



**Sigma  
Roc**

# SIGMAROC PLC NORDKALK ACQUISITION

June 2021

**Nordkalk**

SIGMAROC PLC 2021

**STRICTLY CONFIDENTIAL**

# PRESENTATION DISCLAIMER

---

The information contained in these slides and the accompanying oral presentation (together, the "Presentation") have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). If any person is in any doubt as to the contents of this Presentation, they should seek independent advice from a person who is authorised for the purposes of FSMA and who specialises in advising in investments of this kind. The information contained in this document does not purport to cover all matters that may be relevant for the purposes of considering whether or not to make any prospective investment and is not intended to provide, and should not be relied upon, for accounting, legal or tax advice. This Presentation is supplied to you solely for information.

The information contained in this Presentation has been prepared by and is the sole responsibility of the directors of SigmaRoc plc (the "Company").

Please note that the information in this Presentation has yet to be announced or otherwise made public and as such constitutes inside information for the purposes of Article 14 of the Market Abuse Regulation (596/2014/EU) ("MAR") and the Criminal Justice Act 1993. You should not therefore deal in any way in the securities of the Company until after the formal release of an announcement by the Company as to do so may result in civil and/or criminal liability. The publication, distribution or communication of the Presentation is taking place for the purpose of a 'market sounding' in accordance with MAR. Recipients of the Presentation have been requested to, and have confirmed that: (a) where the market sounding is being conducted by recorded telephone lines or audio or video recording, they have agreed to the recording of any such communication; (b) they are the person entrusted by the potential investor to receive the market sounding; and (c) they have agreed to receive the market sounding in the knowledge that they will be receiving information that the Company considers to be inside information for the purposes of Article 11(5)(a) of MAR and that, in accordance with Article 11(7) of MAR, they are required to assess for themselves whether they are in possession of inside information and when they cease to be in possession of inside information.

The Presentation and any further confidential information made available to any recipient, either orally or in writing, must be held in complete confidence and documents containing such information may not be reproduced, used or disclosed without the prior written consent of the Company. The Presentation shall not be copied, published, reproduced or distributed in whole or in part, to any other person, for any purpose at any time. This Presentation is only being given to persons reasonably believed by the Company to be: (A) in the United Kingdom both (1) investment professionals within the meaning of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or high net worth companies, unincorporated associations etc. falling within Article 49(2) of the Order and (2) persons who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) as it forms part of the law of England and Wales by virtue of section 3 of the European Union (Withdrawal) Act 2018 ("EUWA") (as modified by or under the EUWA or other domestic law from time to time) or (B) in member states of the European Economic Area only to Qualified Investors within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) or (C) persons to whom it may otherwise be lawfully communicated, (all such persons in sub-paragraphs (A), (B) and (C), together being referred to as "Relevant Persons"). This Presentation is only being sent to persons reasonably believed by the Company to be Relevant Persons. If you are not a Relevant Person (i) you should not have received this Presentation and (ii) you must return this Presentation to the Company or destroy it immediately and take no other action.

The Presentation does not constitute an advertisement, prospectus or listing particulars relating to the Company; it has not been approved by the London Stock Exchange plc or the Financial Conduct Authority, nor does it constitute or form part of any offer, invitation, inducement or commitment to, sell, issue, or any solicitation of any such offer or invitation to subscribe for, underwrite or buy, any shares in the Company or any of its affiliates to any person in any jurisdiction, nor shall it nor any part of it, nor the fact of its distribution form the basis of, or be relied on in connection with, or act as any inducement to enter into any contract or investment decision in relation thereto.

No reliance may be placed for any purpose whatsoever on the information contained in the Presentation or any assumptions made as to its completeness, accuracy or fairness thereof, nor does the Company, Peel Hunt LLP ("Peel Hunt"), Liberum Capital Limited ("Liberum"), Numis Securities Limited ("Numis"), Strand Hanson Limited ("Strand Hanson") nor any of their respective existing or proposed members, directors, officers, employees, agents, affiliates, representatives or advisers or any other person accept any obligation or responsibility to update, correct any inaccuracies in, or keep current the information contained in this document. The information contained in the Presentation, which has not been independently verified, is confidential and for background purposes only and is subject to further verification, updating, revision and amendment and completion without notice. This Presentation does not purport to be all-inclusive or to contain all the information that an investor may desire to have in evaluating whether or not to make an investment in the Company. You are encouraged to seek individual advice from your personal, financial, legal, tax and other advisers before making any investment or financial decisions, subscribing for or purchasing any securities.

