

## Carr's Group

### New strategy delivering results and new name

Carr's Group's trading in FY25 was in line with consensus, and the key seasonal period has started in line with management's expectations. While this is encouraging, key for investors are the opportunities as a focused agribusiness. The name change to Fevara and the three-pillar strategy (margin improvement, commercial growth and geographic expansion into high-growth markets) highlight the direction for value generation.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
8/23	81.8	2.9	2.50	5.20	55.4	3.8
8/24	75.7	2.5	2.60	5.20	53.3	3.8
8/25e	78.2	3.6	3.60	1.50	38.5	1.1
8/26e	80.6	5.7	9.30	3.10	14.9	2.2

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

### Trading update: In line with consensus

The group made good operational progress with underlying revenue growth of c 5.6% to £78m and margin expansion. EBIT is in line with consensus of £3.6m, suggesting operating margin improvement from 2.9% to 4.6%. Normal H1 seasonal bias remains, reflecting the patterns of Northern Hemisphere agriculture markets. The UK benefited from management reorganisation to grow the top line, with cost actions driving margins. Further benefits are expected following the closure of the Animax facility in June. The US benefited from strong volumes in northern states, with early signs of targeted market share gains in the southern region. We note that the US cattle herd remains at a depressed level. Net cash at year-end was £3.4m. The outlook is limited (Carr's is only three weeks into the new year), with trading in line with management's expectations heading into the key seasonal period.

### Forecast changes

We have updated our FY25 estimates in line with management guidance, having been above consensus, with the seasonally weaker H2 loss greater than we had anticipated. Our FY26 changes reflect the weaker US dollar, as we expect management actions to drive stronger UK performance and clarification on tariffs in the US to improve confidence and therefore investment in the local market. Our FY26 EPS reflects the share count change post the tender offer. FY25 PBT decreases from £4.4m to £3.6m (-19%) and EPS from 4.4p to 3.6p (-18%). FY26 PBT reduces from £6.0m to £5.7m (-5%) and EPS from 12.6p to 9.3p (-27%).

### Name change

Following recent disposals, the group has become a focused specialist agriculture business. To reflect this repositioning management is proposing a change in name to Fevara (LSE: FVA). This will take place from market opening on 13th October.

### Valuation increases to 184p a share

Our peer-based valuation comes to 173p/share and our DCF is 195p, giving an average of 184p. This is an increase from 165p, primarily from rolling the valuation forward post the FY25 year-end. Note, no valuation is yet ascribed to the third pillar of management's strategy to expand in emerging markets such as South America.

### Trading update and name change

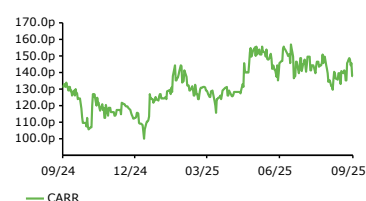
General industrials

29 September 2025

**Price** 138.50p  
**Market cap** £72m

Net cash at 30 August 2025 £3.4m  
Shares in issue 51.7m  
Code CARR  
Primary exchange LSE  
Secondary exchange N/A

#### Share price performance



%	1m	3m	12m
Abs	(1.1)	(1.1)	13.4
52-week high/low		160.0p	98.4p

#### Business description

Carr's Group's Speciality Agriculture business serves farmers in the UK, Ireland, the United States, Germany, Canada and New Zealand with high-quality feed blocks and feed supplements.

#### Next events

Preliminary results December 2025

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## Forecast changes

We have updated our FY25 forecasts in line with management guidance. H2 is seasonally weaker, reflecting the patterns of the Northern Hemisphere agricultural markets, which dominate the group's activities. We now expect an operating loss of £2.4m in H2 (up from our previous expectation of a loss of £1.6m) against a profit of £5.9m in the seasonally stronger H1. Our EPS change reflects the share count post the tender offer being higher than initially anticipated. Our changes to FY26 are foreign exchange based, as we expect management actions to drive stronger UK performance and clarification on tariffs in the US to improve confidence and investment in the local market, where cattle herds are at recent record lows.

