



# Presentation **CCP Building Products Ltd**

**Sigma  
Roc**

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# SigmaRoc plc company profile

SigmaRoc plc is an AIM quoted company that Invests in, Improves and Integrates companies within the construction materials space in Europe. SigmaRoc presently operates across platforms in the UK and is looking to expand both organically and through acquisition. Its focus is on high quality businesses with significant asset backing where further improvement is possible.

## SigmaRoc: key statistics H1 2018

£19.9m H1 2018 Revenue <b>+52% YoY</b>	£4.8m H1 2018 EBITDA* <b>+104% YoY</b>	£2.8m H1 2018 PBT* <b>+139% YoY</b>
4 Acquisitions to date	2 Platforms created to date	£68m Non-current assets
136.7 Million shares outstanding	£55.3m Market Cap at 40.5 GBp**	£19m Total debt and £20m free capacity

**Source:** SigmaRoc Annual Report 2017, SigmaRoc Admission Document,  
\* Underlying performance numbers, \*\*Market cap close price at 9 November 2018

## SigmaRoc: platforms and locations



**Source:** Management estimates



# A quarrying and concrete products group

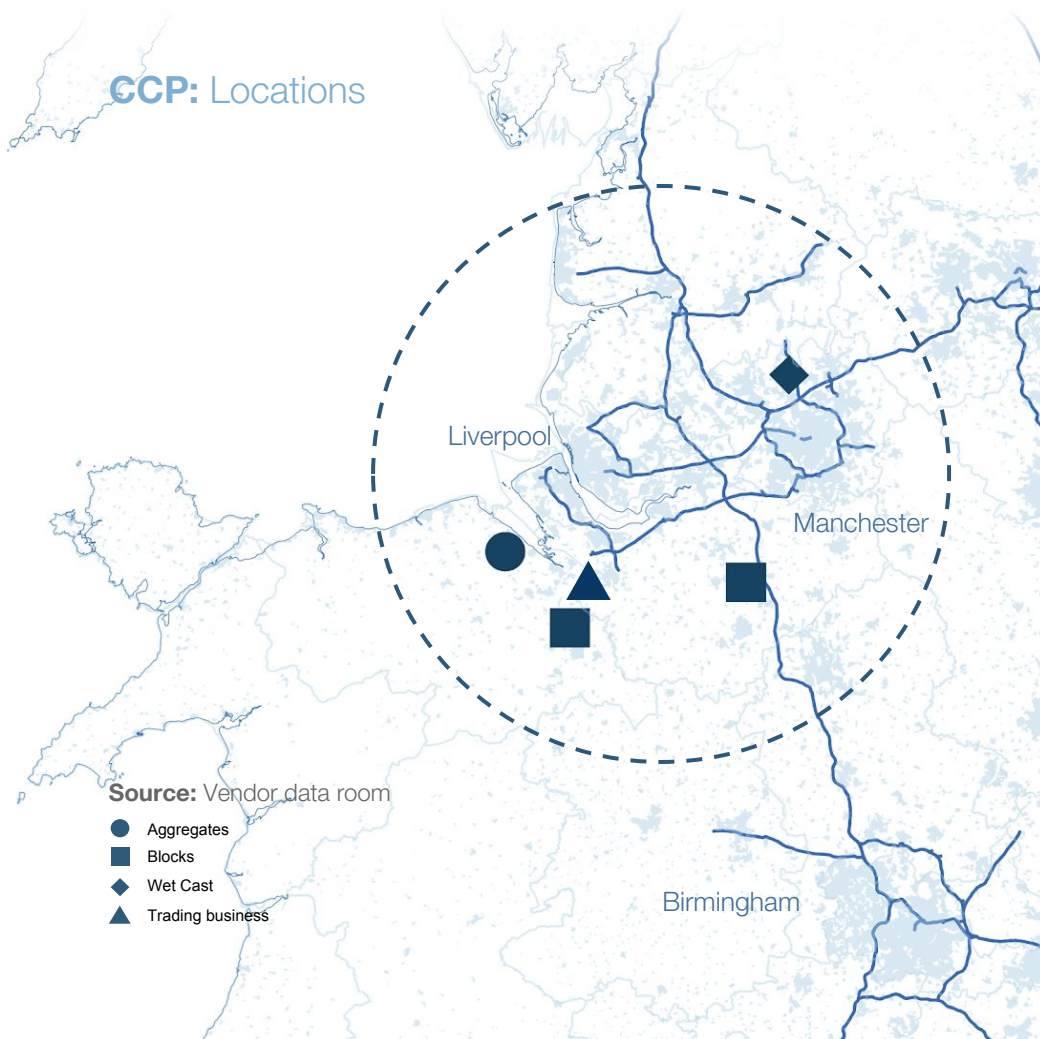
One of the largest independent privately-owned manufacturer and supplier of concrete products and aggregates in the North West of England and North Wales, built on the foundations of 50 years of service to the industry with coverage to the south of Birmingham and to the north of Lancaster. Recent acquisitions of limestone reserves to supply further constituent products used in concrete manufacture, asphalt and other forms of construction activity.

