant upside potential.

Figures in LKR Mn	FY09/10(A)	FY10/11(A)	FY11/12(A)	FY12/13(A)	FY13/14(E)	FY14/15(E)	FY15/16(E)
Turnover	3,175,296	3,650,699	7,315,093	13,900,270	17,645,658	21,605,216	25,925,192
Profit Attributable to Equity Holders	807,681	961,805	1,731,292	2,382,228	2,808,723	3,471,091	4,185,957
Gross Profit Margin (%)	28.35	35.49	28.85	22.02	22.00	22.00	22.00
EPS	-	-	1.83	2.38	2.81	3.47	4.19
Forward P/E (X) *	-	-	14.49	8.27	7.37	5.96	4.95
DPS	-	-	0.27	0.50	0.65	0.95	1.50
Dividend Yield (%)	-	-	1.02	2.54	3.14	4.59	7.25
BV	-	-	11.27	12.47	14.63	17.15	19.84
PBV (X)	-	-	2.35	1.58	1.41	1.21	1.04
ROE (%)	30.31	26.36	23.06	20.59	20.73	21.84	22.63
Total Debt/Equity (%)	1.22	14.38	0.12	0.07	0.06	0.05	0.04

\*P/Es from FY09/10-FY12/13 have been calculated using year end share price. P/Es for FY13/14-FY15/16 have been calculated using the current share price.

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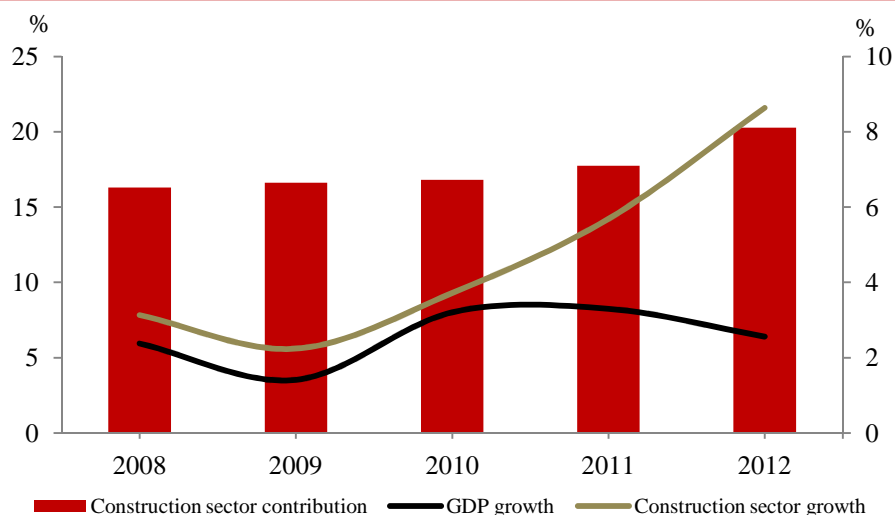
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## Economic growth through heavy infrastructure investments

**Construction sector grew by 39% in 2012**

In 2012 construction sector grew by 39% (nominal growth) as opposed to the 21% growth achieved in 2011 while its contribution to the national GDP stood at 9.4% in 2012 compared to 7.8% in 2011. This demonstrates its growing importance in the government's growth strategy.

GDP vs. construction sector growth, sector contribution – real growth

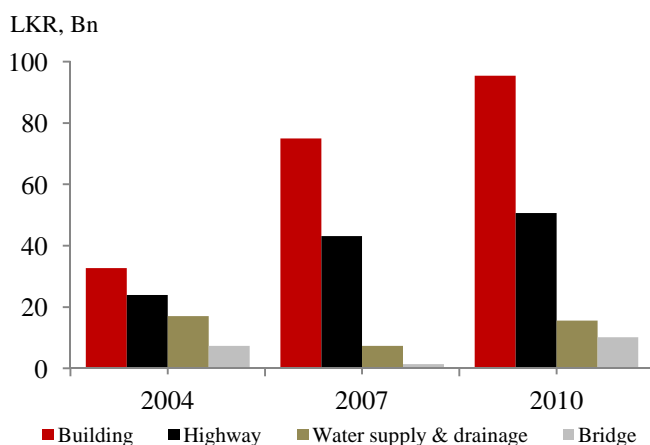


Source: Department of Census and Statistics

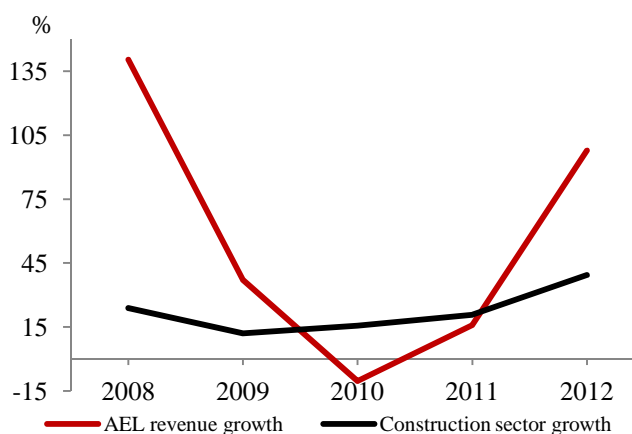
**From 2007 – 2012, AEL's engineering segment revenue grew at a CAGR of 47%**

AEL has been a direct beneficiary of government's efforts to enhance country's infrastructure platform through heavy investments. From 2007 to 2012, AEL's engineering segment revenue grew at a CAGR of 47% which is more than twice the 22% CAGR recorded by the construction sector for the corresponding period.

Government investments



Revenue vs. construction sector nominal growth



Source: Company data & Department of Census and Statistics

We are of the view that government's continuing focus on heavy infrastructure developments would bode well for AEL's prospects.

