

# Business Today

## Top 10

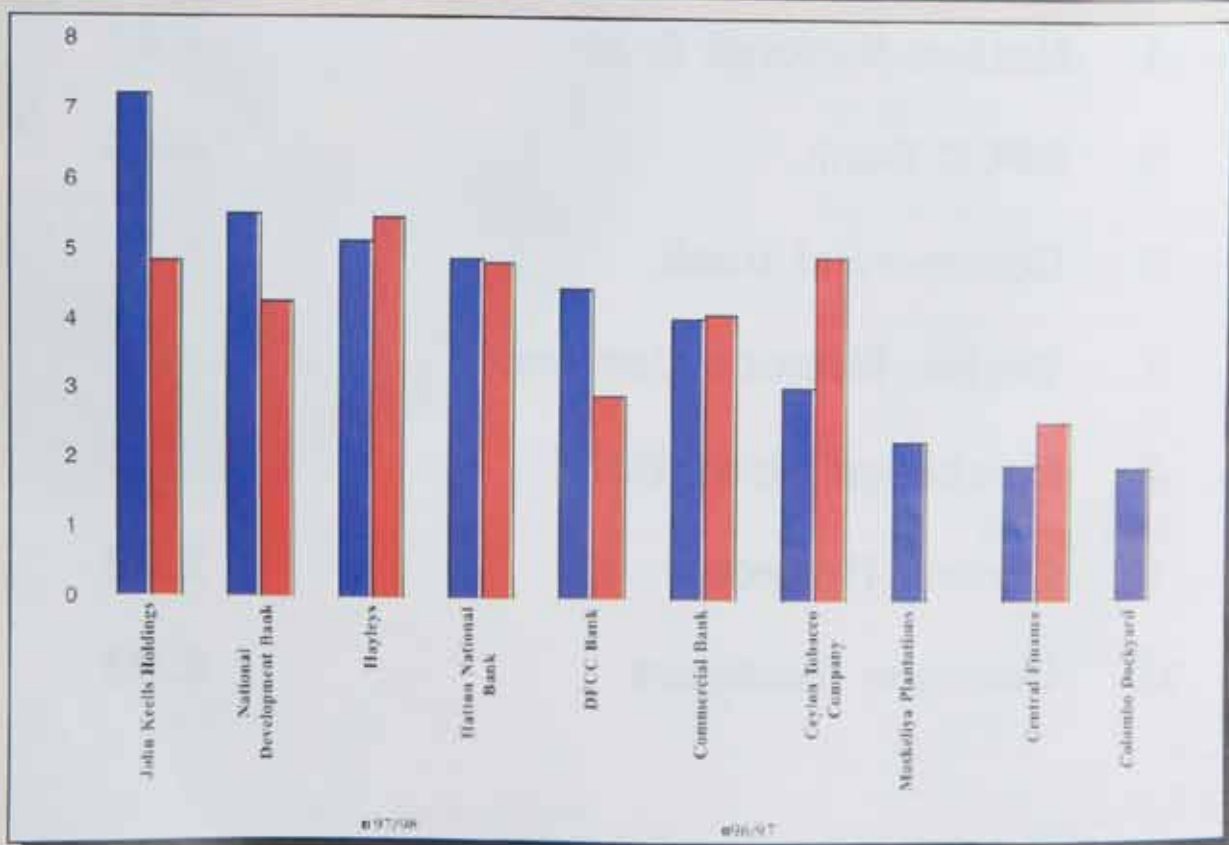
*The Top 10 companies based on their Financial Performance for 1997/98.*

1	John Keells Holdings	7.22
2	National Development Bank	5.53
3	Hayleys	5.13
4	Hatton National Bank	4.87
5	DFCC Bank	4.45
6	Commercial Bank	4.05
7	Ceylon Tobacco Company	3.08
8	Maskeliya Plantations	2.32
9	Central Finance	1.98
10	Colombo Dockyard	1.93