### Exhibit 1: Forecast change summary

	Old	FY25e New	Change	Old	FY26e New	Change
Group revenues (£m)	80.1	78.2	-2%	81.8	80.6	-1%
EBITA including JVs (£m)	6.4	5.6	-12%	6.9	6.6	-4%
Central costs (£m)	(2.0)	(2.0)	0%	(1.0)	(1.0)	0%
Group EBITA (£m)	4.4	3.6	-18%	5.9	5.6	-5%
Net finance costs (£m)	0.0	0.0	0%	0.1	0.1	0%
Normalised PBT (£m)	4.4	3.6	-18%	6.0	5.7	-5%
Normalised undiluted EPS (p)	4.4	3.6	-19%	12.6	9.3	-27%
Dividend per share (p)	1.5	1.5	0.0	4.2	3.1	-27%
Net cash (£m)	6.1	3.4	-45%	8.0	4.8	-40%

Source: Edison Investment Research

## Valuation

We have undertaken a peer-based and a discounted cash flow (DCF)-based valuation.

### Peer-based valuation

We use a peer group of UK-associated agricultural companies. As a relatively specialist business there is a limited direct peer group available:

- Anpario (LSE: ANP): a manufacturer and distributor of natural animal feed additives for animal health, nutrition and biosecurity.
- Genus (LSE: GNS): a world-leading animal genetics company.
- Wynnstay Group (SE: WYN): feed and grain, fertiliser and seed and depot merchanting to the UK agricultural market.

We have focused on FY26 and FY27 as the first years of the group as a specialist agribusiness with reduced associated central costs. Our peer-based valuation average comes to 173p a share. We also note the improvement from 2026 (154p) to 2027 (192p), reflecting the upside potential as management delivers on the profit implementation plans.

### Exhibit 2: Peer-based valuation

Company	Share price	EV/EBITDA (x)		EV/EBIT (x)		P/E (x)	
		2026	2027	2026	2027	2026	2027
Anpario	487p	13.8	12.7	11.0	10.2	14.8	13.5
Genus	2,515p	19.9	18.4	14.5	13.3	24.4	21.9
Wynnstay Group	370p	7.6	6.6	5.1	4.5	12.5	11.0
<b>Average</b>		<b>13.8</b>	<b>12.6</b>	<b>10.2</b>	<b>9.3</b>	<b>17.2</b>	<b>15.5</b>
Carr's EBIT/EBITDA/EPS (£m/p)		5.6	7.7	6.8	9.0	9.3	12.6
Enterprise value (£m)		77.7	96.9	69.5	84.2		
Net cash/(debt) (£m)		4.8	7.7	4.8	7.7		
Equity value (£m)		82	105	74	92		
Value per share (p)		160	202	144	178	160	195

Source: Edison Investment Research

## DCF-based valuation

Our DCF uses a five-year forecast cash flow and subsequent terminal value. Exhibit 3 highlights our valuation per share relative to the cost of capital and the long-term growth rate expected. Given that the group is currently un-leveraged, the cost of capital is purely the cost of equity, which we estimate at 9.5%. Assuming a 2% long-term growth rate suggests a DCF valuation of 195p a share.

**Exhibit 3: DCF summary valuation (p/share)**

		Discount rate (post-tax, nominal)						
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
Terminal growth	0%	197	185	174	164	155	147	139
	1%	219	203	190	178	167	157	149
	2%	248	227	210	<b>195</b>	182	171	161
	3%	288	260	238	218	202	188	175
	4%	348	308	276	250	228	210	194

Source: Edison Investment Research

Our overall valuation comes to 184p a share (peer based 173p and DCF based 195p), with the increase from 165p coming from the roll over to the new financial year with some benefit from the stronger market and hence the peer valuation increases. The difference, as with the peer-based variation from 2026 to 2027, demonstrates the additional value expected to be generated from the profit improvement plans. Note there is no valuation yet ascribed to the third pillar of management's strategy to expand in emerging markets such as South America (the first two pillars being margin improvement and profitable commercial growth).