## CCP: Key statistics 2018

1 500kt per year aggregates quarry	3 Production plants	1 Materials trading business
13.9Mt Reserves and resources	18m Blocks produced per year	600k Flags produced per year
> 50 Years of history	>100 Stockist customers	c.£22m Old for new plant replacement value

Source: SigmaRoc plc

## CCP: Locations



Source: Vendor data room

# CCP history from inception to date

Wheelock



Llay Site



Middlewich Site



Trading Business



Aberdo Quarry



## Inception:

Established as  
block and  
brickworks in  
Wheelock

## Sale:

Establishment of  
Middlewich site as  
part of Pochin plc

## MBO:

MBO by current  
management team  
from Pochin plc

## Growth:

Purchase of  
>20,000 sq m Llay  
site from  
Marshalls plc

## Acquisition:

Purchase of Bury  
site for expansion  
into wet cast and  
Flag market

## Amalgamation:

Creation of CCP  
Building Products  
by consolidation of  
sites

## Acquisition:

Purchase of  
500ktpy  
Limestone Quarry  
to secure supply



**1950s**  
*Creation of Ensor  
Group*



**1996**  
*Ensor group sold  
to Pochin plc*



**2005**  
*Management  
Buy Out*



**2011**  
*Purchase of Llay  
operations*



**2015**  
*Purchase of Bury  
operations*



**2016**  
*Creation of CCP*



**2017**  
*Purchase of  
Aberdo Quarry*

# Investment criterion #1: Strong Asset footprint

CCP comes with a very attractive asset footprint with high barriers to entry, including secured internal raw material supply and **setup capital approximately £22m on Llay and Middlewich alone**. The Llay facility, acquired from Marshalls plc, is a fully automated operation with significant expansion potential. The Middlewich operation is a further fully automated plant. Bury adds a positioning north of Manchester, while the quarry and the trading business complete the supply chain.



**Aberdo quarry**

- ◉ Established limestone quarry;
- ◉ 500kt per year production;
- ◉ **13.9Mt of minerals identified;**
- ◉ Full aggregate product offering;
- ◉ Integrated raw materials source;



**Llay block**

- ◉ Former Marshalls plc site;
- ◉ >20,000 sq m automated facility;
- ◉ **>£14m building cost;**
- ◉ Excess existing infrastructure;
- ◉ Extensive block offering;
- ◉ Located south of Liverpool;



**Middlewich block**

- ◉ Former Pochin plc site;
- ◉ 11,000 sq m production facility;
- ◉ **>£8m building costs;**
- ◉ Strong product portfolio;
- ◉ 96% operating efficiency
- ◉ Located south of Manchester;



