CARSON CUMBERBATCH PLC (*CARS.N*)

MP @ 660.75
Forward Value Around 960
Investment Recommendation - Buy

Key Data

Number of Shares outstanding (Mn)	196.39
Price at Evaluation	660.75
Market Capitalization (LKR in Mn)	129,763
% of Total market Capitalization	1.65%
52 Week High / Low	920.75 / 404.25
Market Float	13.93%
Beta (Risk Measure) - CSE	1.89

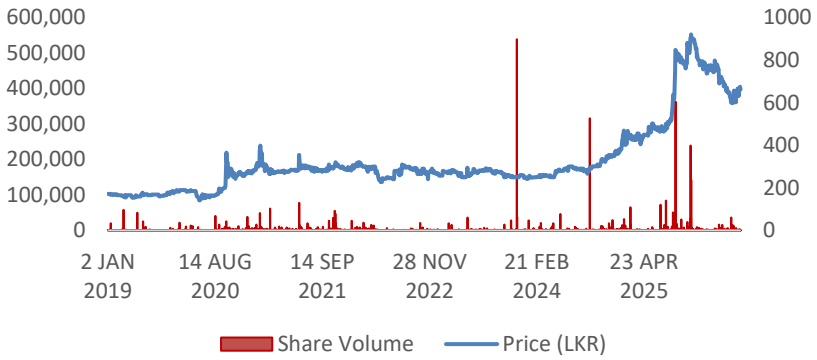
Source: CSE Company Information

Company Profile

Price as at 31st March 2026

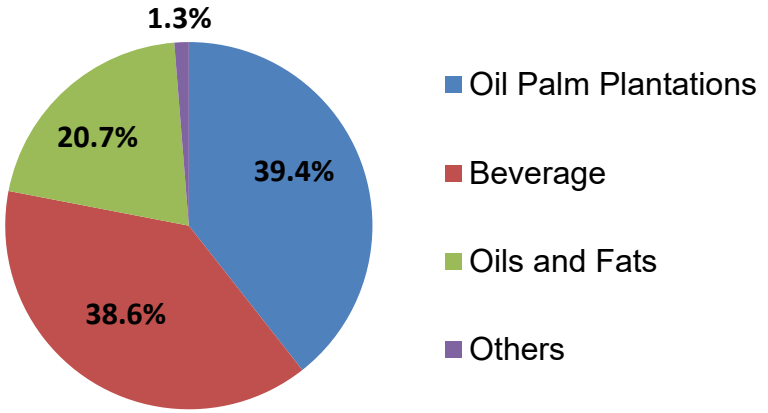
Carson Cumberbatch PLC (CARS) is a diversified regional holding company with strong exposure to the oil palm plantation sector, a key contributor to Group earnings. The Group operates across Sri Lanka, Malaysia, Singapore, and Indonesia, with performance closely linked to global crude palm oil (CPO) prices. Recent growth has been supported by the plantations and oils & fats segments, while rising global geopolitical tensions continue to support palm oil demand and pricing. However, regulatory developments in Indonesia, including land-related risks, remain a key concern. The Group's diversified presence across beverages and other sectors provides some earnings stability.

Price Chart 2019-2026



Source: CSE Historical Price Movement Data

Revenue Breakdown - FY 2025



Source: Company Financial Reports

Global Palm Oil Outlook

- Palm oil demand remains structurally strong, driven by food and industrial usage.
- Ongoing global conflicts have disrupted edible oil supply chains, increasing reliance on palm oil and supporting prices.
- Supply constraints and weather-related risks continue to influence price trends.
- Palm oil benefits as a substitute for sunflower and soybean oil amid supply disruptions.

CARS Exposure & Performance

- Plantation segment remains the key earnings driver.
- 9M FY2025:
  - Revenue +12% YoY
  - PBT +19% YoY
- Growth supported by:
  - Higher CPO realised prices
  - Strong Oils & Fats performance (+39% revenue)

Key Risks & Price Dynamics

- Earnings are highly sensitive to CPO price volatility.
- Indonesia regulatory developments:
  - *Land recovery risk
  - *Already Rs. 4.5Bn impairment recognized
- The beverage segment faces a temporary hit from every new excise tax increase and inflationary pressure.



Source: Trading Economics

Financial Highlights

- The Group recorded a strong recovery, with revenue increasing to LKR 323.9 Bn in FY2025 and projected to reach LKR 362.0 Bn in FY2026, supported by plantations and oils & fats.
- Profitability improved, with EBITDA rising to LKR 65.8 Bn and expected to reach LKR 72.4 Bn, while the Group's net profit is expected to increase significantly to LKR 36.6 Bn.
- The balance sheet remains strong, with assets at LKR 393.6 Bn and equity at LKR 238.2 Bn, reflecting a solid financial position.
- Growth is supported by favourable palm oil price dynamics amid global supply disruptions, although regulatory risks in Indonesia remain a key concern.

