



Featured Stock: CAR

Carreras Limited (CAR) Opening price — \$7.98
Price to Book — 29.01 times; P/E — 11.37 times

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

Carreras Limited, for the year ended March 31, 2019, reported operating revenue of \$12.91 billion, 3% more than the \$12.55 billion booked in 2018. Cost of operating revenue increased year over year by 4%, amounting to \$6.47 billion from \$6.25 billion recorded in the year prior. As such, gross operating profit went up 2% to total \$6.44 billion (2018: \$6.30 billion). Other operating income fell by 33% moving from \$223.72 million in 2018 to \$149.90 million in 2019. Administrative, distribution and marketing expenses increased by 9% to total \$2.01 billion (2018: \$1.85 billion). Net profit for the year end fell by 2% to \$3.41 billion (2018: \$3.48 billion), after incurring taxes of \$1.11 billion (2018: \$1.15 billion).

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 July 05, 2019) was trading at 29.01 times its book value with a P/E of 11.37 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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