

Fox Marble Holdings (FOX LN)

Stock Data

Share Price:	7.875p
Market Cap (M):	£16.9
EV (M):	£19.2

Price Chart



52 Week Range

6.625p	7.875p	13.25p
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Company Summary

Fox Marble Holdings plc is a natural stone extraction company operating in Kosovo and the Balkans region. The Company is currently extracting blocks from the Cervenilla, Malesheva, Prilep and Syrigane quarries and has commissioned a cutting and polishing plant in Kosovo.

MAIN SHAREHOLDERS HOLDING

MAIN SHAREHOLDERS	HOLDING
Dr Albani Etrur	9.29%
Mr Gilbert Christopher	9.07%
Mr Shailesh Patil	8.88%
Milton Group Plc	6.49%
Mr Dominic RN Redfren	5.60%
Artemis Investment	4.52%
Amati Global Investor	4.11%

Source: Bloomberg

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Fox Marble Announces Operational Update

The Event

Fox Marble has announced an operational update ahead of its unaudited interim results for the six months ending 30 June 2018, due to be released on the 25th September. Sales for the 6 month period were €614k, nearly double the 2017 corresponding figure of €329k. It also announced the completion of its first large scale tile orders and the opening of a new showroom for its material in London are important milestones.

Comment

Fox Marble Company entered into an agreement with Rekalis G Gregorios, a supplier of marble based in Greece, for the supply of 3,000 square metres of cut-to-size Alexandrian White marble tiles. This order consisted of more than 8,000 tiles, each measuring 60 x 60 cm and weighing 250t in total.

Another, larger order was to a large scale retailer in Mumbai in India of 7,500 square metres of cut-to-size Alexandrian White marble tiles.

Quarry production for the 6 month period was 5,429t, significantly higher than the 3,817t produced in the previous corresponding period. Furthermore, production levels are expected to increase in the 2H. Sales of block marble are focused primarily on Illirico Selene and Alexandrian White material.

This is a very important step for Fox Marble as the sale of tiles is far more profitable than the sale of blocks. Further, these are small tiles and BHC anticipates that they can be produced from inventory, rather than having to cut fresh material from the quarry. With the ability to produce bespoke tiles at the new factory, BHC expects overall margins should improve and that the tile business will grow in importance over the next 12 months.

The 2H commenced well with a sale of 300t of its Illirico Selene marble to a new Chinese customer following a visit to the quarry site. The customer has indicated their intention to take a further 300t of this material each month for the next 12 months. This is the first significant order from China and represents a breakthrough in that market. Fox understands that this material is for a project that its customer is supplying and will require a minimum of 5,000t to complete the project.

It is intended that the showroom will support the marketing of material to projects in the United Kingdom and Northern Europe. The public has not had an opportunity to view the Fox Marble products since Pisani changed hands and Fox Marble lost access to the showroom.

This is all good news and the holders of the series 3 and 5 Loan notes have subscribed for an additional £300,000 of Loan notes on the same terms as previously announced. This should lead to a significantly better 2H for 2018.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 11 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

Research Disclaimers

Research disclosure as of 02 August 2018

Company Name	Disclosure
Fox Marble Holdings (FOX LN)	1, 2, 3, 7, 8, 9

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