

21 October 2016

Michelmersh Brick Holdings Plc

("MBH" or the "Group")

TRADING UPDATE

Michelmersh Brick Holdings Plc (AIM: MBH), the specialist brick manufacturer and landfill company, today provides a trading update following the third quarter.

The UK brick market has been experiencing falling output and a small increase in despatch volumes as manufacturers respond to market demand. The Group's ability to make the previously expected pricing gains in the second half has been impacted by average selling prices not rising to the levels anticipated and increased competition. Falling average selling prices across the market in 2016 suggest there will be little or no recovery in prices at the start of 2017.

Changes in the materials supply market have required the Group to re-source the carbon additive used in brick manufacturing at Freshfield Lane. Whilst this process has been successful, the higher levels of output yield enjoyed over recent periods are likely to be slightly reduced going forward, being more in line with historic trends.

The landfill licence for the former Dunton brickworks has been granted and associated works completed. The Board expects an economic return on this asset in the coming months.

Due to the above events, the Board has revised its financial expectations for the current year and believes revenue and profit will be at or around a similar level to that report for the full year 2015. The Board is pleased to report that the Group's order book remains strong, 5 per cent. ahead of that at the half year and cost savings have been identified that help to mitigate the effect of negative market trends. The operational issues at the Michelmersh site reported at the half year have also been addressed and the site is moving back to full operational capacity. Cash flow is also strong and the Group expects to meet or exceed the Board's previous cash expectations at the year end.

The Board is committed to continued investment in process and people with a view to provide premium products to a marketplace that demands quality and service. Our cash resources and cash generation allow us to seek investments that improve efficiency and continue to reward investors with a steady growth in dividends. The Board reaffirms that strong long-term

housebuilding and RMI market fundamentals remain in place for the foreseeable future and that the Group is well positioned to grow market share in the coming years.

The results for the full year are scheduled for release on 20 March 2017.

This announcement contains inside information.

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About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with five market leading brands: Blockleys, Charnwood, Freshfield Lane, Michelmersh and Hathern Terra Cotta. These divisions operate within a fully integrated business combining the manufacture of clay bricks, tiles and pavers. The Group also includes a landfill operator, New Acres Limited, and seeks to develop future landfill and development opportunities on ancillary land assets.

Established in 1997 the Company has grown through acquisition and organic growth into a profitable and asset rich business, producing approximately 72 million clay bricks, tiles and pavers per annum. MBH currently owns most of the UK's premium manufacturing brands and is a leading specification brick and clay paving manufacturer.

Michelmersh strives to be a well invested, long term, sustainable, environmentally responsible business. Opportunity, training and security for all employees, whilst meeting the needs of stakeholders are at the forefront of everything we do. We aim to lead the way in producing some of Britain's premium clay products and enhancing our built environment by adding value to the architectural landscape for generations to come.

We are Michelmersh Brick Holdings PLC: we are "Britain's Brick Specialist".

Please visit the Group's websites at: www.mbhplc.co.uk and www.bimbricks.com