# Business Today Top 10

## Rank and Points Comparison

97/98	96/97		97/98	96/97
1	3	John Keells Holdings	7.22	4.84
2	5	National Development Bank	5.53	4.27
3	1	Hayleys	5.13	5.46
4	4	Hatton National Bank	4.87	4.83
5	7	DFCC Bank	4.45	2.93
6	6	Commercial Bank	4.05	4.09
7	2	Ceylon Tobacco Company	3.08	4.94
8	-	Maskeliya Plantations	2.32	-
9	8	Central Finance	1.98	2.59
10	-	Colombo Dockyard	1.93	-



■ 97/98

■ 96/97



Business Today once again takes pleasure in reporting its rankings of the Top 10 performers of Corporate Sri Lanka. The ranking is a classic reflection of qualities and performances that people have come to admire in Business Today. The Top 10 performers who exemplified and qualified to either maintain their position or join the elite group of the Top 10 will undoubtedly be proud of their achievements.

Business Today surveyed key business people who are closest to the action and are in a position to study and compare the companies in their respective field, to decide on the criteria for the rankings. Based on this feedback Business Today decided to modify the criteria and weights used for the previous year to reflect the current trends in the marketplace.

The criteria on which the ratings are based are Sales Turnover, Growth in Sales Turnover, Profitability, Growth in Profitability, Return on Equity, Earnings per Share, Profit per Employee, Market Capitalization, Value of Shares Transacted, Value Addition and Social Responsibility. Value Addition and Social Responsibility replaced Volume of Shares Transacted and Dividend per Share. Social Responsibility was assessed through a survey carried among a set of key executives with specific concern for the environment, society and for their employees. Like in the previous two occasions the weights are not disclosed for proprietary reasons. Business Today wishes to state that the weights were assigned to various criteria set out earlier, after due consideration to significance of criteria and fair representation of all business sectors. Furthermore, the weights were applied uniformly with no variation whatsoever.

Compared to 1996/97, on a scale of points of 'one to ten' the dispersion of points among the top five companies were much wider. The margins between the top three were even more significant. John Keells Holdings earned the top position with a score of 7.22 and the National Development Bank second position with a score of 5.53. Both these institutions performed significantly well in the 97/98 financial year. Over the years these two institutions have been complemented for their long-term investment value, quality of management and laser like focus for their financial soundness.

Hayleys which secured the third position have in fact moved down in the ranking based on the current criteria. Hayleys, similar to John Keells and the National Development Bank maintained its corporate dominance by strategic moves, alliances and the willingness to take calculated risks.

Hutton National Bank once again like in the previous two years maintained its position in the Top Five, and topped the commercial banks. Hutton National Bank was also ranked number one in our social responsibility survey for its commitment towards uplifting our society and developing the rural sector.

DFCC Bank moved up in our rankings again, reflecting its strong and sound position in the financial services sector. Commercial Bank has in fact maintained the sixth position as in the previous year reflecting its ability to be innovative and convey stability in the market place.

Ceylon Tobacco Company, the only manufacturing company in our rankings moved down to the seventh position - Ceylon Tobacco Company unlike in the two previous financial years did not enjoy much of a good year. The entry of Maskeliya Plantations into the elite group was not a total surprise. The plantation companies in 1997 and 1998 enjoyed good results due to record tea prices. Central Finance which is in ninth position in our rankings has in fact moved down. Central Finance's ability to remain in the Top 10, tells something about its ability to remain competitive and grow its business in a relatively tight market. Colombo Dockyard which is placed tenth, was this year's surprise, having pushed out Seylan Bank and Distilleries from the Top 10. The replacement for Seylan and Distilleries - Maskeliya and Dockyard achieved impressive growth and great shareholder returns through expert use of their key resources.

As observed in 1996 and 1997 five of the Top 10 companies are from the financial services sector thus reflecting the attractiveness of this sector. The absence of any manufacturing companies other than Ceylon Tobacco Company points out the need to strengthen and promote our manufacturing sector.

In conclusion it must be said that the entry of two new players to the Top 10 demonstrates the dynamic nature of our rankings, and that in general all the Top 10 companies have a single minded focus in excelling in their field. The Top 10 companies in their variety represents a dynamic and vibrant private sector. As they stand tall in the Corporate Sri Lanka in their financial performance, they also tower over it in reputation as world class performers.

