



Featured Stock: CAR

Carreras Limited (CAR) Opening price — \$9.00
Price to Book — 32.54 times; P/E — 12.40 times

Carreras Limited (CAR) is the leading marketer and distributor of cigarettes and tobacco related products in Jamaica.

Carreras Limited, for the nine months ended December 31, 2018, reported Operating Revenue of \$9.86 billion, 3% more than the \$9.53 billion booked in 2017. Revenue for the quarter increased by 2% compared to the corresponding quarter moving to \$3.55 billion in 2018 from \$3.47 billion in 2017. Administrative, distribution and marketing expenses increased 3% to total \$1.54 billion (2017: \$1.50 million). The company stated that this was attributable to "heightened investments in or brands as well as increased costs for security and motor vehicle running costs, including fuel. The company remains vigilant in seeking opportunities to reduce overheads." Net Profit for the six months increased 2% to \$2.55 billion relative from \$2.51 billion booked in 2017. Net Profit for the second quarter saw a 4% decline amounting to \$810.93 million compared to the \$842.16 million reported in the third quarter 2017 period. Total Comprehensive Income attributable to shareholders for the period closed at \$2.55 billion compared to \$2.51 billion reported for the corresponding quarter in 2017.

According to Management, "On several occasions we have sought to draw this parallel to the 21.4% excise increase implemented on March 13, 2017, and an observed shifts of volumes from the legal trade to the illegal trade, and its impact on Government revenues. It is therefore critical to highlight that we are at definitive point, where any further increases in excise will only serve to add greater fuel to the illegal trade, which will no doubt rebound to the detriment of the Government's tax collection and regulation efforts."

CAR (as at Friday May 24, 2019) was trading at 32.54 times its book value with a P/E of 12.40 times.

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.



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