## Strong order book to drive performance in the highway segment

**LKR 30 – 40 Bn worth projects in the pipeline during next two to three years**

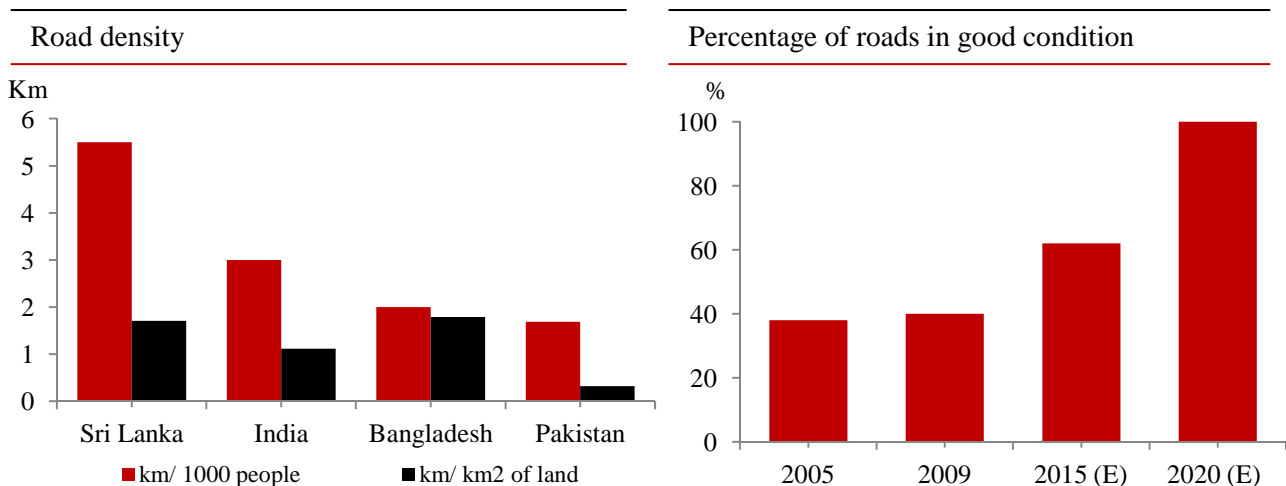
Over the past 7 years, AEL’s engineering segment top line grew at a CAGR of close to 50% followed by a similar growth in its main contributor, roads and highways sub segment, mainly in line with government’s initiative to rehabilitate the current road network as well as to develop new roads. Company’s capacity doubled during FY12/13 while the order book is expected to remain robust over the next two to three years with projects worth LKR 30 – 40 Bn in the pipeline according to company sources.

We estimate the highway sub segment to grow at a CAGR of 33% over the next three years while the engineering segment is expected to grow at a CAGR of 23% over the next three years.

## Roads and highways to remain as the top contributor

**Govt’s significant focus on roads and highways to bode well for AEL**

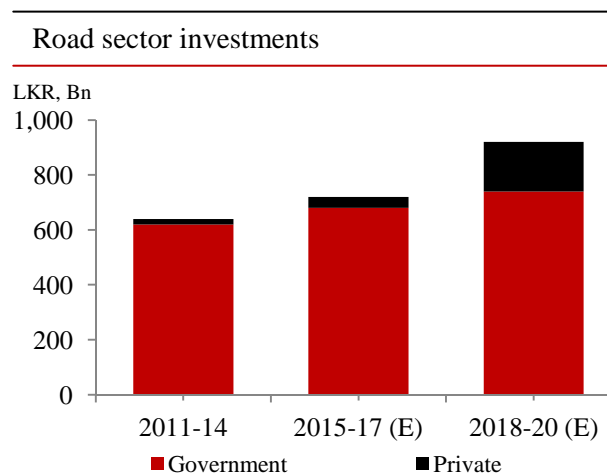
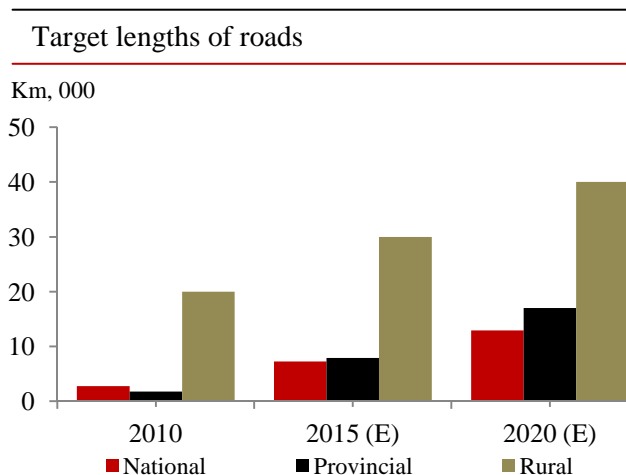
Despite the high road density compared to other regional counterparts, the low percentage of roads in good condition allows for significant investments.



Source: Mahinda Chinthana - vision for the future

**Number of mega scale highway projects in the pipeline**

AEL’s involvement in the completed phases of the southern expressway and its ongoing work in the outer circular highway and Katunayka expressway demonstrate its ability to be a part of mega development projects in the pipeline. These include Colombo – Kandy alternate highway and the extension to the southern expressway (which is in the planning stage) and other projects such as northern expressway and eastern expressway (which are in the feasibility stage).



