

SigmaRoc

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SigmaRoc continues growth trajectory in first half of 2020

What SigmaRoc does

SigmRoc PLC (LON:SRC) is a construction materials company with a buy-and-build strategy focusing on assets in the UK and Northern Europe.

Founded in 2016, the firm looks to create value by purchasing assets in the fragmented construction materials market and forming them into larger groups to create efficiencies.

These assets are segmented into regional 'platforms'.

What it owns

The company's portfolio includes

- **Ronez:** A concrete and asphalt firm based in the Channel Islands consisting of the St John's Quarry in Jersey and Les Vardes Quarry and Vale Castle in Guernsey
- **Allen Concrete:** A precast concrete product maker with plants in Surrey and Northamptonshire
- **Poundfield Products:** Suffolk-based precast and prestressed concrete manufacturer
- **CCP Building Products:** Supplier of concrete and aggregates (materials including sand, gravel and crushed stone). Has manufacturing facilities in North West England and North Wales
- **Foelfach Quarry:** Crushed aggregate and stone quarry in Carmarthenshire, Wales, containing some of the home nation's highest quality aggregate reserves. The quarry also produces high-polished stone, a valuable material for road surfacing
- **GD Harries (GDH):** 40% stake in GDH, one of Wales's largest independent suppliers of aggregates. Operates seven hardstone quarries, six concrete plants, three asphalt plants, a wharf operation and four road-contracting units

How it's doing

In a trading update for the six months to June 30, 2020, the group said it has "delivered results ahead of its own expectations given the challenging trading environment", reporting underlying earnings (EBITDA) of £10.9mIn, up 91%

Price: 46.5

Market Cap: £117.99 m

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: SRC

Listing: AIM

52 week	High	Low
	53.4	21.8001

Sector: Builders and building materials

Website:

Company Synopsis:

SigmaRoc plc is an AIM listed buy-and-build construction materials company founded to generate shareholder value from a highly targeted investment strategy. Construction materials are a local product, consumed and produced locally and due to their high mass to price ratio, they tend to travel less far than other commodities like oil or metals.

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year-on-year, while revenues climbed 83% to £54.5mln.

SigmaRoc noted that its decentralised business model had allowed it to minimise the impact of coronavirus and maintain profitability, adding that it is convinced that it has "created a setup better capable of managing uncertainty, rapidly changing conditions and challenging working environments".

Looking ahead, the company said it is now focused on maintaining strategic momentum, and as such it will "review opportunities to invest in support of its platforms where it believes there is the potential for significant value creation". However, the company said it is still too early to provide accurate guidance for the remainder of the year given continued uncertainty over coronavirus.

What the boss says, chief executive Max Vermorken

"The group's performance across the first six months of 2020 is extremely strong given the context and risks we faced. As a group we have demonstrated again that a decentralised business model focussed on local markets works well in our industry and in challenging times. The group is further supported by a solid asset base. The group will continue to confront all challenges head-on to deliver further shareholder value".

Video Interview

What the broker says

In a note on the company's half-year trading update in July, house broker Peel Hunt reiterated their 'buy' rating and 70p target price on SigmaRoc, saying recent share price weakness "offers a great entry point for new investors" and they saw "clear upside risk" to the shares if current trading "remains as robust as it has been in the past six-to-eight weeks".

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