Business Today's list of Top 10 Companies is the definite report card on corporate performance and the ranking is undoubtedly a super guide to corporate Sri Lanka's shiniest corporate reputation and performance.

The Business Today Top 10 companies have been selected on the basis of their Financial Performance by Dinesh Weerakkody MBA (UK), ACMA, MAE (UK), MSIHM, MSIPS and Keith Bernard MBA (UK), MA-ECON (Colombo), FCMA, Dip. M.MCIM, as per analysis made by Econsult. Business Today thanks Dinesh Weerakkody and Keith Bernard for their voluntary contribution to make 'Business Today Top 10' a reality and Sharma Fonseka and Shivan Gooneratne ACA, for their contribution.

Business Today for the third time analyzed the companies listed on the Colombo Stock Exchange to determine the Top 10 companies for the financial year end December 31, 1997 and March 31, 1998.

Business Today believes that the Top 10 Company Award should reflect the popularity of the companies in terms of investment opportunity and hence these companies have been selected from the 100 most traded shares in terms of value.

### Overall Market Statistics

	1997/98	1996/97	YoY%
Annual Turnover (Rs. Mn)	18,315	7,403	147.4
Average Daily Turnover (Rs. Mn)	76	31	145.1
Companies Listed	239	235	1.7
Market Capitalisation (Rs. Mn)	129.40	104.20	24.1
Market P/E Ratio (Times)	12.50	10.70	16.8
All Share Price Index	702.20	603.00	16.4
Sensitive Price Index	1068.00	897.70	18.9

The market rebounded from its poor performance in 1996 with increased levels of activity being recorded during the months April to August 1997. The downturn set in following its August peak, owing to the currency crisis in South-East Asia. The year however, belonged to the Plantations. Shortfalls in Kenya and the buying interest from the Commonwealth of Independent States sent tea prices soaring to record levels and making the plantations shares the most sought after amongst investors. The public issues of the four plantation companies listed during the year were oversubscribed at record levels. Several conglomerates who had invested in plantations reaped the benefits by showing very favorable increases in turnover and profits.



Figure shows the sudden surge in activity during the months April to August 1997.



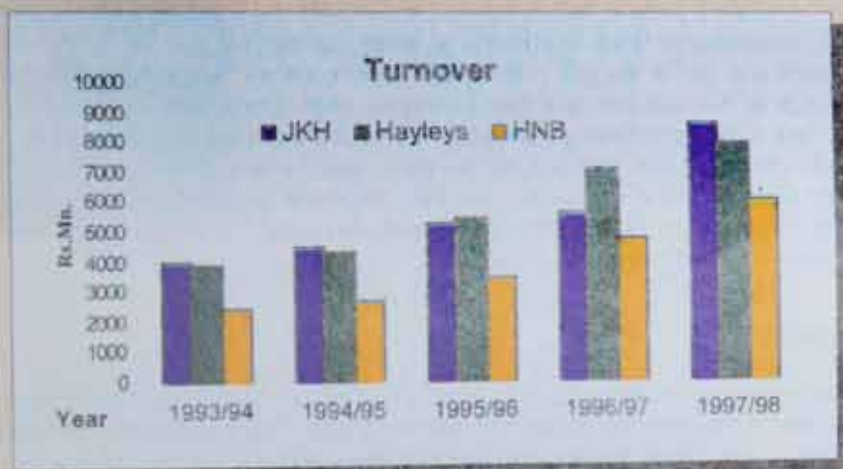
## The Highest Revenue Earners



John Keells Holdings (JKH) topped the list earning Rs 8,684 mn, an increase of 52% over the previous year, pushing two times leader Hayleys, into second place. While a sectoral analysis of the JKH turnover indicated that all sectors recorded increases, its contribution from the Plantation Sector only, revealed an over two and a half times increase over that of the previous year. 38% of its revenue was from the Food & Beverage Sector while the Plantation Sector increased its share by 10% to 25%.