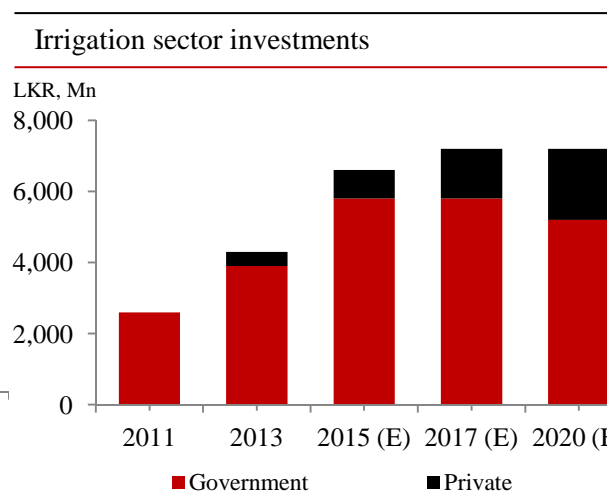
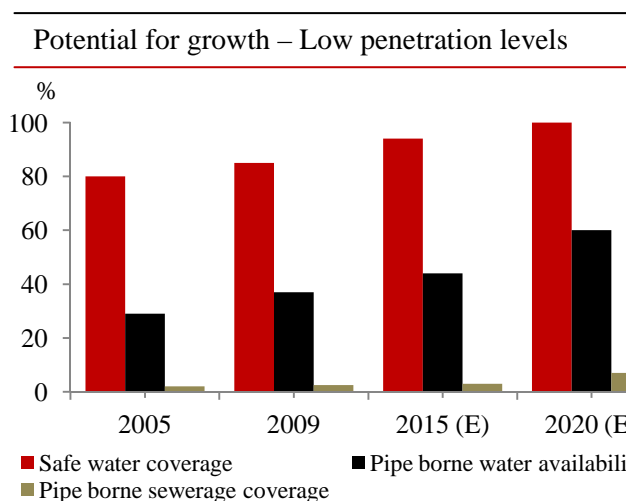
Source: Ministry of ports and highways, Mahinda Chinthana - vision for the future

Accordingly, we estimate this sector to contribute 65% – 70% of the revenue over the next three years despite growing at a lower rate than achieved over the past.

### Changing focus to water and wastewater management

#### High potential in the water and wastewater management

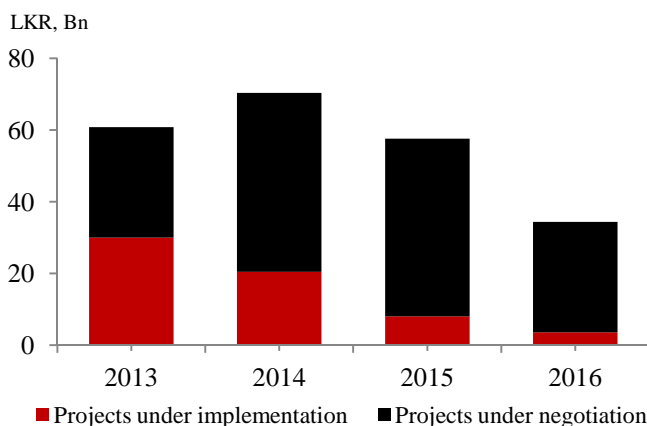
According to the company, margins associated with water and wastewater management projects tend to be higher. Due to the under investment in this sector in Sri Lanka in comparison to heavy investments seen in roads and highways, the future investment potential remains significant considering its strategic importance to the economy.



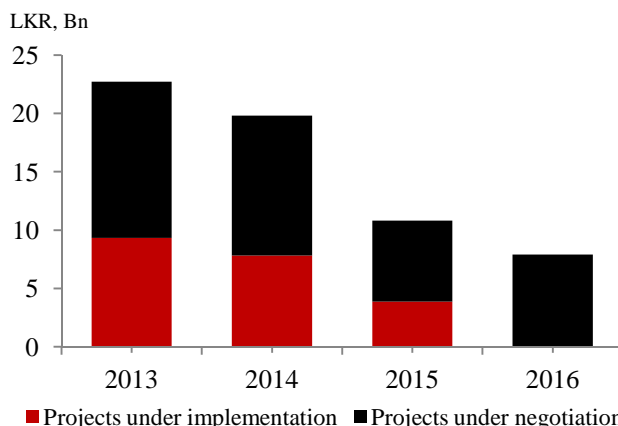
Source: National Water Supply & Drainage Board, Mahinda Chinthana - vision for the future

Government has estimated investments amounting to LKR 277.5 Bn from 2010 to 2020 for irrigations of which LKR 186.7 is to be funded from foreign sources. The government recently granted Beijing based China Machinery Engineering Corporation the master construction contract for the integrated water supply scheme in Gampaha area with a total cost of USD 229.5 Mn.

### Investments in water related projects



### Investments in sewerage related projects



Source: National Water Supply & Drainage Board

#### Water and wastewater management sub segment to grow at a 55% CAGR over the next 3 years

We estimate the sub segment to grow at a CAGR of 55% over the next three years. As opposed to the 7% contribution to the engineering segment's top line currently, we estimate the contribution to increase to 14.5% in FY15/16 in line with its strategy to enhance its exposure to the water and wastewater management.

#### Contribution from the building construction segment to fall to a sustainable level

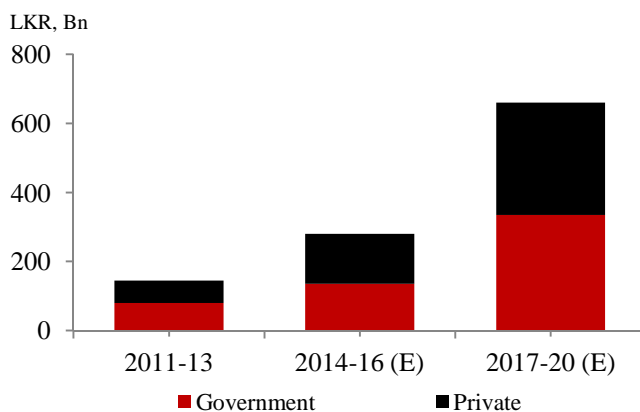
#### Commendable growth in other segments

The contribution from the building constructions is expected to taper off over the next three years to a sustainable level in line with AEL's capacity constraints. Due to the Henamulla housing project (worth LKR 3 Bn) sponsored by the Urban Development Authority, its contribution towards the AEL's engineering segment in FY12/13 hovered around 30%.

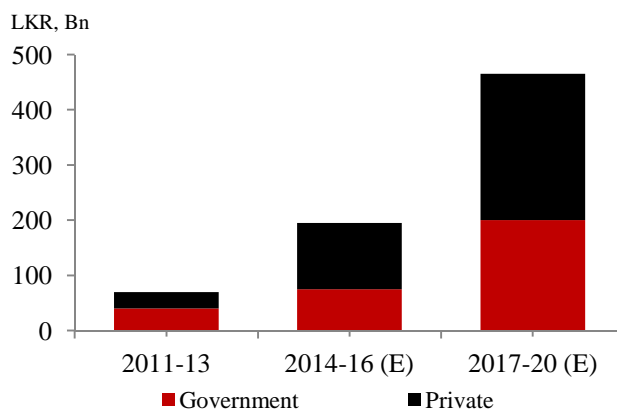
As opposed to the AEL's strong competitive position in the roads and highways sub segment due to its expertise and strong track record, we believe the competition in the building construction segment to be more intense. Hence, we estimate its contribution to come down to 10% in FY15/16.

