

SigmaRoc

Industrials
10 September 2025

Strong interim performance in challenging markets

SigmaRoc lifted underlying EBITDA 21% to £118m in H125, with margins widening 150bp to 23.1%. The CRH lime assets, acquired in late 2024, are already contributing, prompting management to raise FY25 synergy guidance to £21m (vs €15–20m previously). Integration progress, efficiency gains and portfolio optimisation remain the key themes as European markets stay mixed.

Synergy delivery driving performance

Synergies were again a clear feature. SigmaRoc delivered commercial savings of £7m and operational savings of £6m in H1, supported by a 6% headcount reduction in the Central region. Network optimisation and the exit of lower-margin activity also improved the mix. Management has set a medium-term margin target above 24%, signalling further benefits from ongoing integration.

Diversified markets provide defensive qualities

The group's footprint across industrial minerals (32% of revenue), environmental and agriculture (23%) and construction (45%) provides some balance against end-market cycles. Residential activity remains weak, but infrastructure has been more stable. Germany's new infrastructure stimulus package should lift spending by c 20%, supporting SigmaRoc's Central European operations (c 25% of revenue). With 2.7bn tonnes of reserves reported, resource depth underpins a long operating horizon.

Market conditions and outlook

European construction volumes fell c 3% in H1, reflecting softer construction and steel demand as well as maintenance shutdowns. Similar conditions are expected in H2, though medium-term drivers include German infrastructure investment, higher European defence spending and, in the longer term, potential reconstruction demand in Ukraine.

Valuation: Continued momentum

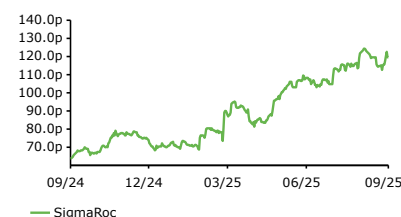
The shares have risen c 40% year to date and almost 80% over 12 months to 120p, strongly ahead of the UK market. Free cash flow conversion improved to 52.5% (up 640bp), while covenant leverage fell to 2.0x, and is on track to reach below 2.0x by year-end. H1 return on invested capital of 5.9% (c 12% annualised) shows progress towards the medium-term target of more than 15%.

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	14.8
12/24	997.6	224.6	117.6	8.35	14.4
12/25e	1,062.0	248.5	133.9	7.86	15.3
12/26e	1,096.0	263.4	151.4	9.86	12.2

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

Price 120.00p
Market cap £1,369m

Share price performance



Share details

Code	SRC
Listing	LSE
Shares in issue	1,114.9m
Net cash/(debt) at H125	£(498.4)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 and German infrastructure stimulus package).
- 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

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