Hayleys traditional sector of Environment, Coir and Rubber products continued to contribute over 50% of its turnover, although their year on year increases were minimal. The Plantations on the other hand had an year on year increase of over 20%.

Chemical Industries, National Development Bank and Colombo Dockyard, replaces C.W. Mackie, Colombo Port Land and Nestle Lanka, in the contention for the top ten places.

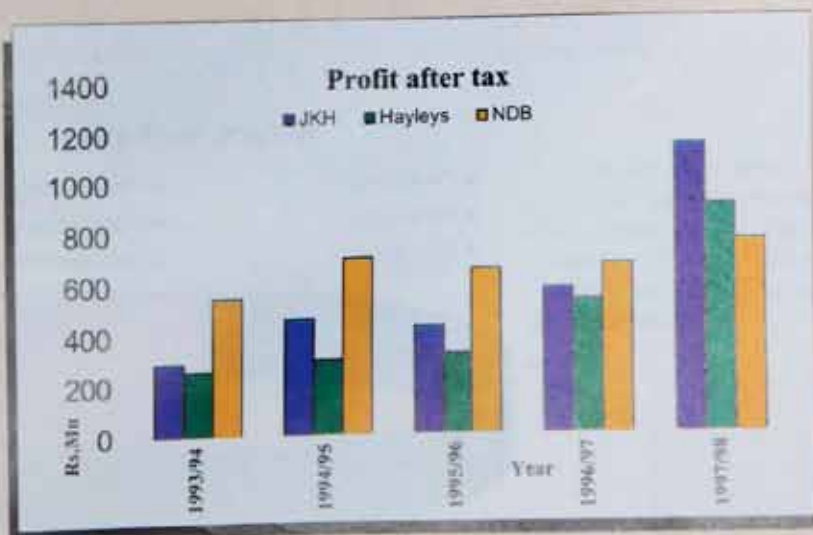


## Companies that recorded the Highest Profits

John Keells Holdings, extended its leadership into this important indicator as well, by not just reaching the top, but also recording a milestone of surpassing the billion rupee mark, a first in the history of any corporate performance in Sri Lanka. The year on year end increase has almost doubled at 99.75%. The Group attributes its strong showing to the Plantation Sector and a turnaround in the Leisure Sector.

Hayleys, came in at second place recording an increase of almost 52% and also attributes a fair share of its profits to the returns from its investment in the plantation sector. National Development Bank was pushed into third place having led the rankings for two consecutive years. However, its year on year end growth at 13% was better than that of its previous year.

Ceylon Tobacco Company, had a disappointing year recording negative growth for the first time. Maskeliya Plantations, came in to the top ten profit earners in its very first year as a listed company with an impressive profit growth of 220%.



## Shareholder Returns

### Earnings per Share

The Central Finance attained the top position after being placed second for two consecutive years previously, followed by the National Development Bank. These two companies have however, together with the Ceylon Cold Stores marginally decreased in terms of year on year end growth. The DFCC Bank moved up from the ninth position previously to be ranked at number four, while John Keells Holdings, entered the list at number seven, not having being ranked previously.

### Dividends per Share

The National Development Bank continued to head the ranking for the third time, having increased its dividend pay out to Rs 6.50 per share. Nestle Lanka, and Lanka Lubricants, entered the top ten rankings at number two and four positions respectively. Hatton National Bank moved up one notch to the third spot having increased its pay out per share by fifty cents. Commercial Bank, John Keells Holdings and Richard Peiris, have also entered the top ten though at lower rankings. The fact that the DFCC Bank who declared the same dividend as in the previous year is now ranked tenth having been ranked fifth in the previous year, is an indication that companies have increased their dividend payout in 1997/98.

### Return on Equity

Impressive returns were recorded by Watawala Plantations, Maskeliya Plantations and Nestle Lanka. None of these three companies were ranked last year. The outstanding performance of the Plantation Companies can be noted by the fact that they account for five of the ten companies ranked under this indicator. Bogawantalawa Plantation, Ceylon Tobacco Company, and Kotagala Plantations are the only three companies who were ranked in the top ten previously, although their positions have declined.

