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Featured Stock: CAR

Carreras Limited (CAR) Opening price — \$8.06
Price to Book — 25.61 times; P/E — 11.55 times

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

Carreras Limited's operating revenue was boosted by 5% for the six months ended September 30, 2019 totalling \$6.64 billion (2018: \$6.31 billion). However, Management noted, "volume performance was negatively impacted by adverse weather conditions." Cost of operating revenue climbed year over year by 6%, amounting to \$3.34 billion from \$3.16 billion. As such, gross operating profit rose by 5% to total \$3.31 billion relative to the \$3.15 billion in 2018. Notably, due to investments in the Company's new route to market structure and upgrading of the Matterhorn portfolio, administrative, distribution and marketing expenses increased 14% to total \$1.03 billion (2018: \$905.38 million). Furthermore, taxation of \$590.60 million was incurred for the period (2018: \$579.80 million) resulting in an increase in net profit for the six months to \$1.75 billion (2018: \$1.74 billion).

According to Management, "the two major priorities for the Company for the 2019/2020 financial year, being the implementation of the new route to market structure, and the upgrade of the Matterhorn portfolio, have both had positive impacts on the business performance to date. In the case of the route to market, in keeping with the mandate to build out routes and thereby increase distribution coverage, several new customers have been added and there has been an improvement in sales volumes over the prior period."

CAR (as at Friday February 07, 2020) was trading at 25.61 times its book value with a P/E of 11.55 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.