Market Price as at 31th March 2026

Valuation

FY ends 31/3/XX	FY 2026
EPS (FY 26)	96.00
Multiple(based on the current sector P/E)	10.00
Value	**960.00**
Forward Value Range Around	**960.00**

Price as at 31st March 2026

FY ends 31/3/XX LKR (Mn)	2023	2024	2025	2026-F
Revenue	330,459	277,077	323,944	362,039
Cost of sales	237,472	199,847	237,628	266,098
Gross profit	92,987	77,230	86,317	95,940
Operating Profit	59,258	47,489	52,983	57,926
EBITDA	71,247	58,425	65,784	72,408
Net Finance Cost	14,616	12,557	5,566	5,615
Profit before tax	42,434	37,378	52,416	52,312
NPAT Group	29,002	22,305	34,483	36,618
NPAT Group Attributable to Shareholders	13,730	10,770	17,448	18,832
ASSETS	299,518	288,092	313,569	393,587
LIABILITIES	159,281	144,473	138,874	155,355
EQUITY	140,237	143,619	174,695	238,231
Number of shares (Mn)	196.39	196.39	196.39	196.39
EPS	69.91	54.84	88.84	95.89
BVPS	349.05	365.76	461.49	606.54
DPS	1.50	6.80	10.23	11.66
P/E (X)	3.89	4.72	5.12	6.89
P/BV (X)	0.78	0.71	0.99	1.09
Price @ year end	271.75	259.00	455.00	660.75

Source: Company Financial Reports and ACAP Equity Research

Key Financial Ratios Analysis

Key Financial Ratios (FY2023–FY2025)

Parameter	FY 2023	FY 2024	FY 2025
Key ratios			
Turnover growth	93.60%	-16.20%	16.90%
NP growth	86.70%	-21.60%	61.90%
GP margin	28.10%	27.90%	26.60%
NP margin	4.20%	3.90%	5.40%
EBITDA margin	21.60%	21.10%	20.30%
Effective tax rate	35.50%	40.30%	34.20%
Net Finance Cost / Revenue	4.40%	4.50%	1.70%
Interest cover ratio	4.1	3.8	9.5
Long term debt ratio	31.47%	29.32%	23.63%
Total debt to equity	1.14	1.01	0.8
Equity multiplier	2.14	2.01	1.8

Long term debt ratio 2025 Dec Quarter – 20.32%

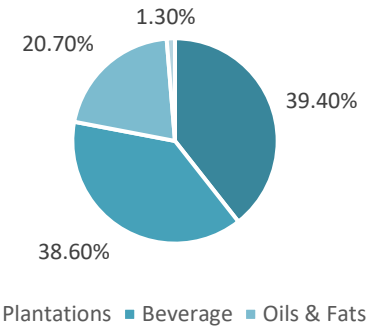
Source: Company Financial Reports and ACAP Equity Research

Key Insights

- The company recorded strong growth in FY2023, followed by a decline in FY2024 and a strong recovery in FY2025, indicating earnings volatility driven by external factors such as palm oil prices.
- Profitability margins remained relatively stable, with a notable improvement in net profit margin in FY2025, supported by higher earnings and reduced finance costs.
- The Group has significantly reduced its leverage, as reflected by declining debt-to-equity ratios and equity multiplier, strengthening its financial position.
- Interest coverage improved substantially to 9.5x in FY2025, indicating lower financial risk and improved debt servicing capacity.

❑ These ratios highlight the company's strong profitability and financial stability. Low debt to equity ratio and high interest cover ratio demonstrate a very strong financial flexibility to offset somewhat earnings variability in the group.

Segmental Performance Analysis



❑ The plantation segment remains the key earnings driver, supported by favourable crude palm oil (CPO) prices. The oils & fats segment demonstrates strong growth momentum, while the beverage segment provides stability but faces demand-side pressures.

Credit Profile

- Carson Cumberbatch PLC maintains a strong financial profile supported by low leverage levels, strong operating cash flows, and a diversified business structure.
- The Group's ability to generate consistent cash flows enhances its capacity to access debt financing at favourable rates when required.

Provision & Impairment Analysis

- The Group has already recognized an impairment of approximately Rs. 4.5Bn relating to regulatory risks in Indonesia, particularly land recovery issues. The contingent loss has been provided already from the profits of the Group.

Key Strengths & Investor Concerns

Strengths

- Strong financial stability and financial flexibility with low leverage and high interest cover.
- Strong profit margins across key segments
- Diversified operations reduce earnings volatility.
- Low financial risk offsetting remaining earnings volatility.

Investor Concerns

- Hidden value of the company for equity investors.
- Continuous low PERs with the share being considerably under-valued in the market.
- Missed opportunities for the equity investors due to unawareness.
- Low Dividend Yield given the high accumulated liquidity.
- EPS and tax management can be improved through optimization of debt-equity mix in the capital structure.

Value Unlocking Opportunities for equity investors

- Company tends to be under-valued in the market continuously with low PEs. A proper awareness to the market of the prospects, financial stability and financial flexibility of the Company should improve the average PEs of the company. This will create a strong opportunity for the early investors for above average rates of returns.

Investment Recommendation - BUY

The stock is currently trading at **LKR 660.75**, while the estimated fair value is around **LKR 960**, indicating a potential upside of approximately **45%**.

The company demonstrates strong earnings momentum, supported by continued growth in the plantations and oils & fats segments, along with improved profitability and lower finance costs. The Group's strong balance sheet and stable share base further support sustained earnings growth.

Despite these positive fundamentals, the stock continues to trade at relatively low valuation multiples, reflecting market underappreciation of its earnings potential. We expect this valuation gap to narrow over the medium term as earnings visibility improves and investor sentiment strengthens.

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