**Bury flag**

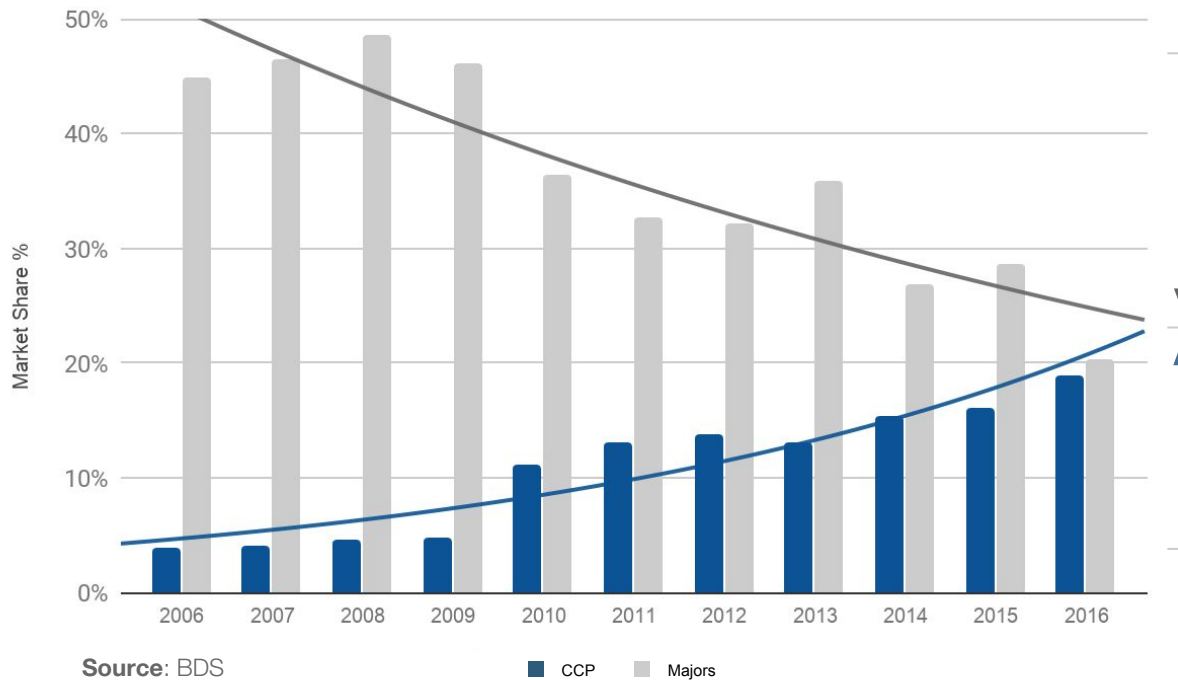
- ◉ Wet press facility;
- ◉ Production of precast products;
- ◉ **British Standards products;**
- ◉ Located north of Manchester;

Source: SigmaRoc plc

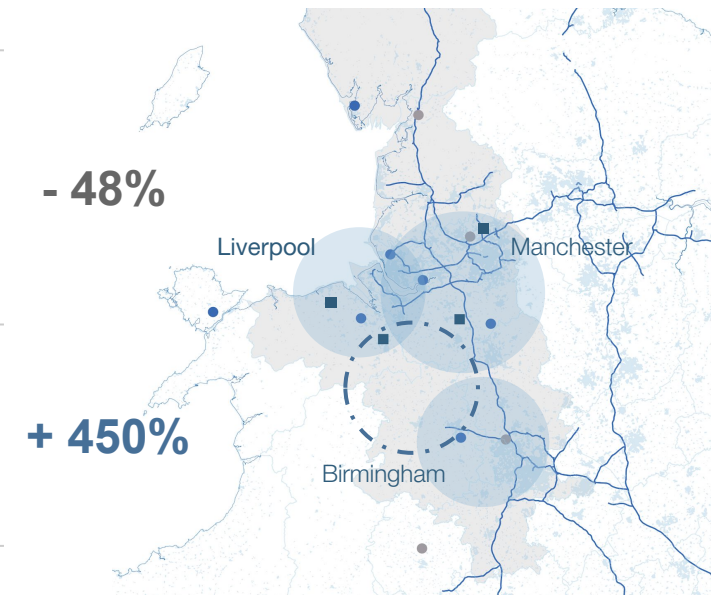
# Investment criterion #2: Strong market presence

Majors have been divesting/closing assets in the North West region as they focus on their core upstream businesses. Independents are taking over that North West market presence through organic growth and acquisitions. CCP has grown in the block market alone to take a 20% market share in the North West region absorbing 60% of the market share abandoned by majors between 2006 and 2016.