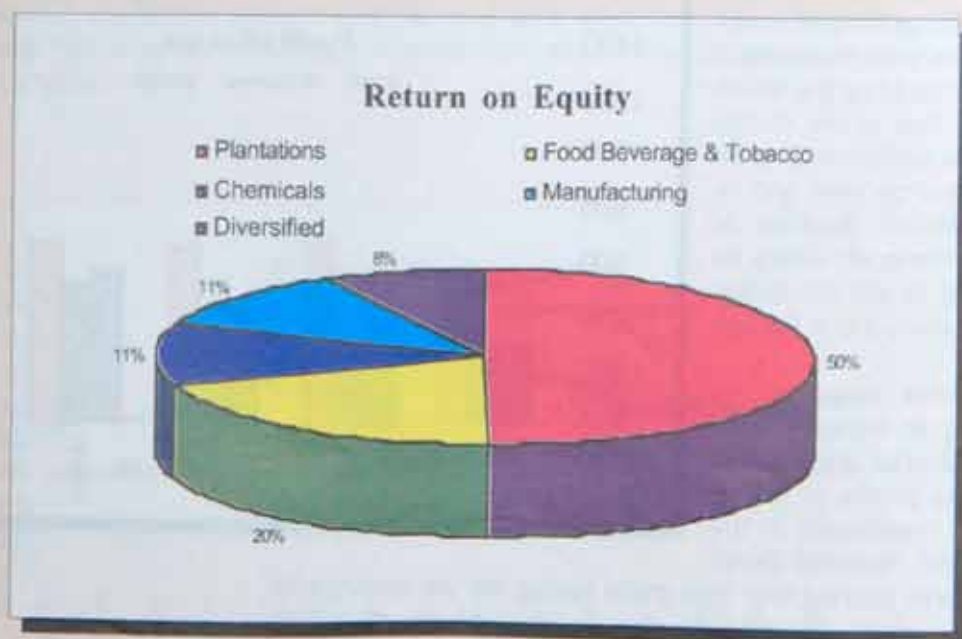


Figure shows the impressive share obtained by the Plantation Companies in top ten Equity Returns.



## Employee Statistics



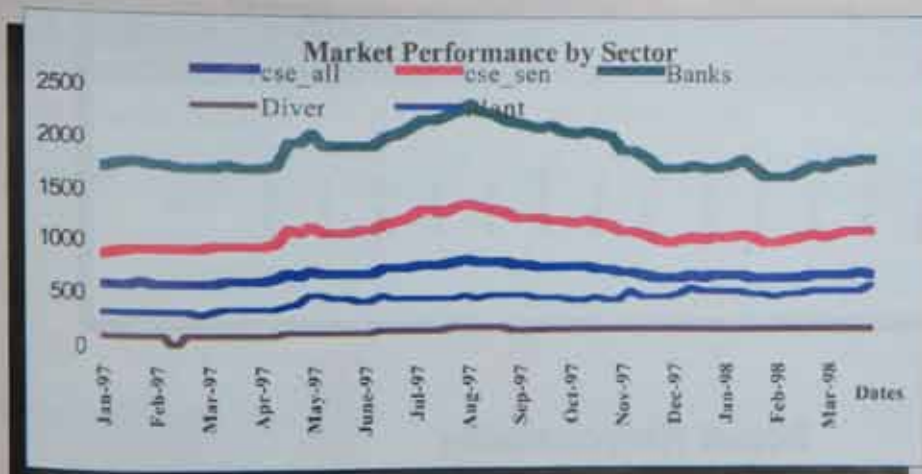
### Profit per Employee

The DFCC Bank and the National Development Bank continued to alternatively lead the rankings under this indicator. The Colombo Dockyard and Lanka Orix Leasing came in at the third and fourth places respectively. The gap in profitability between the development banks and the others narrowed considerably by the performance of the companies at third to fifth place. Sampath Bank and Commercial Bank are two companies who have remained in the ranking though, at lower positions.

## Value Addition

Ceylon Tobacco Company and Distilleries Company head the rankings under this indicator, accounting for almost 65% of the total values of the top ten rankings. Five banks account for seven of the ten positions indicating the high value addition created by this sector.