**Exhibit 4: Financial Summary**

£m	FY23A	FY24A	FY25E	FY26E	FY27E
31-August	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>					
Revenue	81.8	75.7	78.2	80.6	84.7
EBITDA (inc JVs)	4.6	3.8	4.9	6.9	9.0
Operating profit (before amort. and excepts.)	2.8	2.2	3.6	5.6	7.7
Amortisation of acquired intangibles	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)
Exceptionals	(3.2)	(3.6)	(1.0)	0.0	0.0
Reported operating profit	(0.9)	(1.5)	2.5	5.6	7.6
Net Interest	0.1	0.3	0.0	0.1	0.2
Profit Before Tax (norm)	2.9	2.5	3.6	5.7	7.9
Profit Before Tax (reported)	(0.8)	(1.1)	2.5	5.7	7.9
Reported tax	(0.1)	2.0	(0.2)	(0.9)	(1.4)
Profit After Tax (norm) - continuing businesses	2.9	2.3	3.1	4.8	6.5
Profit After Tax (reported) - continuing businesses	(0.9)	0.8	2.2	4.7	6.5
Average Number of Shares Outstanding (m)	94.0	94.2	87.1	51.7	51.7
EPS - normalised (p)	2.5	2.6	3.6	9.3	12.6
EPS - basic reported (p)	(1.0)	(4.8)	2.6	9.1	12.5
Dividend (p)	5.2	5.2	1.5	3.1	4.2
EBITDA Margin (%)	5.6	5.0	6.2	8.6	10.6
Normalised Operating Margin	3.4	2.9	4.6	7.0	9.1
<b>BALANCE SHEET</b>					
Fixed Assets	73.9	21.3	20.5	20.4	20.3
Intangible Assets	22.5	2.1	2.0	1.9	1.8
Tangible Assets	37.3	10.6	9.9	9.9	9.9
Investments & other	14.1	8.6	8.6	8.6	8.6
Current Assets	88.4	122.5	44.2	45.2	48.9
Stocks	26.6	12.1	13.7	13.9	14.4
Debtors	26.9	10.4	16.1	15.5	15.8
Cash & cash equivalents	23.1	13.7	13.7	15.2	18.0
Other	11.8	86.4	0.7	0.7	0.7
Current Liabilities	(39.2)	(45.5)	(14.8)	(14.2)	(14.6)
Creditors	(24.1)	(10.7)	(11.8)	(11.2)	(11.6)
Tax and social security	(0.1)	0.0	0.0	0.0	0.0
Short term borrowings including finance leases	(15.0)	(3.0)	(3.0)	(3.0)	(3.0)
Other	0.0	(31.7)	0.0	0.0	0.0
Long Term Liabilities	(15.3)	(3.4)	(3.4)	(3.4)	(3.4)
Long term borrowings including finance leases	(10.8)	(3.4)	(3.4)	(3.4)	(3.4)
Other long term liabilities	(4.5)	(0.0)	(0.0)	(0.0)	(0.0)
Net Assets	107.9	94.9	46.5	48.1	51.2
Shareholders' equity	107.9	94.9	46.5	48.1	51.2
<b>CASH FLOW</b>					
EBITDA	3.3	4.1	3.5	6.7	8.9
Working capital	(3.1)	3.2	1.0	(0.2)	(0.3)
Exceptional & other	(1.8)	(4.6)	(5.6)	(1.1)	(1.2)
Tax	(0.5)	1.5	(0.2)	(0.9)	(1.4)
Net Operating Cash Flow	(2.1)	4.2	(1.3)	4.4	6.0
Investment activities	(3.3)	(1.0)	(1.3)	(1.3)	(1.3)
Acquisitions/disposals	26.5	4.0	79.0	0.0	0.0
Net interest	(0.2)	0.1	0.0	0.1	0.2
Equity financing	0.2	0.2	(70.0)	0.0	0.0
Dividends	(4.9)	(5.1)	(4.0)	(1.3)	(1.6)
Other	(1.1)	(5.0)	(2.4)	(0.5)	(0.5)
Net Cash Flow	15.1	(2.6)	0.0	1.4	2.9
Opening net debt/(cash) including finance leases	21.6	4.2	4.5	3.4	4.8
FX	0.0	(0.2)	(0.5)	0.0	0.0
Other non-cash movements	2.4	3.1	(0.6)	0.0	0.0
Closing net debt/(cash) inc finance leases	4.2	4.5	3.4	4.8	7.7
Finance leases	6.8	0.7	0.7	0.7	0.7
Closing net debt/(cash) excluding finance leases	(2.7)	3.8	2.7	4.1	7.0

Source: Edison Investment Research

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