AEL's participation in both sea and aviation ports have been significant in the past. Therefore, we expect AEL to benefit from the government's planned investments and its efforts to promote and enhance private sector involvement over the next few years in these sectors.

### Investments in seaports



### Investments in airports



Source: Mahinda Chinthana - vision for the future

**Enhanced margins through Group wise synergies**

The contribution from the sale of construction related materials hovered around 6% - 7% in FY12/13 and we expect this to grow at a modest rate of 10% during next three years.

Investments in state of the art quarry operations, crusher plants, asphalt production plants, concrete production and piling equipment have allowed AEL to enhance their margins. Since the company does not have to entirely rely on outside suppliers, when pricing contracts, AEL is in a position to incorporate margins at each level, thus to increase its effective margins above industry averages.

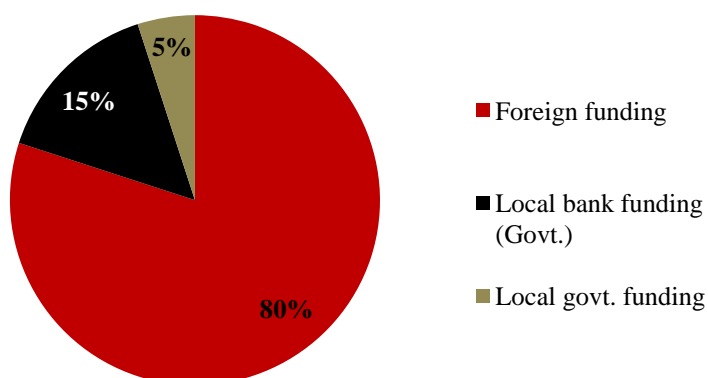
**Reliable funding sources to ensure payments**

Construction companies face working capital issues on the back of delayed payments mainly by government institutions, given the exposure to these entities are not appropriately managed. Despite AEL's significant exposure to government initiated projects, these are predominantly funded by foreign governments or funding organizations which ensures timely payments. The projects, which are funded by the government, are mostly covered by bank guarantees, which further mitigate the default risk.

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Current funding breakdown

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Source: Company data

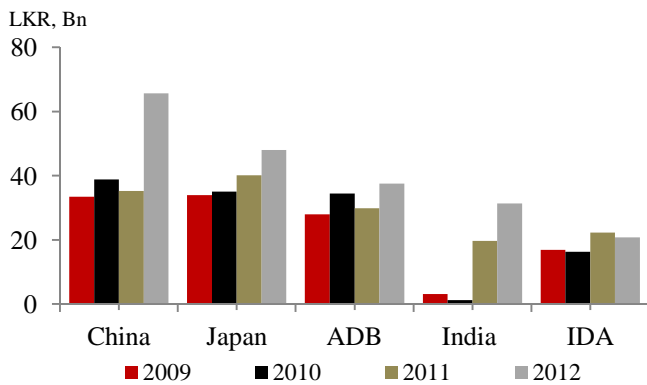
**Working capital cycle could increase in the medium term**

Despite the current low exposure to government entities, the exposure could increase in the future. Accordingly, there could be delays in receiving payments, which could increase working capital needs of AEL. However, AEL's focus would predominantly lie in projects where the funding is secured.

**Close ties with Chinese to woo contracts**

AEL's close ties with the country's largest investor in the recent past, China, has proven to be effective due to its high participation in Chinese funded projects. We believe the Chinese entities would play an important role in the country's large infrastructure projects in medium to long term.

### Foreign project loans – gross receipts



### Chinese funded projects of AEL – LKR, Mn

A32 road project	1,700
Jaffna road project	2,400
Mannar Jaffna road	2,000
Dialog projects (phase I & II)	1,200
Mattala airport project	1,800

Source: CBSL, Company data

### Risks to remain low in the medium term

#### Skilled labor shortage to post a threat in the long run

We believe the skilled labor shortage in the country would post a considerable threat to the construction industry at large in the long run. As a result of deficiencies in training and development of construction sector workers, individual companies are compelled to carry out in house training activities.

The risk from cost escalations remains minimal as these can be passed on to clients. Risks from liquidated damages due to time over runs are expected to persist although AEL has successfully managed this risk in the past.

#### Impact from competition to remain low

In addition, the competition in certain sectors remains high. MAGA, ICC and Sierra can be sited as main competitors in roads and highways and water and wastewater management projects. However, AEL's strong order book indicates its position in the industry in the medium term is assured, but in the long run, the competitive risk remains inevitable.

### Sathosa to complement AEL's operations

#### The strategic investment in SMOT to diversify AEL's product portfolio

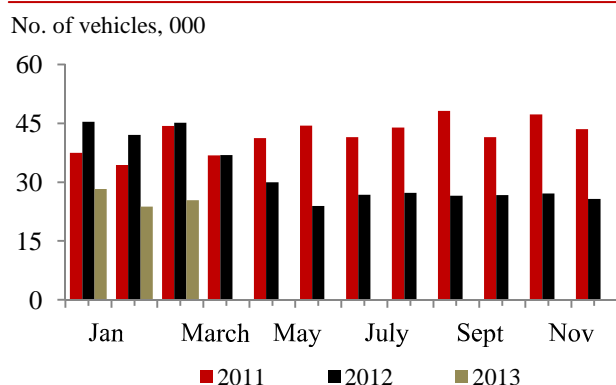
AEL's acquisition of Sathosa Motors (SMOT) (84.4% stake), a listed entity in the Colombo Stock Exchange granted them the ability to diversify its product portfolio. SMOT acts as the sole agent of Isuzu vehicles in the country. Isuzu's participation in the light commercial vehicles segment complements AEL's operations. AEL is in a position to utilize the workshop facilities of SMOT to run repairs and modification in their vehicle fleets throughout the Group and hence, to achieve noteworthy cost savings. In FY12/13, SMOT contributed close to 17% of the AEL's total turnover.