# PRESENTATION DISCLAIMER

---

Certain statements in the Presentation are forward-looking statements, and the Presentation itself has been based upon a number of assumptions, forecasts and projections of the Company which by their nature are forward looking. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "potential", "anticipate", "plans" or "assumes" or similar expressions, or by discussions of strategy that involve risk and uncertainties. By their nature, forward-looking statements, assumptions, forecasts and projections involve a number of risks and uncertainties, and in some cases are based on estimates and incomplete information, that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements or by the Presentation as a whole. These risks and uncertainties, and the impact they have on the assumptions, forecasts and projections contained in the Presentation, could adversely affect the outcome and financial effects of the plans and events described herein.

Please note that the information on Nordkalk Oy Ab and its subsidiaries ("Nordkalk") which has been provided in this presentation is largely based upon the information which Nordkalk has itself provided to the Company in a management presentation dated May 2021. Due diligence on Nordkalk is ongoing for the purposes of the transaction. Whilst the Company confirms that it has accurately reproduced the information provided to it by Nordkalk, it cannot give any representations or warranties as to the accuracy of this information, which is the responsibility of Nordkalk. In particular, the financial information provided by Nordkalk has been relied upon by the Company for assessing the effects the transaction will have on the enlarged group's position (for example, figures relating to earnings per share, EBITDA, market capitalisation and so on). These figures therefore represent the Company's own assessment of the position using the information provided to it. The Company has relied upon the accuracy of the information provided to it by Nordkalk. Financial due diligence is ongoing on both Nordkalk and the Company and these figures may be subject to change pending the financial adviser's and auditor's final reports on the same.

No undertaking, assurance, representation or warranty, express or implied, is made or given by or on behalf of the Company, Peel Hunt, Liberum, Numis or Strand Hanson or any of their respective existing or proposed members, agents, affiliates, representatives, advisers, employees or directors or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document and no responsibility or liability is accepted by any such person for any loss however arising from any use of, or reliance on, or in connection with, this Presentation or its contents or otherwise arising in connection therewith. Notwithstanding this, nothing in this paragraph shall exclude liability for any such undertaking, assurance, representation or warranty made fraudulently.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such requirements or restrictions. Any such distribution could result in a violation of the law of such jurisdictions.

Neither this document nor any copy of it should be distributed, directly or indirectly, by any means (including electronic transmission) to any persons with addresses in Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa or distributed to Australia, Canada or Japan or to any national, citizen or resident thereof or any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

The securities referred to in this presentation have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under any securities laws of any state or other jurisdiction of the United States of America (or any of its territories or possessions) (together the "US") and may not be offered, sold, resold, taken up, exercised, renounced, transferred or delivered, directly or indirectly, within the US, except pursuant to an exemption from the registration requirements of the US Securities Act and/or any other applicable securities laws.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction and the right is reserved to terminate any discussions or negotiations with any prospective investors. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company.

Each of Peel Hunt, Liberum, Numis and Strand Hanson, who are each authorised and regulated in the United Kingdom by the Financial Conduct Authority, are each severally acting exclusively for the Company and are not acting for or advising any other person, or treating any other person (whether or not as a recipient of this Presentation) as their client. They will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the Presentation or any transaction or arrangement referred to in the Presentation.

# BUILDING A LEADING SPECIALIST QUARRIED MATERIALS GROUP

## 1. Combining two high performing businesses....

- SigmaRoc has created significant value as a UK and Europe focussed construction materials buy and build vehicle:
  - 5 platforms created through 16 value-enhancing transactions.
  - **6.7x increase in market capitalisation and 3.2x growth in EPS since 2016.**
  - Proven “Invest, Improve, Integrate, Innovate” strategy.
- Nordkalk is an established market leader in limestone products across Scandinavian and North European markets:
  - >120 years of heritage.
  - 23 operating sites with presence in 10 European countries.
  - Consistently delivered >€50m EBITDA over last 10 years.

## 2. ...through a transformational transaction...

- SigmaRoc to acquire Nordkalk for €470m:
  - €270m in cash, funded by €300m equity placing.
  - €50m in consideration shares.
  - €150m from new, £305m Group debt facilities.
- Represents a multiple of **7.0x Nordkalk’s 2020** adjusted EBITDA.
- **Immediately significantly enhancing to underlying earnings.**
- Value-added materials boost Group margins.
- Transaction ROIC > WACC in FY1.

## 3. ...to build a leading North European specialist quarried materials group....

- 37 quarries in 9 countries, 76 operations across 13 countries.
- 17.8Mt of annual production, backed by >1Bnt of reserves.
- Diverse regional and customer base.
- **Focussed on niche, local markets supported by structural growth:**
  - c.50% sales to construction and infrastructure.
  - c.50% sales to niche industrial mineral markets.
- >2.5Mt annual sales of higher value, tailored products.

