

SigmaRoc

Lime time

At its capital markets day on 7 May, SigmaRoc set out its ambitions to build 'Europe's leading choice mineral platform' with a focus on lime and limestone. It stated its medium-term (2025–30) targets, including organic revenue growth of 3–5% pa, an EBITDA margin of more than 24% (23.2% achieved in FY23 on a pro forma basis), free cash flow (FCF) conversion of more than 50%, a leverage ratio of 1.5–2.0x and a return on invested capital of more than 15%. Sigmaroc's growth prospects look strong, underpinned by growth in its diverse end markets, increasing demand due to macro trends of sustainability and increased demand for lime and minerals products. Sigmaroc also noted that it will have a heightened focus on predictably generating and growing its FCF.

Strategic acquisitions and synergy realisation

Sigmaroc has a strong track record of growth due to its selective M&A approach, completing 20 acquisitions at a weighted average EBITDA multiple of 6.9x and a weighted average EBIT return on investment of 15% (as of 2024). It completed its c £1bn acquisition of CRH's lime assets towards the end of 2024, doubling its size and positioning it as a leading lime and limestone supplier in Europe. Management anticipates €40–60m in incremental EBITDA through synergies by end 2027, with integration progressing ahead of schedule. Sigmaroc continues to innovate through implementing AI into its operations at its Kaltes Tal kiln, which has reduced energy consumption by 3.2%, created savings of €42k/month and reduced CO₂ emissions.

Diverse end markets provide stability

Sigmaroc serves a wide range of diverse end markets, from industry and construction to environment and food. In many cases, there are no substitutes for its products; where substitutes do exist, they are more dangerous to handle, more expensive or have higher eCO₂. Its future looks well secured, with total reserves and resources of c 2.7bnt, which management believes should last c 114 years. Sigmaroc owns its asset base, spread across Europe, allowing independence from volatile inputs. The company's total resource and owned asset base will therefore enable it to continue to supply an ever-growing market with greater cost certainty in the long run, bolstering profitability and offering stability.

Valuation: Discount to peers

The strong start to 2025 is reflected in Sigmaroc's share price, which has seen continued momentum ytd, rising c 40%. Despite this, it trades at a c 36% discount to the relative peer average on P/E and a c 18% discount on EV/EBITDA in FY25e.

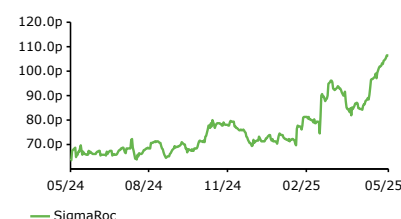
Consensus estimates					
Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)
12/23	538.0	116.7	71.2	8.12	13.1
12/24	997.6	224.6	117.6	8.35	12.8
12/25e	1,069.0	251.2	142.3	8.14	13.1
12/26e	1,111.0	266.2	162.5	9.48	11.2

Source: LSEG Data & Analytics. Note: All are underlying results.

Industrials
22 May 2025

Price 106.60p
Market cap £1,188m

Share price performance



Share details

Code SRC
 Listing LSE
 Shares in issue 1,114.9m
 Net cash/(debt) at and FY24 £(509.5)m

Business description

Sigmaroc is a UK-based construction materials group specialising in lime, limestone and aggregates, with operations across the UK and Northern Europe. Lime and limestone are key resources in the transition to a more sustainable economy. The company employs a buy-and-build strategy, acquiring assets in fragmented markets and integrating them into regional platforms to enhance efficiency and value.

Bull points

- Positive outlook for total volume growth with a projected 1.3% CAGR to end 2030 (revenue weighted across lime, limestone and aggregates).
- Structural megatrends are supportive of growth (ie sustainability).
- Commitment to sustainability and ESG initiatives.

Bear points

- Volumes have declined over the past five years.
- Exposure to cyclical markets.
- Integration risks from M&A expansion

Analysts

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