#### Above industry average growth amidst lackluster industry conditions

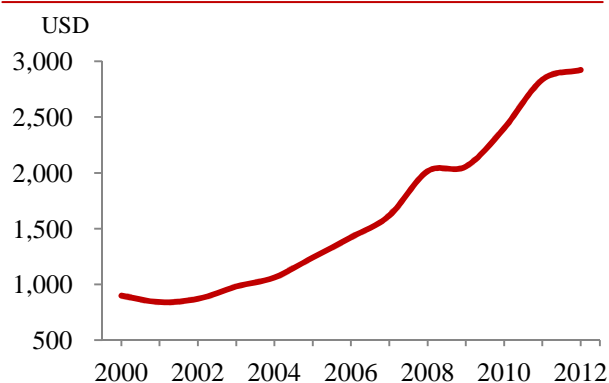
However, government's effort to reduce the trade deficit through high taxes and high interest rates depressed the motor industry at large. Amidst lackluster conditions, SMOT's 22.7% growth in revenue for FY12/13 is highly commendable.



### Vehicle registrations



### Per capita GDP



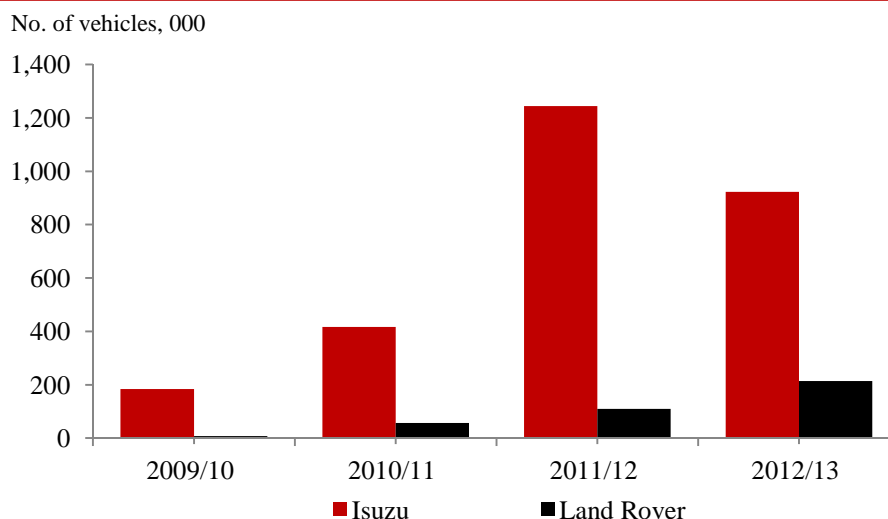
Source: Department of Motor Traffic, Department of Census and Statistics

In light of its high vehicle sales in the Isuzu brand and its new venture, SML Frontier Automotive, the exclusive authorized dealer for Land Rover & Range Rover vehicles in Sri Lanka from 1<sup>st</sup> April 2013, we have estimated a significant jump in its top line in FY13/14. In addition, increasing income levels in the country have enhanced the appetite for luxury vehicles such as Land Rover.

**SMOT to contribute 20% of AEL's revenue in FY15/16**

Through Land Rover's strategy to introduce vehicles with affordable luxury and given SMOT's ability to attract sales through modes such as government permits, we estimate the contribution towards the total turnover to increase to 20% in FY15/16.

### Isuzu and Land Rover registrations



Source: Department of Motor Traffic

### High demand for commercial space

Access Realties contributed to about 2% and 1% to AEL's top line in FY11/12 and FY12/13 respectively. However, the contribution towards the bottom line

**Consistent in achieving 100% utilization**

stood at 6.4% and 5% for the respective periods. Access Realities has been able to maintain 100% utilization for the last five years. Given the swelling business confidence and activity and the demand supply imbalance, AEL is launching a new commercial property investment.

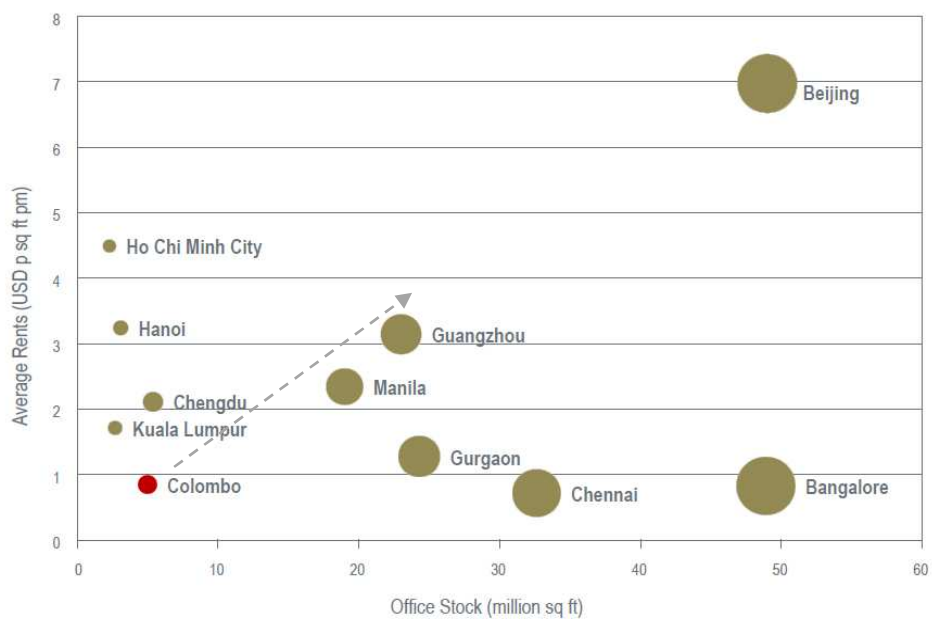
	Status	Total Rentable Space (Sq.ft)	Occupancy Rate %
WTC	Operational	700,000	97
HNB Tower	Operational	360,000	100
DHPL Building	Operational	125,000	100
Access Tower	Operational	125,000	100
Orion City phase one	Operational	700,000	90
Aitken Spence	Operational	180,000	95
Ceylinco House	Operational	175,000	94
Summit	Under construction	180,000	-
Orion City phase two	Under construction	200,000	-