## 4. ...that provides a platform for significant value creation

- Pro forma 2020 revenues of £376m and EBITDA of £83m.
- **Strong progress expected for both businesses in 2021, supported by buoyant demand conditions and vertical integration.**
- Long term organic growth potential underpinned by structural growth, efficiency and synergies created by enlarged platform.
- **Significant ongoing consolidation and infill acquisition opportunities, enabled by target annual FCF of >£60m.**
- Clear sustainability roadmap.

# SIGMAROC – PROVEN, SCALABLE MODEL FOR GROWTH

Clear track record of both organic and acquisitive growth, with underlying EBITDA increasing by > 430% between FY2017 and FY2020

Market Cap (£m) and Underlying EPS (pence)



- Pro Forma calculation of effective EPS assuming full ownership of Ronez in 2016.
- \*\* As at 21 June 2021

Underlying EBITDA Growth By Type Versus Prior Year



## 1.INVEST

Businesses with solid intrinsic value – potential to improve and grow – bought at an attractive valuation.

## 2.IMPROVE

Management motivated to drive growth through operational and financial performance.

## 3.INTEGRATE

Unlocking synergies by recognising the value of what previous owners built.

## 4.INNOVATE

Challenging the status quo to meet social and environmental challenges ahead.

# NORDKALK ADDS A SIXTH PLATFORM TO TRANSFORM FOOTPRINT

Nordkalk immediately establishes scale and coverage across key Scandinavian and North-European markets

## EUROPEAN QUARRIED MATERIALS GROUP

- 6 Platforms focused on quarried materials and downstream products.
- 37 quarries in 9 countries, 76 operations in 13 countries.
- Total Pro Forma Assets of £740m (2020).\*
- Reserves and resources of over 1bn tonnes. \*\*
- Approximately 1,950 employees (2020).

## ACTIVE IN AGGREGATES AND HIGH VALUE QUARRIED PRODUCTS

- Group volumes of 17.8Mt of materials per year.
- 15.2Mt goes into mainstream applications such as construction.
- 2.6Mt used in high value tailored applications such as in metals, pulp, chemical industries.

## DYNAMIC NORTHERN MARKETS

- Well structured Scandinavian markets.
- High dependency on aggregates in all Nordic and Polish markets.
- Further expected growth in demand from construction in all geographic markets.
- Strong demand for higher grade products in Nordic markets.

\*Assuming GBP:EUR of 1.1

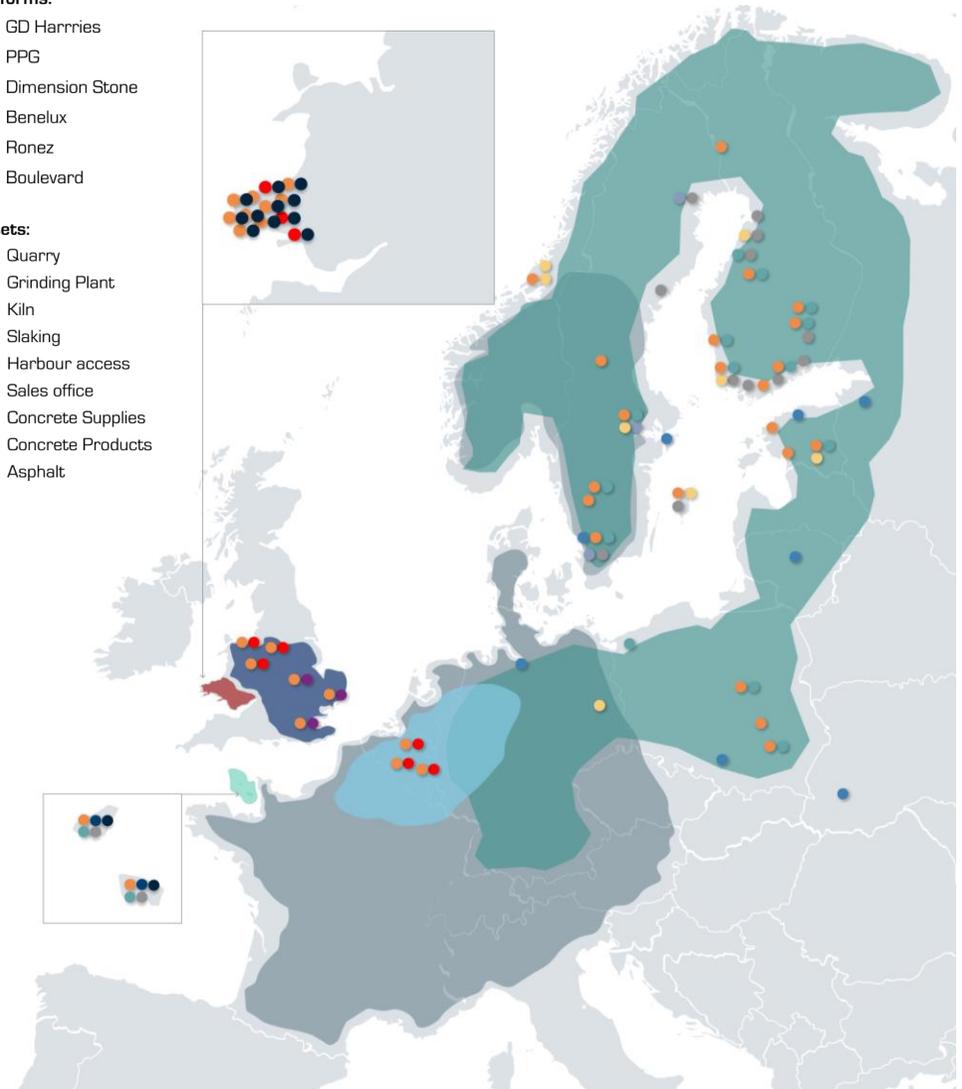
\*\*Reserve base for SigmaRoc and Nordkalk as at 31.12.2019.

