

Corporate

 Current price **2.2p**

 Sector **Construction & Materials**

 Code **FOX.L**

 AIM **AIM**

Share Performance



Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **8.2**

 Shares in issue (m) **33.9**

 52 weeks High Low
3.1p 1.4p

 Financial year end **December**

Source: Company Data, Allenby Capital

Key Shareholders

Andrew Muir 10.36%

Premier Miton Group 8.65%

Dr Etrur Albani 6.01%

Christopher Gilbert (CEO) 5.72%

Shailesh Patil 5.09%

Artemis Inv Management 3.61%

Dominic RN Redfern 3.22%

Source: Company Data, Allenby Capital

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Fox Marble Holdings plc (FOX.L)

COVID-19 impact on 2020 revenue growth

Fox Marble Holdings (Fox), the marble quarrying, processing and sales company focused on the extraction and processing of premium marble from its quarries in Kosovo and North Macedonia, has released a trading update for the year to December 2020. As previously reported, revenues have been severely impacted by the reduction in block marble sales caused by the restrictions on travel brought about by the global COVID-19 pandemic. As a result, Group revenues for FY2020 fell from €1.4m to €0.7m. However, the sale of higher margin processed marble increased threefold from €0.2m to €0.6m reflecting strong demand within the Kosovan market. As COVID-related restrictions are gradually lifted through 2021 we expect to see a resumption of demand for block sales and a continuation of the encouraging growth in processed marble.

- Block marble sales significantly lower but processed marble sales grew threefold** - Historically, Fox generated revenues through sales of block marble but as its ability to offer processed marble through its purpose-built factory has grown so has the added value of sales. The pandemic and its associated restriction on international travel led to sales of block marble falling from €1.2m to €0.1m in 2020. However, sales within Kosovo of processed marble have increased from €0.2m to €0.6m of which €0.45m occurred in H2 and at much higher margins than those available for block sales.
- Quarrying activities temporarily scaled back** – As a result of the fall in demand for block sales, Fox elected to scale back its quarry production during 2020 to keep operational cash flow neutral. Consequently, production from its quarries fell from 14,515 tonnes to just 6,060 tonnes. Production at Cervenillë quarry recommenced in September 2020 to meet demand for processed marble and production at Prilep was re-started in August to supply block marble to the factory in Kosovo although production levels are being closely monitored. The Syriganë quarry in Kosovo has machinery on site ready for deployment as needed.
- A valuable and largely unexploited resource** - Kosovo and North Macedonia both enjoy significant and largely unexploited resources of high grade, quality marble, equal to any available in the more recognised resource areas such as Italy and Turkey. However, labour costs are only a third of those in more established countries providing Fox with the ability to offer its processed and block marble at attractive prices and good margins.
- Arbitration proceedings fully funded** – Fox has engaged the services of Denton Europe to act on the Company's behalf in the c.€195m claim against the Republic of Kosovo and if successful, at whatever level, would be transformational for the Group but is not currently priced into the shares.
- Recovery to commence during H2 2021** – We expect operations to evidence a gradual return to some level of normality once COVID restrictions begin to be lifted globally but specifically in Kosovo and China. Once operations and sales resume, Fox can resume its growth strategy to the benefit of all stakeholders.

Year End: December				
(€'000)	2017A	2018A	2019A	H1 2020A
REVENUE	1,203	1,410	1,423	186
ADJ. LBITDA	-2,498	-2,325	-1,582	-503
ADJ. LBT	-3,437	-2,265	-2,534	-799
NET CASH/(DEBT)	-2,899	-3,334	-3,877	-3,797

Source: Fox Marble Holdings plc.. Allenby Capital acts as joint broker to Fox Marble.

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Ian Jermin is the author of this research recommendation and is employed by Allenby Capital Limited as an Equity Analyst. Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication. Information on research methodologies, definitions of research recommendations, and disclosure in relation to interests or conflicts of interests can be found at www.allenbycapital.com. Allenby Capital acts as Joint Broker to Fox Marble Holdings plc.

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