Source: Jones Lang LaSalle 4Q 2011, NDBS Research

**Access tower two to be operational in early 2015**

Access Realities expects to commence the construction of Access tower two in July 2013 and complete in 30 months at a cost of LKR 2.5 Bn. This will add further 135,000 sq.ft of rentable space to its current capacity of 125,000 Sq.ft. Due to low rental rates in the country compared to regional counterparts and lack of supply, we are of the view that effective yields could rise by approximately 50% over the next two to three years. Since this is identified as a BOI (Board of Investment) approved project, tax free importation of materials and the applicable 12 year tax holiday after commencing operations are expected to further enhance profit margins.

**Availability and affordability of office space in outsourcing locations**



**Note: The size of the bubble indicates the office stock (net lettable area) in these cities.**

Source: Jones Lang LaSalle- Real Estate in Sri Lanka – Prospects and Potential 2012

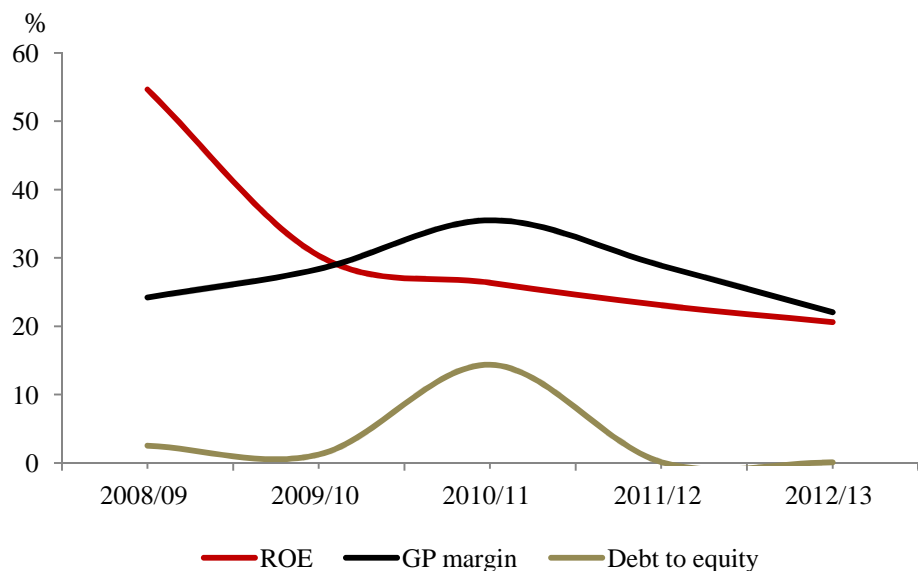
However, current ROEs for commercial properties could be lower than the ROE achieved for the engineering segment, and hence could pull down Group ROEs in the short to medium term.

### Robust financial position

#### Below 1% debt to equity ratio

Although margins have come down in the past, AEL has been able to sustain gross profit margins and ROEs above 20%. Despite the possibility of high competition to exert downward pressure on both margins and ROEs, its increasing focus towards high margin water and wastewater management projects could help maintain the momentum over the next three years. During last two years, AEL managed to maintain a debt to equity ratio of below 1% after utilizing IPO and private placement funds to strengthen its balance sheet.

#### Stable financials



Source: Company data

### Satisfactory utilization of equity placement funds

#### Utilizing funds according to the stated mandate

AEL raised LKR 4.5 Bn and LKR 500 Mn through the private placement and the IPO respectively. The objectives for the private placement included retiring some of the debt, strengthening the working capital position, investing in equipment and machinery and achieving inorganic growth through lucrative strategic investment opportunities.

AEL's reduction in debt and heavy investments in plant and machinery over the last two years (LKR 1.5 Bn in FY11/12 and LKR 1.2 Bn in FY12/13) demonstrate its adherence to the stated objectives. In addition, AEL managed to achieve its stated inorganic growth strategy through the acquisition of SMOT, which complement with its operations.

LKR 500 Mn raised from the Initial Public Offering (IPO) has been utilized to design and construct five 12 storied buildings at Colombo 15, as stated in the prospectus. AEL has managed to complete 40% of the project and the company claims the construction activities are in line with the target time line.

### **Room for upside potential**

**Trading at a 34%  
discount to intrinsic  
value**

We have valued AEL using the Discounted Cash Flow (DCF) method and forward Price to Earnings ratio (PE) method.

In order to carry out the valuation, we have assumed a risk premium of 6.5% and a nominal risk free rate of 11.25% (3-year treasury bond yield). Considering the high growth potential, we have utilized a medium term growth rate of 30% for the period FY13/14 to FY15/16 and a forward P/E of 10x. Terminal growth rate is expected to be 7%, which is in line with our forecasted GDP growth rate.

Accordingly, we have estimated AEL's intrinsic value at LKR 27.60.