### Platforms:

- GD Hammies
- PPG
- Dimension Stone
- Benelux
- Ronez
- Boulevard

### Assets:

- Quarry
- Grinding Plant
- Kiln
- Slaking
- Harbour access
- Sales office
- Concrete Supplies
- Concrete Products
- Asphalt



# KEY PRODUCT TRENDS BY MARKET

Key growth trends forecast per product and market

## HIGH GRADE LIMESTONE PRODUCTS (EUROPEAN MARKET)

- The Pulp and Paper market growth forecast of 24% between 2021 and 2026.
- Metals and Mining market growth forecast of 23% between 2021 and 2026.
- Environmental/ Agriculture market growth forecast of 25% between 2021 and 2026.
- Chemical market growth forecast of 21% between 2021 and 2026.

## CRUSHED STONE AND DIMENSION STONE (EUROPEAN MARKET)

- UK construction output forecast to grow by 12.9% in 2021 and 5.2% in 2022.
- Scandinavian construction industry forecast CAGR of 4% by 2025
- Polish construction industry forecast CAGR of 6.6% to reach EUR 59.9 Billion by 2024.
- Baltic construction market grew by 15.4% in Q1 2020.
- Natural stone market forecast CAGR of 3.9% to reach USD 48bn globally by 2026.

## PRECAST AND CONCRETE (UK & BELGIUM)

- UK construction output forecast to grow by 12.9% in 2021 and 5.2% in 2022.
- UK infrastructure output forecast to grow by 29.3% in 2021.
- Belgium construction sector forecast to grow by 5% in 2021.

# LIME AND LIMESTONE USAGE OUTSIDE OF CONSTRUCTION

On a typical breakfast table, almost all items require limestone – based products in some form

## PAINT

- Fine grinded limestone is a large part of the filler and the colour of white paint.

## MILK

- Lime is a large ingredient in animal fodder, agrilime boosts the nutrition of the grass the cow is eating.

## JUICE GLASS

- Lime purifies the glass production; glass contains limestone.
- Up to 1/3 of glass can consist of limestone.
- Its main function is to improve chemical resistance and durability. It also acts as flux in glass manufacturing.

## LABEL

- The paper and cardboard industries use lime-based pigments and fillers such as GCC.
- The label contains 20-40% limestone.



## WATER

- Lime applications vary from the processing of drinking water to purification of wastewater.
- Nordkalk has a very high market share of lime for drinking water in Sweden, e.g., both Stockholm and Gothenburg cities.

## NAPKIN

- Lime purifies the pulp, Lime is a filler in pulp.

## CUTLERY

- Lime improves the purity of the steel, removing e.g. sulphur and silica.

## VEGETABLES

- Agrilime lowers the acidity of the soil, supports nutrient availability and increase the effectiveness of fertilizers, the vegetable is cleaned in drinking water purified by lime.

# ACQUISITION RATIONALE: WHY NORDKALK?

Nordkalk's high performance business fits the strict investment criteria set by the Group

## Self Contained

- ✓ Long history as an independent business dating back to 1898.
- ✓ Presently owned by a financial shareholder.

