

Carbacid Investments PLC

HY 2026 Executive Note

Bloomberg: CBIL KN



27th February 2026

HY 2026 Performance Overview

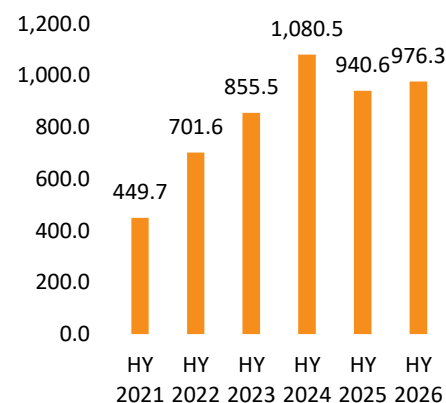
Income Statement

- Carbacid recorded a 3.8% increase in turnover in its core business to KES 976.3 million in HY2026 from KES 940.6 million in HY2025, attributed to market growth in the East African markets. The South Africa market has experienced a subdued demand due to seasonal patterns and increased local supplies.
- Gross margin dropped by 1% to 64% due to sales mix in the first half of the year.
- Operating profit declined by 2.2% to KES 379.2 million from KES 387.7 million in 2025.
- Finance income edged down by 3.6% to KES 133.0 million from KES 137.9 million in 2025.
- Foreign exchange differences declined by 89.0 to KES 1.6 million from KES 14.8 million.
- Administrative expenses increased by 15% driven by Carbacid's deliberate decisions to align with the strategy around customer retention and the need to support the long-term strategy enablers.
- The revaluation of equity investments recorded a gain of KES 66.7 million from KES 39.5 million in 2025, reflecting a rebound in market valuations.
- Profit before tax rose by 6.9% to KES 620.0 million from KES 579.9 million in 2025, reflecting an increase of KES 40.0 million.
- Net Profit grew by 6.9% to KES 465.0 million from KES 434.9 million, driven by revaluation gains on equity investments.
- Net profit margin rose to 47.6% in HY 2026 from 46.2% in HY 2025, reflecting improved profitability.
- Earnings per share grew to KES 1.82 in 2025 from KES 1.71 in 2024, reflecting stronger profitability and enhanced shareholder value.
- The board of directors **did not recommend an interim dividend** for the period. Final dividend will be considered based on full year results.

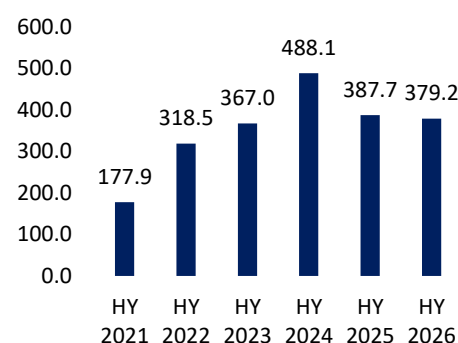
Key data	
RECOMMENDATION	BUY
Target Price (KES)	34.00
Market price (KES)- 27/02/26	30.55
Upside	11.3%
No. of shares (Mn)	254.9
Market Cap (KESmn)	7,976.9
Free float	31.887%
Dividend yield	6.4%
P/E	17.20
P/B	1.55
YTD Change	6.6%
Min 52 weeks KES	18.00
Max 52 weeks KES	33.00

Source: Bloomberg and Faida Analysis

Revenue (KES millions)



Operating profit (KES millions)