AEL currently trades at a 34% discount to its intrinsic value. Considering these, we expect the counter to offer significant upside potential. **BUY.**

**Income Statement**

<b>Figures in LKR, 000</b>	<b>FY09/10(A)</b>	<b>FY10/11(A)</b>	<b>FY11/12(A)</b>	<b>FY12/13(A)</b>	<b>FY13/14(E)</b>	<b>FY14/15(E)</b>	<b>FY15/16(E)</b>
Turnover	3,175,296	3,650,699	7,315,093	13,900,270	17,645,658	21,605,216	25,925,192
Cost of Sales	(2,274,984)	(2,354,892)	(5,204,471)	(10,839,079)	(13,763,613)	(16,852,068)	(20,221,650)
Gross Profit	900,312	1,295,807	2,110,622	3,061,191	3,882,045	4,753,147	5,703,542
Other Income	6,891	24,548	81,632	58,896	58,896	58,896	58,896
Administrative Expenses	(219,461)	(249,805)	(382,109)	(641,726)	(705,898)	(790,606)	(885,479)
Other Expenses	(12,142)	(17,270)	(51,623)	(43,799)	(46,426)	(49,212)	(52,165)
Finance Income/(Cost)	22,034	21,896	102,170	239,110	199,066	190,706	179,617
Profit Before Tax	988,081	1,380,553	2,031,760	2,673,672	3,387,682	4,162,931	5,004,411
Taxation	(137,758)	(213,247)	(296,662)	(256,727)	(507,836)	(612,529)	(728,570)
<b>Profit After Tax</b>	<b>850,323</b>	<b>1,167,307</b>	<b>1,735,098</b>	<b>2,416,946</b>	<b>2,879,846</b>	<b>3,550,401</b>	<b>4,275,841</b>
<b>Profit Attributable to Equity Holders</b>	<b>807,681</b>	<b>961,805</b>	<b>1,731,292</b>	<b>2,382,228</b>	<b>2,808,723</b>	<b>3,471,091</b>	<b>4,185,957</b>
Minority Interest	42,643	205,501	3,806	34,717	71,123	79,310	89,884

**Balance Sheet**

<b>Figures in LKR, 000</b>	<b>FY09/10(A)</b>	<b>FY10/11(A)</b>	<b>FY11/12(A)</b>	<b>FY12/13(A)</b>	<b>FY13/14(E)</b>	<b>FY14/15(E)</b>	<b>FY15/16(E)</b>
<b>Assets</b>							
<b>Non-Current Assets</b>							
Property, Plant & Equipment	354,885	1,228,903	2,671,973	3,763,220	3,757,175	3,472,010	3,035,721
Leasehold Right	-	-	120,000	118,378	116,757	115,135	113,514
Investment Property	2,313,724	2,800,000	3,000,000	2,695,158	3,195,158	4,195,158	5,195,158
Other Non Financial Assets	-	-	415,908	570,236	570,236	570,236	570,236
Goodwill	215,700	-	432,891	432,891	432,891	432,891	432,891
	<b>2,884,309</b>	<b>4,028,903</b>	<b>6,640,772</b>	<b>7,579,884</b>	<b>8,072,217</b>	<b>8,785,430</b>	<b>9,347,520</b>
<b>Current Assets</b>							
Inventories	112,134	312,423	1,817,407	1,860,314	2,362,252	3,120,753	3,965,029
Trade & Other Receivables	560,570	1,013,369	2,844,480	4,295,546	5,452,968	6,794,093	8,309,356
Amount due from Related Parties	237,455	88,083	60,223	129,279	129,279	129,279	129,279
Other Current Financial Assets	-	-	347,124	662,710	662,710	662,710	662,710
Short Term Investments	1,171	3,120	49,215	41,544	41,544	41,544	41,544
Short Term Deposits	99,054	96,290	883,315	1,365,570	1,665,570	2,065,570	2,465,570
Cash & Cash Equivalents	476,838	202,156	1,624,133	696,102	966,799	1,177,931	1,486,019
	<b>1,487,221</b>	<b>1,715,441</b>	<b>7,625,896</b>	<b>9,051,066</b>	<b>11,281,124</b>	<b>13,991,881</b>	<b>17,059,509</b>
<b>Total Assets</b>	<b>4,371,531</b>	<b>5,744,345</b>	<b>14,266,668</b>	<b>16,630,950</b>	<b>19,353,341</b>	<b>22,777,311</b>	<b>26,407,028</b>
<b>Equity &amp; Liabilities</b>							
<b>Capital &amp; Reserves</b>							
Stated Capital	1,000,000	3,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Retained Earnings	1,954,130	1,115,936	1,670,123	3,472,359	5,631,082	8,152,173	10,838,130
	<b>2,954,130</b>	<b>4,344,000</b>	<b>10,670,123</b>	<b>12,472,359</b>	<b>14,631,082</b>	<b>17,152,173</b>	<b>19,838,130</b>
Minority Interest	812,490	-	162,337	153,818	208,481	266,085	323,760
<b>Total Equity</b>	<b>3,766,621</b>	<b>4,344,000</b>	<b>10,832,460</b>	<b>12,626,177</b>	<b>14,839,563</b>	<b>17,418,258</b>	<b>20,161,890</b>
<b>Non Current Liabilities</b>							
Interest Bearing Borrowings	19,252	452,829	5,978	1,933	1,933	1,933	1,933
Employee Benefit	18,473	27,796	61,693	93,532	93,532	93,532	93,532
Deferred Taxation	871	44,185	98,911	148,145	148,145	148,145	148,145
	<b>38,597</b>	<b>524,811</b>	<b>173,821</b>	<b>250,630</b>	<b>250,630</b>	<b>250,630</b>	<b>250,630</b>
<b>Current Liabilities</b>							
Trade & Other Payables	470,631	594,939	1,445,971	1,886,502	2,395,507	3,240,782	4,126,867
Amount Due to Related Parties	15,082	1,520	23,889	22,393	22,393	22,393	22,393
Other Financial Liabilities	-	-	1,592,907	1,786,465	1,786,465	1,786,465	1,786,465
Interest Bearing Borrowings	16,678	171,756	6,608	6,206	6,206	6,206	6,206
Dividend Payable	39,549	-	1,696	2,080	2,080	2,080	2,080
Income Tax Payable	24,374	107,319	189,315	50,497	50,497	50,497	50,497
	<b>566,313</b>	<b>875,534</b>	<b>3,260,386</b>	<b>3,754,143</b>	<b>4,263,148</b>	<b>5,108,423</b>	<b>5,994,508</b>
<b>Total Equity &amp; Liabilities</b>	<b>4,371,531</b>	<b>5,744,345</b>	<b>14,266,668</b>	<b>16,630,950</b>	<b>19,353,341</b>	<b>22,777,311</b>	<b>26,407,028</b>

