

Corporate

 Current price **1.825p**

 Sector **Construction & Materials**

 Code **FOX.L**

 AIM **AIM**

Share Performance



Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **6.9**

 Shares in issue (m) **378.9**

52 weeks	High	Low
	2.5p	1.6p

 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)

Strong growth in processed marble, despite COVID

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 its results 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. However, sales of higher margin processed marble rose by over 200% 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.

- **A year of positives and negatives** – As reported in February’s trading update, revenue for the year was €0.7m (2019: €1.4m). However, the adjusted operating loss was reduced to €1.7m (2019: €2.3m) due to the prevalence of higher margin sales of processed marble.
- **Processed marble sales grow by over 200%** - 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. Encouragingly, orders for processed marble continue to grow.
- **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. Consequently, production from its quarries fell from 14,515 tonnes to just 6,060 tonnes. However, increased demand for processed marble has led to a resumption of production at the Cervenillë quarry in September 2020 and operations at Prilep reopened in August albeit at a limited level. The quarry at Syrganë is now open across four benches.
- **A valuable and largely unexploited resource** - Kosovo and North Macedonia both enjoy significant and largely unexploited resources of high grade, quality marble with labour costs only a third of those in more established countries. This provides Fox with the ability to offer its processed and block marble at attractive prices and good margins. The Company continues to identify new quarrying opportunities in the region.
- **Arbitration proceedings fully funded** – Fox has fully funded the c.€195m claim against the Republic of Kosovo and more recently engaged the services of QC Samuel Wordsworth. If successful, at whatever level, the result 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 revert to some normality, Fox can resume its growth strategy to the benefit of all stakeholders.

Year End: December				
(€'000)	2017A	2018A	2019A	2020A
REVENUE	1,203	1,410	1,423	716
ADJ. LBITDA	-2,498	-2,325	-1,582	-1,210
ADJ. LBT	-3,437	-2,265	-2,534	-1,961
NET CASH/(DEBT)	-2,899	-3,334	-3,877	-4,314

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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