Source: Company Financials

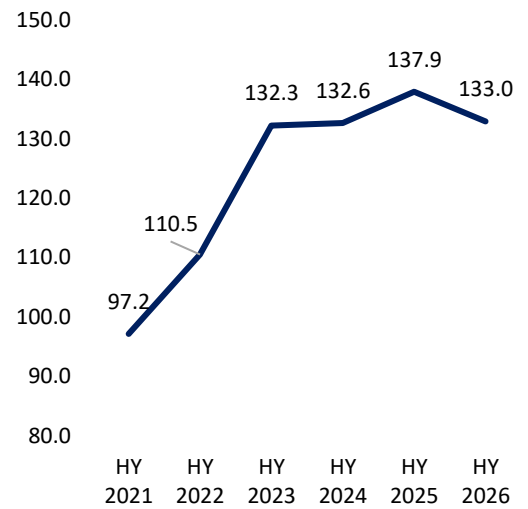
Balance Sheet

- Carbacid's total assets increased by 6.7% to KES 6.0 billion from KES 5.6 billion in HY2025, reflecting a stronger financial position.
- Non-current assets rose by 7.3% to KES 4.9 billion, mainly driven by growth in property, plant, and equipment, which increased to KES 2.2 billion from KES 2.1 billion, and an expansion in investment property to KES 222.9 million from KES 143.8 million.
- Current assets grew by 14.0% to KES 1.7 billion from KES 1.5 billion in HY2025.
- Current liabilities stood at KES 604.5 million from KES 435.2 million in HY2025.
- Working capital improved by 3.7% to KES 1.09 billion from KES 1.05 billion, driven by higher current assets and a reduction in short-term liabilities, highlighting a stronger liquidity position.
- Carbacid's current ratio stood at 2.8x in HY 2026, slightly lower than 3.4x in HY 2025, reflecting higher current liabilities.
- Carbacid has consistently maintained a low leverage profile, with debt representing a small fraction of equity over the past six periods. The ratio peaked at 21.7% in HY 2025 as liabilities temporarily increased to support operations, but declined to 17.6% in HY 2026, reflecting a reduction in debt and a strengthened equity base. Overall, the trend highlights the company's conservative financing strategy and strong capital structure, providing stability and flexibility for growth.
- **Shareholders' equity strengthened by 11.3% to KES 5.1 billion from KES 4.6 billion in HY2025, largely supported by revenue reserves which rose by 12.9% to KES 4.4 billion from KES 3.9 billion, reflecting the company's enhanced profitability and solid capital structure.**

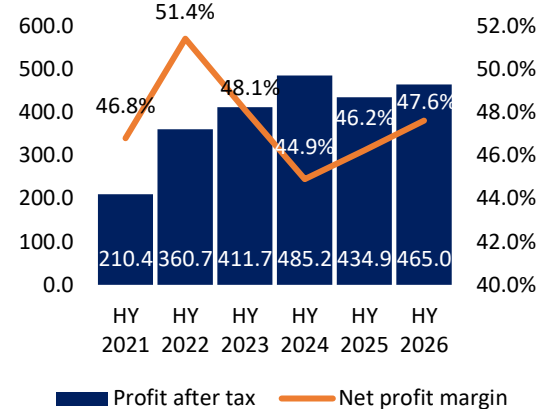
Cash Flows Summary

- Cash generated from operating activities edged down by 24.2% to KES 291.9 million from KES 385.3 million in HY2025, reflecting increased working capital requirements during the period.
- Investing activities recorded a net cash outflow of KES 186.9 million in HY 2026 compared to a net inflow of KES 116.0 million in HY 2025, reflecting increased capital expenditure.
- Financing activities shifted to a net cash outflow of KES 33.4 million in HY 2026 from a net inflow of KES 160.3 million in HY 2025, indicating reduced reliance on external funding during the period.
- Cash and cash equivalents declined to KES 88.1 million at the end of HY 2026 from KES 124.0 million in HY 2025, reflecting higher investing outflows and financing adjustments during the period.

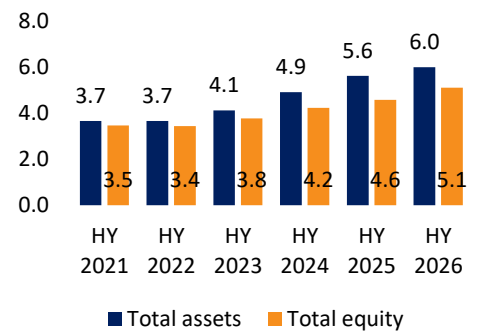
Finance income (KES millions)



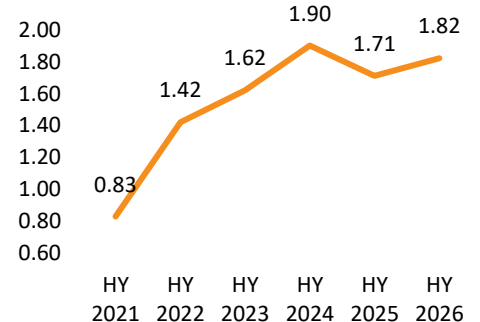
PAT and Net profit Margin



Total assets and Equity (KES billions)



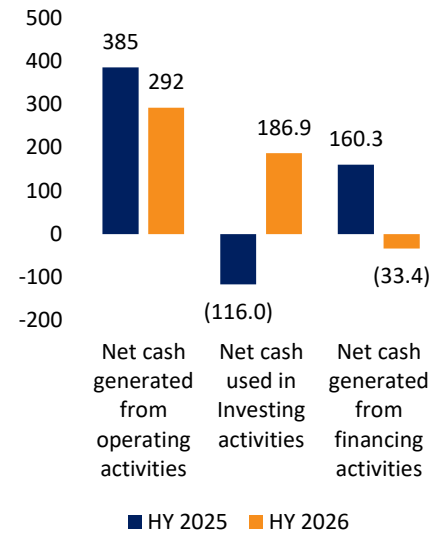
Earnings per share (KES)



