



STERLING INVESTMENT BANK  
Members of the Nairobi Stock Exchange

# Carbacid FY09 Results: The windfall before the re-listing

[October 22 2009]

Carbacid today announced a 53.74% growth in PAT y/y (2008- 7%), benefitting from efforts to expand exports of carbon dioxide gas to the region (mainly beverage manufacturing companies), a spirited application of ISO Standards, and new initiatives in areas of cylinder testing, dry ice blasting, and expansion of the distribution chain which commenced in January 2009.

**Sales Revenues:** were up 42.89% (2008 – 5%), indicating a marked improvement in the top-line, arising from an improved distribution as the country has recovered from the 2008 post-election disruptions and improved distribution to Uganda and Tanzania.

**Profit before tax (PBT):** registered a 51.70% y/y growth (2008 – 6.68%), on the basis of better turnover figures. Given the fact that Carbacid controls over 65% market share of Carbon dioxide (Specter International announced it would compete with Carbacid in June 2009), the company appears set to record impressive earnings in the short-to-medium term.

**Profit after tax (PAT):** was up 53.74% to Kshs. 256m from Kshs. 167m. In an economy going through a number of challenges, the company seems to have pulled through some significant growth. We anticipate a better FY200/10 and expect the company to continue to register an above average growth rate, especially within the existing environment of minimal competition.

**Shareholder value creation:** in addition to the final DPS of Kshs. 5.00, the gas manufacturer announced a proposal for a Kshs. 5.00 special dividend and a 2 for 1 bonus issue, effectively proposing the share capital of the company to be increased from Kshs.60m to Kshs. 250m by the creation of 38m new shares of Kshs 5/- each. The company's has 12m authorized shares. The newly issued bonus shares shall not be paid the special and final dividends.

**The Centum connection:** Alliance Nominees Limited, a company which held 2.56m shares (or 22.61%) of Carbacid sold its stake for an undisclosed sum to Centum Limited recently. The bonus issue implies that centum will now hold about 7.68m Carbacid shares.

Top 10 Carbacid Shareholders as at 31 July 2008

Shareholder	No. of shares		% Shareholding
	Pre-bonus	Post-bonus	
Alliance Nominees Limited (recently Sold to Centum)	2,561,481.00	7,684,443	22.61%
Mrs A. Patel	1,699,000.00	5,097,000	15.00%
Mr. P. C. Patel	1,116,033.00	3,348,099	9.85%
Leverton Limited	1,059,618.00	3,178,854	9.36%
Kivuli Limited	660,000.00	1,980,000	5.83%
Miss T I Friedman	501,142.00	1,503,426	4.42%
Miss N Stubbs	250,790.00	752,370	2.21%
Cannon Assurance (Kenya) Ltd	237,271.00	711,813	2.09%
Mrs B. C. Kampf	179,428.00	538,284	1.58%
Estate of the late Carin Maria Parfitt	153,148.00	459,444	1.35%

Source: Carbacid

Carbacid Income Statement as at 31 July 2009

	FY2009	FY2008	%Δ
	Shs '000'	Shs '000'	
Turnover	552,853	387,115	42.81%
Profit before tax	367,027	241,940	51.70%
Taxation	(110,650)	(75,180)	47.18%
Profit after tax	256,377	166,760	53.74%
EPS	22.63	14.72	53.74%
Interim DPS	5.00	5.00	0.00%
Final DPS	5.00	5.00	0.00%
Total DPS	10.00	10.00	0.00%
Special DPS	5.00	0.00	--

Source: Carbacid

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