## Asset Backed

- ✓ 23 quarry sites, 15 grinding plants, 11 kiln sites, 4 slaking plants, 12 wharves.
- ✓ Proven reserve base of 262Mt high quality limestone as at 31.12.2019 and further resource.

## Unique Positioning

- ✓ Advantageous sales mix based primarily on limestone rather than lime.
- ✓ Market leader for limestone products in all its key markets.

## Earnings Enhancing

- ✓ Expected to be immediately significantly earnings enhancing in first full year of ownership.
- ✓ Expected to provide opportunity for further earnings improvement.

## Strong Financial Profile

- ✓ Consistently profitable and cash-generative over past 15 years.
- ✓ FY2020 adjusted EBITDA margin at 23.6% with further upside possible.

## Potential for Upside

- ✓ Potential for better sales mix in higher value limestone-based products.
- ✓ Management actions on production, procurement, pricing to drive profitability.

# TARGET WITH STRONG SUSTAINABILITY CREDENTIALS

Committed to future best practices and sustainability through measurement, analysis, disclosure and improvement



## ENVIRONMENTAL

- **cf. appendix for CO<sub>2</sub> absorption.**
- ISO14001 compliance.
- 145 Ha allocated for protection / restoration.
- 10% of products used for environmental protection such as water treatment, flue gas cleaning and soil improvement as well as binding impurities in industrial processes.
- Replacement of customers' toxic processes with sustainable solutions.
- 80 GWh saved since 2015.
- 13% products based on circular economy.
- Roadmap of fossil free by 2035 and 2045 for kiln operations.



## SOCIAL

- ISO 18001 and 45001 compliance.
- Up to 42.9% of workforce is female in operating countries.
- Residual process heat used in district heating networks (59 000 MWh replacing 5.9 million litres of heating oil).
- Clean ground-water from mines utilised as drinking water by the surrounding municipalities.
- 76% of purchasing is local with remaining from neighbouring areas.



## GOVERNANCE

- Certified management systems with external audit.
- Structured approach led from the board.
- Membership of regional and global professional associations.
- GRI and UNSDG linked framework.
- No known cases of corruption or anti-competitiveness.
- Code of Conduct and Supplier Code of Conduct in place with KYC actively used.
- Reporting and public disclosure in line with GRI and reviewed independently by KPMG.

# GROUP OUTLOOK FOR 2021

2021 performance to date driven by strong market dynamics and management actions

## SIGMAROC TRADING

- £36.7m revenues in Q1 2021: 12% like-for-like\* increase over the same period in 2020, strong demand across all products and platforms.
- Revenues and EBITDA trends remain in line with expectations.
- Strong margins and cash generation in Q1 2021.

## NORDKALK TRADING

- Nordkalk generated revenues of EUR 71m in the first quarter, a like-for-like\* increase of 7.6% over the same period in 2020.
- Revenues and EBITDA trends remain encouraging and in line with expectations.
- Margins remain strong and in line with budgets.

## ENLARGED GROUP OUTLOOK

- Strong demand outlook across all territories and business segments for the remainder of 2021.
- Margins look to remain in line with current levels despite some pressure on input costs in cement and energy.
- Group well insulated against current environment given high level of vertical integration and localised markets.
- Further investment initiatives expected for the existing SigmaRoc platforms this year.

\* Like-for-like Group revenues exclude the impact of acquisitions as compared with the first quarter of 2020.

# SUMMARY: SIGNIFICANT & SUSTAINABLE VALUE CREATION

Addition of Nordkalk transforms the Group, creating a platform for enhanced growth and returns

## BUILDING FROM A PROVEN PLATFORM

SigmaRoc has a clear and proven strategy for creating significant value.

## COMPLEMENTARY BUSINESSES

2 profitable and cash generative groups, both leaders in their niche localised markets.

## CREATES A LEADING EUROPEAN SPECIALIST MATERIALS GROUP

Materially scaling geographical footprint, with leading market positions in Europe and a diversified portfolio.

## VALUE THROUGH INTEGRATION

Cross-selling and vertical integration opportunities across the enlarged platform.

## LONG TERM GROWTH STRATEGY

Organic growth and margin expansion opportunities backed by structural growth markets.

Annual FCF of c.£60m enabling significant investment-driven growth.

***“BUILDING A LEADING NORTHERN EUROPEAN SPECIALIST QUARRIED MATERIALS GROUP”***

---

# THANK YOU

**SIGMAROC PLC**

**Contact us:**

 7 - 9 Swallow Street, W1B 4DE London

 +44 207 129 78 28

 [ir@sigmaroc.com](mailto:ir@sigmaroc.com)