Record Quarter; Operating Leverage Lifts Margins…

Digital Mobility Solutions (PKME.N0000)

Results Review – 2QFY27 (July–September 2026)

Transportation : **Sector**
LKR 50.07 Bn : **Market Cap**
LKR 175.25 – LKR 127.25 : **52 Week High / Low**
50.24% : **Public Holding**
11.2x : **P/BV**
18.8x : **P/E (TTM)**
LKR 179.00 : 12 Month Target Price
19% : **Price Upside**
LKR 150.00 : **Current Market Price**
BUY : Recommendation
28 October 2026 : **Date**

Source: CSE, Company Interim Financials, SenFin Research; price as at 27 October 2026

Company Summary

Digital Mobility Solutions Lanka PLC (PKME) operates PickMe, a platform connecting independent drivers, merchants and consumers. In 2QFY27 (July–September 2026), group revenue rose 37% YoY and 14% QoQ to LKR 2,871 Mn, as average monthly unique consumers reached 2.1 Mn (+38% YoY). Gross Transaction Value (GTV) was LKR 28.5 Bn, with revenue equal to about 10% of GTV. Operating profit rose 48% YoY to LKR 1,043 Mn, lifting the operating margin to 36.3% (2QFY26: 33.5%). Net profit grew 53% YoY to LKR 784 Mn (EPS LKR 2.35 vs LKR 1.54), a record quarter.

Valuation Outlook

At LKR 150.00 (27 October 2026), PKME trades at 18.8x TTM earnings and 11.2x book value; the high P/BV reflects an asset-light model with an annualised 1H ROE of about 68%. Its 52-week range is LKR 127.25–175.25. The LKR 2.75 interim dividend gives a 1.8% yield; including the ~LKR 2.60 per share paid in 1HFY27, dividends paid and declared since April 2026 yield about 3.6%. Our 12-month target price is LKR 179.00, implying 19% price upside (about 21% including the interim dividend). It applies 20x, the lower half of the 19–22x implied by the 2QFY27 high/low (LKR 173.00/152.00) on current TTM EPS, to FY27E EPS of LKR 8.94. This holds 2H profit at the 2Q run-rate, implying ~25% 2H growth and ~35% for the year (FY26 EPS ~LKR 6.60). We rate PKME a BUY: the share trades at 16.8x FY27E earnings for ~35% growth, with upside if 2H profit growth nears the 49% of 1HFY27.

Financial Summary

The company spent LKR 434 Mn on intangible assets and LKR 103 Mn on equipment, placed LKR 1.06 Bn in other investments and paid LKR 867 Mn in dividends (incl. WHT). Cash and other investments stood at LKR 4.0 Bn at end-September (March 2026: LKR 3.4 Bn), with no borrowings other than LKR 319 Mn of leases. Total equity rose 16% to LKR 4.45 Bn since March.

Business Risk

The main risk is to transaction volumes. Fuel supply constraints and quota-related driver disruption held back platform movements in 1QFY27 (2Q movements rebounded 18% QoQ), although 1Q revenue still grew 40% YoY. Competition or weaker consumer spending could also slow volumes. Administrative expenses grew 33% YoY and selling costs 43% in 2QFY27, but revenue (+37%) still outgrew total expenses (+32%), widening the margin by about 285 bp; the risk is that this reverses.

Figure 01: Key Financial Highlights

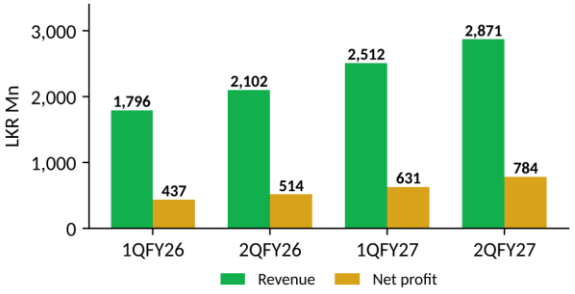
(LKR Mn)	1QFY26	2QFY26	1QFY27	2QFY27
Revenue	1,796	2,102	2,512	2,871
Operating profit	602	704	833	1,043
Op. Margin	**33.5%**	**33.5%**	**33.2%**	**36.3%**
Net finance income	27	27	74	91
Profit before tax	629	731	907	1,134
Net profit	**437**	**514**	**631**	**784**

Source: Company Interim Financials (group); 1Q figures derived as 1H less 2Q

Valuation	PKME	Valuation	PKME
P/E (TTM)	18.8x	Interim div. yield	1.8%
P/BV	11.2x	DY (since Apr-26)	3.6%
NAV/share	LKR 13.34	Cash & inv./share	LKR 11.99
FY27E EPS	LKR 8.94	Target P/E	20.0x

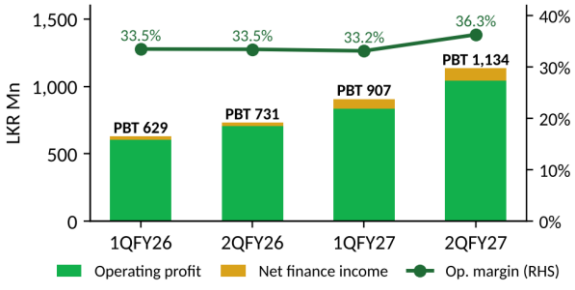
Source: CSE, Company Interim Financials, SenFin Research

Figure 02: Quarterly Revenue and Net Profit (LKR Mn)



Source: Company Interim Financials (group)

Figure 03: Pre-tax Profit Split and Op. Margin (LKR Mn)



Source: Company Interim Financials (group)

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