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Featured Stock: Carreras

Carreras Limited (Carreras);
Opening price — \$90.10 Price to book — 20.55 times;
P/E — 11.49 times

This week's stock pick is Carreras Limited (Carreras) one of the leading distributors of cigarettes and tobacco products in Jamaica. The company has both Jamaican and international ownership with Jamaica shareholders accounting for 49.6% of the shares. Majority interest in the company is held by British Caribbean Tobacco.

For the financial year ended March 31, 2017, Carreras reported Operating Revenue of \$13.51 billion, a 13% increase compared to \$11.98 billion recognized in 2016. Cost of Operating Revenue also increased year over year by 12%, amounting to \$6.97 billion from \$6.24 billion. Notwithstanding the increase in costs, Gross Operating Profit increased by 14% to total \$6.54 billion. Total Operating Expenses declined by 10% to total \$1.87 billion relative to \$2.08 billion in 2016. Of this, Administrative, Distribution and Marketing Expenses totaled \$1.84 billion, down 11% relative to \$2.07 billion in the corresponding period for 2016. Employee Benefit Income for the year surged 255% to close at \$32.30 million (2016: \$9.10 million). Profit Attributable to Shareholders amounted to \$3.81 billion up 26% from the \$3.01 billion booked for the corresponding period last year.

In February 2017, the company announced the formation of a Corporate Governance Committee to provide structured approach to corporate governance and best practices. Carreras declared an interim dividend of \$2.10 per stock in May 2017, which was paid out on June 28, 2017. Additionally, Carreras (as at Friday July 14, 2017) was trading at 20.55 times its book value with a P/E of 11.49 times.

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Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.