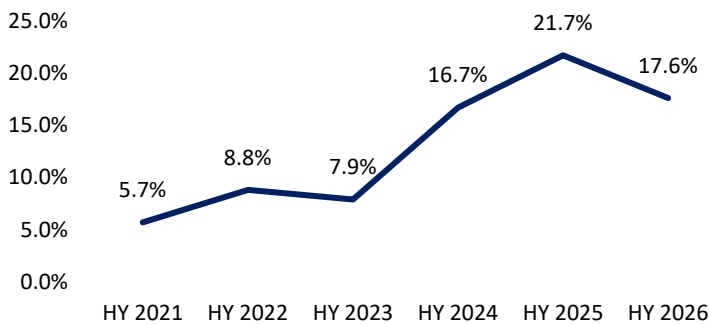
Outlook

- Carbacid is expected to maintain steady growth in the second half of the year, supported by its strong presence in East African markets and a robust capital structure. While the South African market may continue to experience seasonal demand fluctuations, the company's diversified operations and strategic investments in property, plant, and equipment should help sustain revenue and operational efficiency.
- The markets Carbacid serves have seen new entrants, and management is addressing the resulting challenges through enhanced customer experience and delivery commitment. The Board continues to explore opportunities to grow the business in new areas and further increase shareholder value.
- Overall, Carbacid's outlook remains positive, with sustainable growth prospects, disciplined capital management, and a solid foundation for long-term shareholder value creation

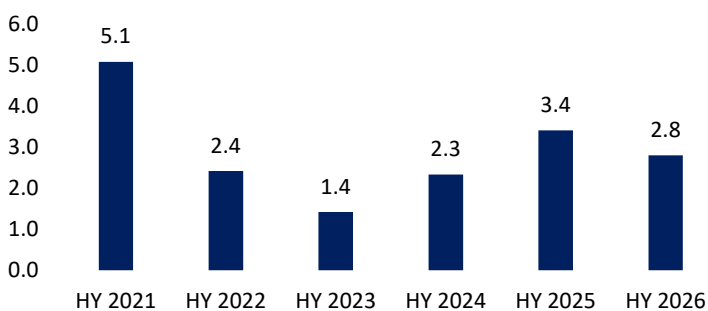
Cashflows (KES millions)



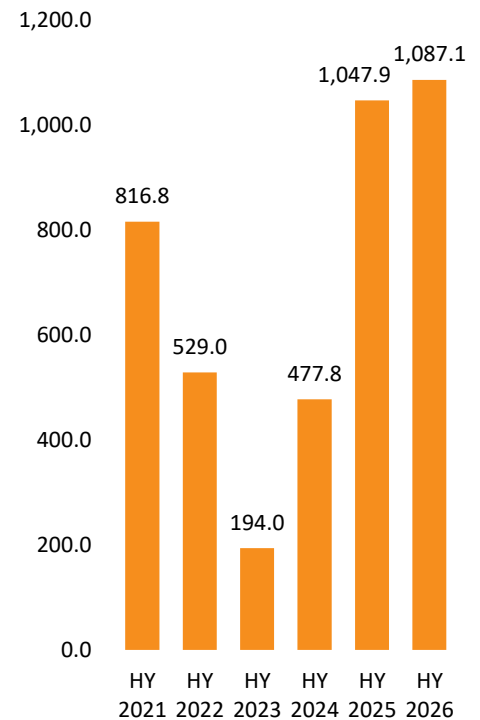
Debt-to-equity ratio



Current ratio



Net working capital (KES millions)



Source: Company Financials

Source: Company Financials

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Glossary of Terms

Net Interest Margin (NIM) - Net interest margin is a measure of the difference between interest paid and interest received, adjusted for the total amount of interest-generating assets held by the bank. It is calculated as: Net Interest Income/Average Interest Earning Assets

Basis points (bps) – one hundredth of a percentage i.e. 1.0%=100bps or 1bps=0.01%

Target price – Analyst estimate of the fair value or intrinsic value of the company

Cost of Funds-This is the effective average interest rate paid on interest earning liabilities. It is calculated as Total Interest Expense/Average Interest Earning Liabilities

Loan Yield- This is the effective average interest rate received on average loans and advances. It is calculated as Interest on Loans and Advances/Average Loans and Advances

Cost of Risk – This ratio measures the amount of risk involved in lending. It is calculated as: Net Impairment Provisions/Average Gross Loans in the period

Non-performing loans-These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful and Loss depending on performance of the loan. The last three i.e. sub-standard, doubtful and loss are referred to as non-performing loans. Under IFRS, these classified as stage 3 loans.

Non-performing loans (NPL) Ratio - This is the proportion of NPLs in the loan book. It is calculated as Gross NPLs/Gross Loans

Non-funded/Non-Interest Income– This represents the income that is not classified as interest income.

Non-Funded/Non-Interest Income Ratio. This represents the proportion of total operating income that is not classified as interest income. It is calculated as Non-Interest Income/Total Operating Income

Composite market share (Market share Index) - This is a weighted composite index comprising of assets, deposits, capital size, number of deposit and loan accounts. The composite market share is used by CBK to classify banks into three groups:

- Tier 1(Large Size Bank); Composite market share of 5.0% and above
- Tier 2(Medium Size Bank); Composite market share of between 1.0% and 5.0%
- Tier 3(Small size Bank); Composite market share of less than 1.0%

Recommendation

BUY – Minimal risks to catalysts

SELL- Risks outweigh the catalysts

NEUTRAL – This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.



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