## Market share evolution of majors 2006 - 2016



## M6 Corridor and consumption hubs



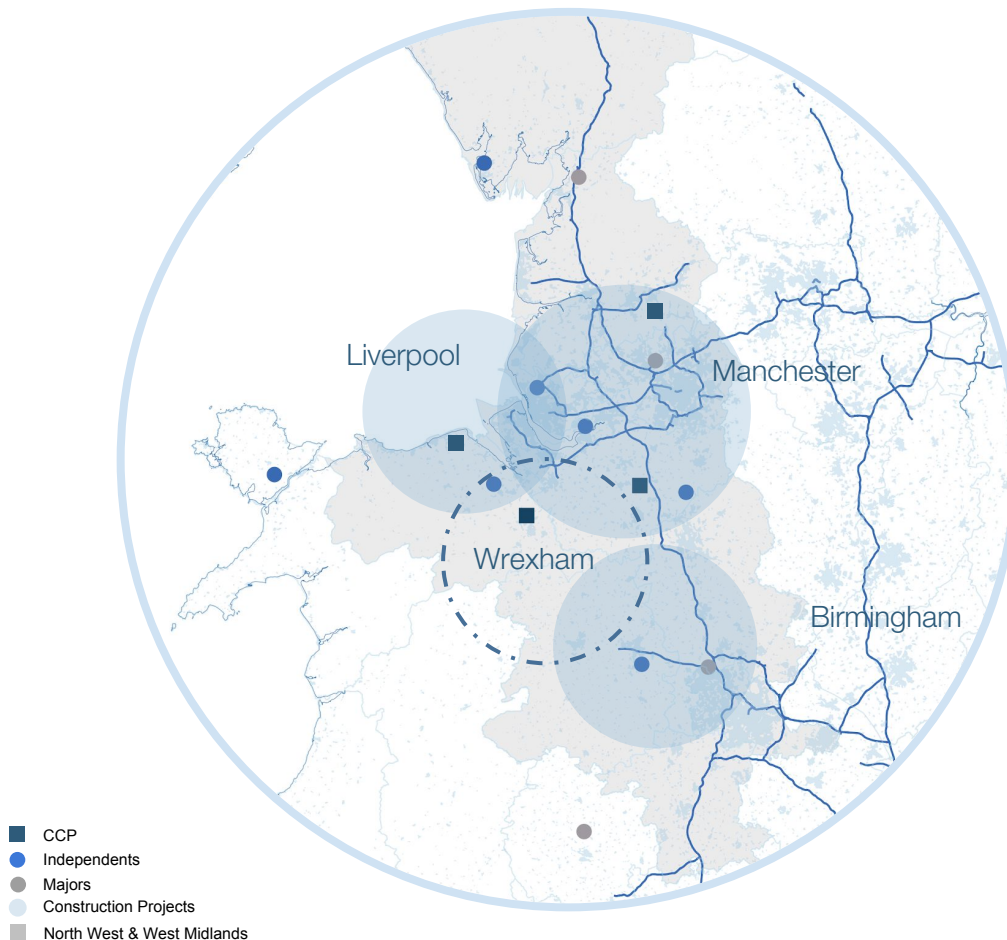
Source: UK Govt, Barbour ABI

- CCP
- Independents
- Majors
- Construction Projects
- North West & West Midlands



# Investment criterion #2: Strong market presence

Region is one of fastest growing in the UK with key focus in residential, commercial and industrial construction, with East Midlands being consumed by HS2 hub. Additionally, the M6 corridor provides access into the North-West and down towards Birmingham as well as the new hub formed around Wrexham.



## Regional construction market

13%	Regional share of UK construction market
£26.7bn	Regional construction projects
+11%	Expected North West construction Growth

## Regional housing market

£6bn	Regional housing projects awarded 2017
+39.7%	Increase in NW residential construction
+9%	Increase in home improvement spend