**Cash Flow**

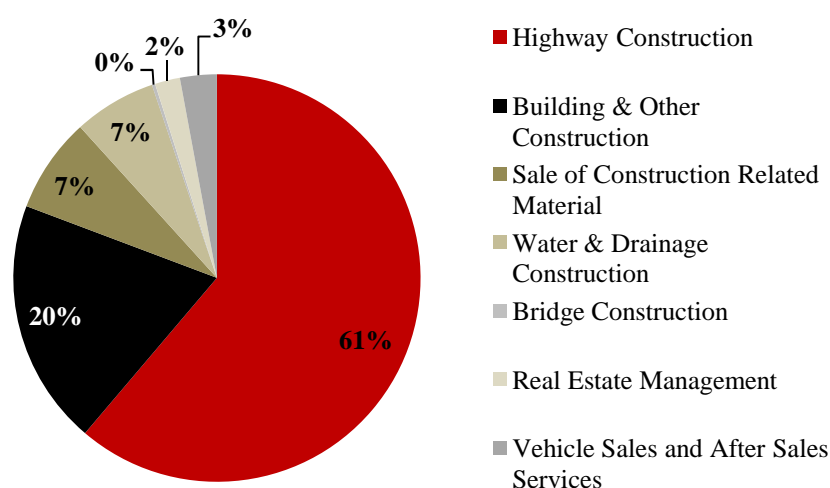
<b>Figures in LKR, 000</b>	<b>FY13/14 (E)</b>	<b>FY14/15 (E)</b>	<b>FY15/16 (E)</b>
Profit Before Tax	3,387,682	4,162,931	5,004,411
<b>Adjustment for:</b>			
Depreciation	507,667	536,787	537,911
Net Finance Income	(199,066)	(190,706)	(179,617)
	<b>3,696,283</b>	<b>4,509,012</b>	<b>5,362,705</b>
<b>Change in Working Capital</b>			
Change in Inventories	(501,939)	(758,501)	(844,276)
Change in Trade & Other Receivables	(1,157,423)	(1,341,125)	(1,515,263)
Change in Trade & Other Payables	509,005	845,276	886,085
<b>Cash Generated from Operating Activities</b>	<b>2,545,926</b>	<b>3,254,662</b>	<b>3,889,250</b>
Tax Paid	(507,836)	(612,529)	(728,570)
<b>Net Cash from Operating Activities</b>	<b>2,037,659</b>	<b>2,641,873</b>	<b>3,160,420</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of PPE	(500,000)	(250,000)	(100,000)
Investment in Capital WIP	(500,000)	(1,000,000)	(1,000,000)
Investments in Short Term Deposits	(300,000)	(400,000)	(400,000)
Interest Income	199,497	190,966	179,877
<b>Net Cash from Investing Activities</b>	<b>(1,100,503)</b>	<b>(1,459,034)</b>	<b>(1,320,123)</b>
<b>Cash Flows from Financing Activities</b>			
Dividends Paid	(650,000)	(950,000)	(1,500,000)
Payments to Minority Shareholders	(16,459)	(21,706)	(32,209)
<b>Net Cash from Financing Activities</b>	<b>(666,459)</b>	<b>(971,706)</b>	<b>(1,532,209)</b>
<b>Net Increase/ Decrease in Cash &amp; Equivalents</b>	<b>270,697</b>	<b>211,132</b>	<b>308,088</b>
<b>Cash and Cash Equivalents at the Beginning</b>	<b>696,102</b>	<b>966,799</b>	<b>1,177,931</b>
<b>Cash and Cash Equivalents at the End</b>	<b>966,799</b>	<b>1,177,931</b>	<b>1,486,019</b>

<b>Key Ratios</b>	<b>FY09/10(A)</b>	<b>FY10/11(A)</b>	<b>FY11/12(A)</b>	<b>FY12/13(A)</b>	<b>FY13/14(E)</b>	<b>FY14/15(E)</b>	<b>FY15/16(E)</b>
<b>Growth Ratios</b>							
Turnover Growth (%)	(7.62)	14.97	100.38	90.02	26.94	22.44	20.00
Gross Profit Growth (%)	8.28	43.93	62.88	45.04	26.81	22.44	20.00
Net Profit Growth (%)	(2.05)	37.28	48.64	39.30	19.15	23.28	20.43
<b>Profitability Ratios</b>							
Net Profit Margin (%)	26.78	31.97	23.72	17.39	16.32	16.43	16.49
ROE (%)	30.31	26.36	23.06	20.59	20.73	21.84	22.63
<b>Share Ratios</b>							
EPS (LKR)	-	-	1.83	2.38	2.81	3.47	4.19
DPS (LKR)	-	-	0.27	0.50	0.65	0.95	1.50
DY (%)	-	-	1.02	2.54	3.14	4.59	7.25
BV (LKR)	-	-	11.27	12.47	14.63	17.15	19.84
<b>Gearing</b>							
Total Debt/Equity (%)	1.22	14.38	0.12	0.07	0.06	0.05	0.04

## Appendix

Access Engineering operates predominantly in areas such as roads and highway construction, water and drainage construction and bridge construction. They have expanded operations to building constructions, piling as well as the sale of construction related material such as ready mix concrete, asphalt, etc. In addition, AEL has operations in property management through Access Realities while motor sector representation is achieved through its subsidiary Sathosa Motors.

AEL operations – FY11/12



### Subsidiaries (listed and unlisted)

Access Realities (Pvt.) Limited

Sathosa Motors PLC

Access Realities 2 (Pvt.) Limited

SML Frontier Automotive (Pvt.) Limited (Joint venture under SMOT)

### Board of Directors

Mr. S.J.S Perera (Chairman/ Chief executive officer)

Mr. J.C Joshua (Managing director)

D.A.R Fernando (Chief operating officer)

R.J.S Gomez

S.H.S Mendis

T.A.G Fernando

S.D Munasinghe

A.I Lovell

K.A.M.K Ranasinghe

N.D Gunaratne

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