

Business Today TOP 30 2016-2017: Responding To A Changing Economic Landscape

BUSINESS TODAY TOP 30 2016-2017



RESPONDING TO A CHANGING ECONOMIC LANDSCAPE

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| 01 | John Keells Holdings | 26.900 |
| 02 | Hatton National Bank | 26.250 |
| 03 | Commercial Bank of Ceylon | 26.050 |
| 04 | Lanka Orix Leasing Company | 25.800 |
| 05 | Dialog Axiata | 24.000 |
| 06 | Ceylon Tobacco Company | 23.650 |
| 07 | Sampath Bank | 23.500 |
| 08 | Melstacorp | 21.100 |
| 09 | Hayleys | 17.950 |
| 10 | Sri Lanka Telecom | 17.750 |

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| 11 | Nestlé Lanka | 17.600 |
| 12 | Ceylinco Insurance | 17.500 |
| 13 | Central Finance Company | 15.250 |
| 14 | Hemas Holdings | 14.850 |
| 15 | People's Leasing and Finance | 14.750 |
| 16 | Aitken Spence | 13.600 |
| 17 | Chevron Lubricants Lanka | 12.850 |
| 18 | Vallibel One | 12.700 |
| 19 | Richard Pieris and Company | 12.150 |
| 20 | Seylan Bank | 11.650 |
| 21 | DFCC Bank | 11.250 |
| 22 | Tokyo Cement Company (Lanka) | 9.700 |
| 23 | Lanka IOC | 8.950 |
| 24 | Commercial Credit and Finance | 8.600 |
| 25 | Bukit Darah | 8.200 |
| 26 | C T Holdings | 6.700 |
| 27 | National Development Bank | 6.600 |
| 28 | Singer (Sri Lanka) | 5.750 |
| 29 | Nations Trust Bank | 5.500 |
| 30 | Access Engineering | 4.950 |

Business Today, since 1997 has been recognising corporate excellence and the contribution of the private sector to the economy of Sri Lanka. Twenty years on much has changed, the corporate sector has weathered many storms, but has remained resilient. They have been cautious, while at times taking risks that are needed for a vibrant private sector. Currently, a more 'wait and see' approach has been adopted, as a response to a changing economic landscape. Business Today TOP 30, 2016 - 2017 acknowledges the business entities that have stood firm and performed with changing tides. Yet, much more is expected from the private sector so that they lead the way in transforming the economy to a more diverse and dynamic one.

The Sri Lankan economy grew at four per cent during the year, reflecting the current sentiment in the market. While established companies continue to take steps to perform and innovate, at times looking at ways to venture out of the country seeking new markets, it is essential that they start to move out of their comfort zones. With more open market policies adopted, and multilateral and bilateral agreements between countries being negotiated it is time for the private sector to up their game and be the engine of growth for the economy. While new policies and strategies are introduced, it is essential for corporates to look at these positively and create new markets as well as innovate and introduce new products so that they are able to compete internationally.

Corporates should now aggressively move forward taking in global trends as well as technology to energise their businesses. Foreign investment coming into Sri Lanka in terms of the Hambantota Port and Airport, should be taken as a positive because it will benefit the country in the long run.

Sri Lanka is currently encouraging businesses to venture out, overseas into new markets. Corporates should capitalise on this. Furthermore, with more multinational players entering the Sri Lankan market would entail greater competition that would result in the best options for the people.

Diversification is key for the private sector. Even within Sri Lanka, corporates should venture into sectors and geographical locations that they have never gone before. In that manner development and prosperity are not restricted to certain areas alone but will be distributed all around the country. In certain sectors we only see multinational companies operating, it is time for Sri Lankan companies to also enter the fray.

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Globally manufacturing companies are looking at more efficient and cost effective processes where technology and robotics are increasingly replacing labour intensive processes. As mentioned in the Financial Times article “Robotics in the running for Nike’s factories of the future”, the sports-wear manufacturer who has been a pioneer of outsourcing production to developing countries is now looking at automated manufacturing, which will replace low cost labour. Furthermore, Dr Shashi Tharoor, MP (Lok Sabha) in India, spoke about the uncertainty of labour

intensive manufacturing in his interview with Business Today, May 2017. He said, "With the increasing onset of robotics, manufacturing as we have known as a labour intensive activity is becoming less and less relevant. On top of that we have the political backlash of many countries, which want to have their jobs back, those outsourced to other parts of the world." Corporates in Sri Lanka should take these factors into consideration and evolve with changing global patterns. If not the private sector will lag behind, while other countries overtake Sri Lanka in the global economy.

In the Business Today TOP 30 this year John Keells Holdings retains its number one position. Hatton National Bank overtook Commercial Bank of Ceylon to rank at number two. HNB recorded a higher turnover and PAT than Commercial Bank during the financial year. Due to the impressive performance of their finance companies LOLC moved up to number four.

During the financial year, the Distilleries Company of Sri Lanka and its subsidiaries were incorporated into Melstacorp and this year, for the first time, the holding company enters the Business Today TOP 30 at number eight. Business leader Harry Jayawardena, Chairman of Melstacorp, has been a dynamic force in the economy. He has stood with the country through challenging times, always maintaining confidence in Sri Lanka.

Tokyo Cement Company (Lanka) re-entered the Business Today TOP 30 at number 22 this year, reaping the benefits of their sustainability initiatives as well as renewable energy projects. Commercial Credit and Finance entered the ranking for the first time at number 24. The company having had its beginnings in Kandy, changed to a more corporate entity. With an acquisition of 29 per cent by a Thailand based company and the sale of their subsidiary in Myanmar, Commercial Credit and Finance attained substantial gains during the year.

While the positions of the corporates have adjusted compared to the previous year, it is apparent that those who have made the investment and are confident about Sri Lanka continue to do so. Overall the Business Today TOP 30 corporates have been pragmatic in their approach, taking risks only when necessary.

Business Today congratulates the TOP 30 corporates for their stable and impressive performance as we celebrate the 20th year of the ranking. It is our hope that new companies continue to enter the Business Today TOP corporate

listing thereby showing the strength and dynamism of the private sector. Compared to developed economies, Sri Lankan companies are still young, however the time has come for them to show their business prowess and become key players in the ever changing global economy. Hence, Sri Lanka must make its claim as a country that is able to provide goods and services that are on par internationally. The private sector should no longer wait and see, in collaboration with the Government, the sector must showcase its versatility and move forward.

The Business Today TOP corporate ranking was conceptualised by Dinesh Weerakkody in 1997 and together with Keith Bernard, Shiron Gooneratne and Business Today, this analysis of the private sector came into being. Although they are no longer a part of the process due to their commitments in public listed companies, we acknowledge their contribution from the inception of the awards.

The Business Today TOP 30 is strictly based on published information of companies listed in the Colombo Stock Exchange. The companies have been selected on the basis of their performance recorded during the financial year ending December 31, 2016 and March 31, 2017 with the assistance of KPMG Sri Lanka.