## Regional commercial and industrial projects

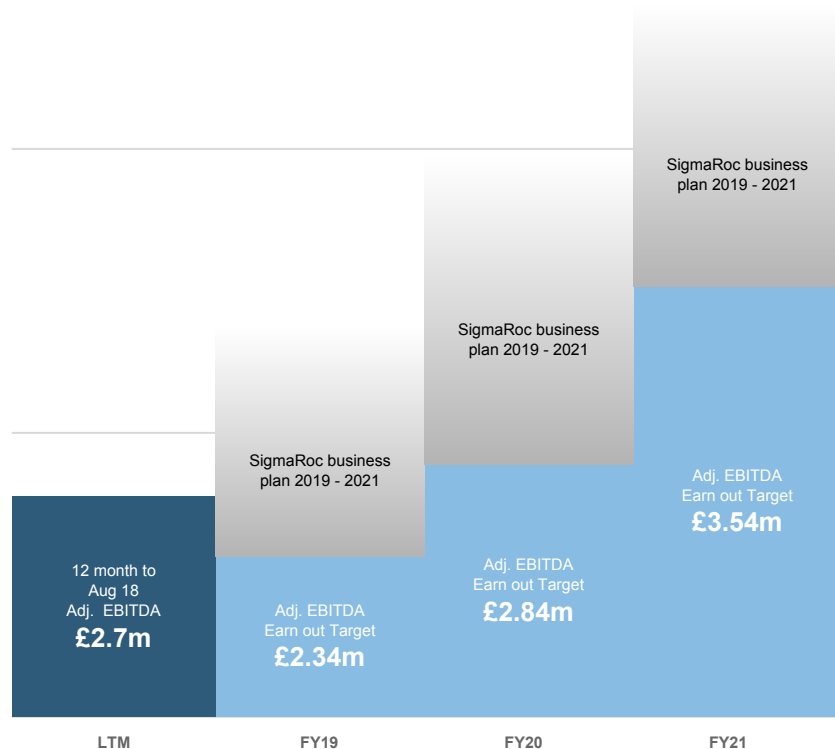
£362m	Top 10 region commercial projects
£172m	Top 10 Region industrial projects
+34.7%	Increase in WM industrial projects

Source: UK Govt, Barbour ABI

# Investment criterion #3: Profitability potential

Growth of EBITDA will be achieved entirely organic which will be driven by the last few years investments and preparations. Preparations have included roll-out of production plans and asset optimisation of the existing plant. The retained team is incentivised to reach these minimum milestones, with a significant part of the total consideration pegged against the targets.

## CCP: Target improvement growth



Source: SigmaRoc plc; Financial year ending 31 May; Management Accounts;

## CCP: SigmaRoc improvement initiatives

	Profitability driver	Timeframe
1	Completion of business restructuring	0 - 3 Months
2	Completion of capital investments	0 - 3 Months
3	Completion of quarry optimisation	0 - 3 Months
4	Focus approach using KPIs	0 - 3 Months
5	Opportunities to run 24hrs	3 - 6 Months
6	Continual capture of market share	0 - 6 Months
7	Expansion of market offering	3 - 12 Months

Source: SigmaRoc plc



# Investment criterion #4: Great strategic fit

CCP is an excellent strategic fit within our Precast platform SigmaPPG. CCP extends our expertise, footprint, product offering and scale. It brings to the existing PPG structure a production hub in the North-West with access into North Wales and the M6 corridor. It adds further commercial and operational experience and through its trading arm increases our overall buying power as a group.

## Invest

- ◉ High quality business;
- ◉ High quality asset footprint;
- ◉ Upside potential through strategic location;