## Market Indicators



The Banking sector continued to outperform the market as is indicated by figures, while the Plantations show a growing presence.

## Value of Shares Traded

The DFCC Bank, National Development Bank, John Keells Holdings, Sampath Bank and Hayleys, continued to be rated as the five most attractive shares in the market, in terms of value. The DFCC Bank held its position at the number one slot for the third consecutive year while the others changed their positions around. Asia Capital and the Ceylon Brewery are new entrants at number six and number ten respectively while the Commercial Bank, Grain Elevators and Aitken Spence, remain in the rankings from the previous year.

## Market Capitalization

John Keells Holdings, has come out on top as the company with the largest market capitalization followed by the National Development Bank. The DFCC Bank, the long-standing leader in this category has been pushed into third place while the Hatton National Bank has moved down two places to number five. While the Finance & Banking Sector and, the Diversified Sector continue to dominate this category, the Plantations are making its presence felt albeit in a small way.

## Price Earnings Ratio

The companies P/E ratios were within those of their respective sectors. The Market P/E averaged 12 during the year 1997/98. The banking sector recorded lower P/E's probably indicating the investor sector preference following the currency crisis in South East Asia.



## Social Responsibility

This new category was evaluated on the following criteria; Business Ethics, Environmental Protection, Equal Opportunity Employer, Employee Welfare and Assistance to Worthy Causes. While some of the data was obtained from the Annual Reports, the evaluation was also subsequently cross referenced through informal data gathering methods.



## Turnover & % Change

Company	Turnover	% change	1997/98	1996/97
			Rank	Rank
John Keells Holdings	8,684,518,000.00	51.81	1	2
Hayleys	7,802,973,000.00	11.70	2	1
Hatton National Bank	6,115,781,000.00	27.62	3	3
Central Finance	4,941,582,000.00	11.04	4	5
Seylan Bank	4,868,661,907.00	8.25	5	4
Commercial Bank	3,695,835,000.00	16.09	6	9
Chemical Industries	3,675,859,000.00	11.80	7	-
National Development Bank	3,565,453,000.00	24.61	8	-
Ceylon Tobacco Company	3,509,325,000.00	1.09	9	6
Colombo Dockyard	3,456,037,000.00	64.51	10	-

## Net Profit After Tax & % Change

Company	NPAT & MI	% change	1997/98	1996/97
			Rank	Rank
John Keells Holdings	1,146,432,000.00	99.75	1	3
Hayleys	804,119,000.00	51.72	2	4
National Development Bank	759,399,000.00	13.39	3	1
DFCC Bank	652,136,000.00	55.94	4	5
Ceylon Tobacco Company	572,451,000.00	(0.48)	5	2
Hatton National Bank	553,113,000.00	22.15	6	6
Commercial Bank	542,889,000.00	25.27	7	7
Maskeliya Plantations	380,762,716.00	219.86	8	-
Dipped Products	356,348,000.00	73.71	9	-
Distilleries	351,874,000.00	15.22	10	8

## Earnings per Share

Company - EPS	Rs.	1997/98	1996/97
		Rank	Rank
Central Finance	37.49	1	2
National Development Bank	33.05	2	3
Hatton National Bank	27.66	3	5
DFCC Bank	23.99	4	9
Ceylon Cold Stores (8/-)	20.62	5	4
Commercial Bank	20.27	6	7
John Keells Holdings	20.11	7	-
Dipped Products	17.37	8	10
Richard Pieris	17.24	9	-
Hayleys	17.17	10	-

## Dividends per Share

Company	Rs.	1997/98	1996/97
		Rank	Rank
National Development Bank	6.50	1	1
Nestle Lanka	5.49	2	-
Hatton National Bank	5.00	3	4
Lanka Lubricants	4.15	4	-
Commercial Bank	4.00	5	-
Dipped Products	4.00	6	6
John Keells Holdings	4.00	7	-
Richard Pieris	3.88	8	-
Singer (Sri Lanka)	3.75	9	9
DFCC Bank	3.50	10	5



## Return on Equity

Company		1997/98	
		Rank	Rank
Watawala Plantations	53.94	1	-
Maskeliva Plantations	52.87	2	-
Nestle Lanka	52.42	3	-
Lanka Lubricants	45.64	4	9
Chemical Industries	47.57	5	-
Kelani Valley Plantations	38.64	6	-
Bogawantalawa Plantations	36.11	7	5
John Keells Holdings	34.21	8	-
Ceylon Tobacco Company	33.92	9	4
Kotagala Plantations	32.82	10	7

Note: ROE has been calculated by dividing the profit after tax by the shareholders' funds as per the Annual Report & Accounts of each company.

## Profit per Employee

Company	Profit/Emp	1997/98		1996/97	
		Rank	Rank	Rank	Rank
DFCC Bank	3,047,364.49	1	-	2	-
National Development Bank	2,943,406.98	2	-	1	-
Colombo Dockyard	1,958,094.62	3	-	-	-
Lanka Orix Leasing	1,427,342.92	4	-	-	-
Tokyo Cement	1,154,808.54	5	-	-	-
Nestle Lanka	451,031.82	6	-	-	-
Ceylon Grain Elevators	358,706.15	7	-	-	-
Trans Asia Hotels	293,256.93	8	-	-	-
Commercial Bank	287,394.92	9	-	5	-
Sampath Bank (PP 8/-)	284,407.60	10	-	4	-

Note: Profit per employee has been based on profit after tax divided by the number of employees.

## Value Addition

Company	Value addition	1997/98 Rank
Ceylon Tobacco Company	17,541,000,000	1
Distilleries Company	8,125,637,000	2
John Keells Holdings	3,453,247,000	3
Hayleys	3,152,987,000	4
Hatton National Bank	2,086,756,000	5
Commercial Bank	1,462,792,000	6
Seylan Bank	1,383,018,000	7
National Development Bank	1,358,640,000	8
DFCC Bank	1,270,000,000	9
Dipped Products	1,151,490,000	10

## Most Traded Shares in Terms of Value

Name	Rs.	1997/98 Rank	1996/97 Rank
DFCC Bank	2,011,264,123.50	1	1
National Development Bank	1,607,377,641.50	2	5
John Keells Holdings	1,589,906,147.00	3	2
Sampath Bank	1,293,507,177.50	4	3
Hayleys	717,679,138.25	5	4
Asia Capital	675,746,393.25	6	-
Commercial Bank	588,709,566.00	7	8
Grain Elevators	438,564,742.25	8	10
Aitken Spence	373,994,030.00	9	7
Ceylon Brewery	370,262,842.00	10	-



## Market Capitalization

Company	Rs.	1997/98 Rank	1996/97 Rank
John Keells Holdings	11,358,479,478	1	2
National Development Bank	8,232,708,257	2	7
DFCC Bank	7,646,222,166	3	1
Hayleys	5,676,000,000	4	4
Hatton National Bank	4,500,000,000	5	3
Ceylon Tobacco Company	4,448,939,077	6	5
Commercial Bank	3,750,000,000	7	6
Aitken Spence	2,756,520,000	8	-
Sampath Bank (PP 8/-)	2,745,664,048	9	9
Distilleries Company	1,950,000,000	10	8

Note: Market capitalization is based on the number of shares in issue and the market price as at the end of the financial year of each company.

## Price Earnings Ratio

Company	PER	1997/98 Rank
Aitken Spence	16.67	1
John Keells Holdings	14.05	2
Hayleys	12.52	3
DFCC Bank	11.72	4
Ceylon Grain Elevators	9.09	5
Sampath Bank (PP 8/-)	8.54	6
Hatton National Bank	8.13	7
Seylan Bank	7.83	8
Ceylon Tobacco Company	7.77	9
Ceylon Cold Stores (8/-)	7.66	10

## Social Responsibility

Company	Rank
Hatton National Bank	1
Sampath Bank	2
National Development Bank	3
Ceylon Tobacco Company	4
John Keells Holdings	5
Commercial Bank	6
Seylan Bank	7
Hayleys	8
Maskeliya Plantations	9
Central Finance	10