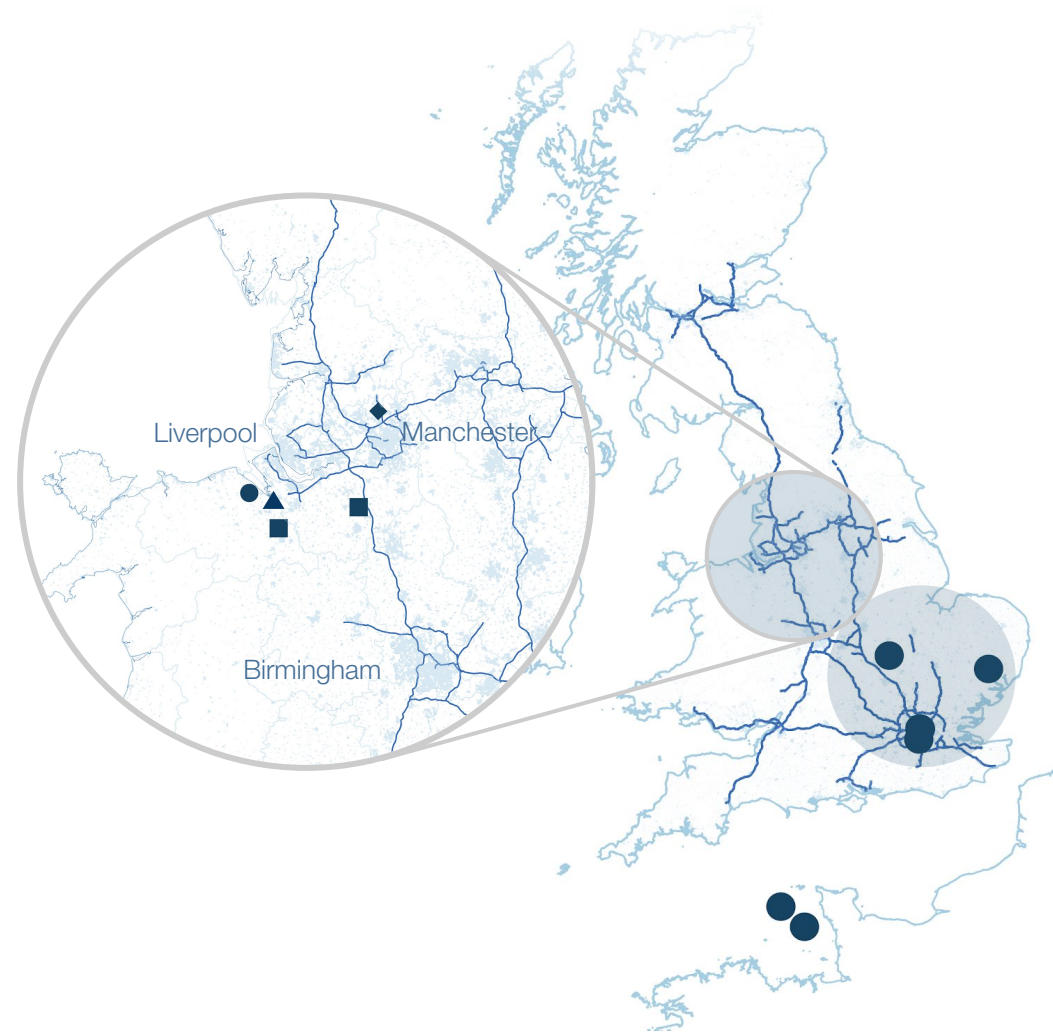
## Improve

- ◉ Deliver on management 3 year growth plan;
- ◉ Assist with expansion of quarrying business;
- ◉ Build out further precast products leveraging PPG platform;

## Integrate

- ◉ Leverage trading business to the benefit of the group;
- ◉ Leverage customer platform to the benefit of PPG as a whole;
- ◉ Leverage expertise brought in through the new business;

**Source:** SigmaRoc plc



# SigmaRoc management and reporting structure

SigmaRoc plc operate a lean management and reporting structure with each platform being managed semi-autonomously by a managing director reporting directly into the CEO. CCP will form part of the SigmaPPG platform sharing competences, customer accounts, product expertise and back-office setup. Details on the retained management team are below.



Source: SigmaRoc plc

# Summary of acquisition rationale

Impressive concrete products and quarrying business based around a major consumption hub in North West. The business was created through an MBO in 2005 and has been developed into a significant supplier. It turned over £20.9m for £2.7m LTM Adj. EBITDA to 31 August 2018.

## Acquisition Checklist

<b>Asset Backing</b>	Asset backed business with freehold land and high barriers to entry;	✓
<b>Market Potential</b>	At the centre of a major consumption hub, the M6 corridor, access to Birmingham and North West;	✓
<b>Market Presence</b>	20% North West market share taken over several years with further strong organic growth potential;	✓
<b>Profit Growth</b>	3 Year budget to 2021 realising organic growth generated through past optimisation investments;	✓
<b>Strategic Fit &amp; Synergies</b>	Fits with SigmaRoc existing precast platform, extending it across the UK with better offering;	✓
<b>Integration &amp; Improvement</b>	Minimal integration work as business runs well and incumbent management remain on earn-out;	✓
<b>Purchase Price</b>	£15.2m at close with further earn-outs driven by EBITDA growth over 3 years;	✓
<b>EPS Growth</b>	Earnings accretive on current performance with significant additional EPS growth as value captured;	✓
<b>Managed Risks</b>	Margin defence in downturn due to high variable costs, lean operating costs and operational gearing.	✓

Source: SigmaRoc plc, Vendor data room, \* FY 2018 ended 31 May 2018





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