

INTERIM RESULTS
PRESENTATION
2018



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Presentation Team

Frank Hanna - Joint CEO

Stephen Morgan - Group Finance Director

BRITAIN'S BRICK SPECIALIST

Michelmersh strives to be a well-invested, long-term, sustainable and environmentally responsible business, dedicated to delivering quality products to its long-term customer base. The Group aims to provide training, security and career progression for all of its employees, whilst acting as a responsible corporate citizen and keeping stakeholder value at the forefront of every decision. The Group aims to lead the way in producing Britain's premium clay products, enhancing the built environment and adding value to the architectural landscape for generations to come.

Financial Highlights H1 2018

TURNOVER

+43%

GROSS MARGIN

+4.8%

UNDERLYING EBIT

+70%

UNDERLYING EBITDA

+87%

UNDERLYING PBT

+57%

UNDERLYING EPS

+60%

INTERIM DIVIDEND

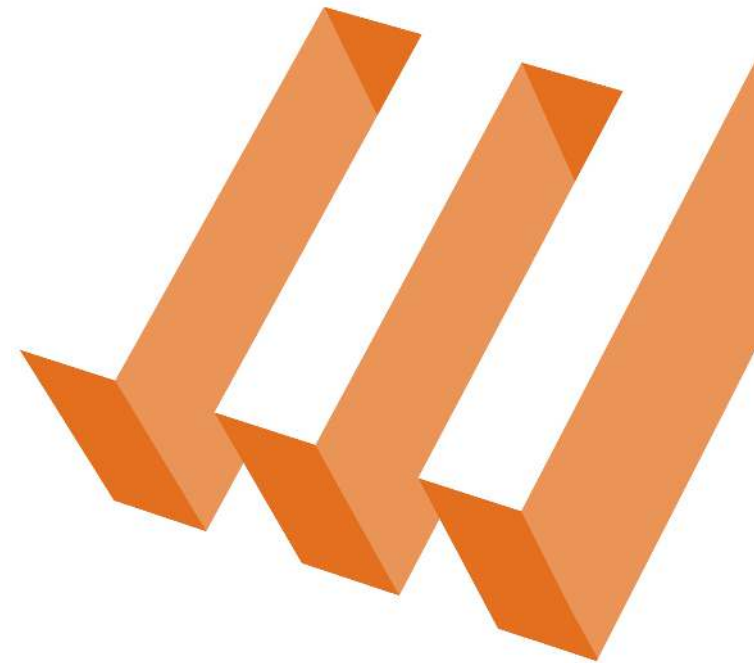
+51%

CASHFLOW FROM OPERATIONS

+135%

Corporate Highlights H1 2018

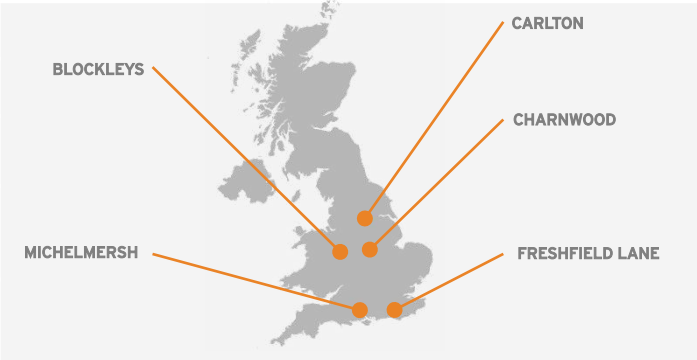
- Full operational integration of the Carlton plant
- Successful restructure of operations at the Michelmersh plant
- Strong, balanced forward order book into Q1 2019 - 10.5% ahead of H1 2017
- Contract signed for Carlton project targeting enhanced efficiency & output
- New, key, high-value products introduced to the market
- Increased dividend



Michelmersh Brick Holdings plc

We are not the market...we ensure the right volume of the right product for the right sector

- Manufacturer of diverse premium brick product - 100m+
- Three lifetime revenue sources - bricks, landfill, investment land
- Margin focus, not market share
- Market leading Terra Cotta business
- Strong core market - RMI, Housing, Commercial, Urban Regeneration
- Robust distribution policy - pioneering Select Order Process
- Industry leading BIM Bricks brand

SITE	PRODUCT	OUTPUT (M)	STRONG REGIONAL AND NATIONAL PROFILE
Blockleys	Wirecut Bricks / Clay Pavers	23	
Michelmersh	Hampshire Stock Bricks / Roof Tiles	7	
Carlton	Wirecut Bricks	36	
Charnwood	Handmade Stock Bricks / Bespoke Terra Cotta	4	
Freshfield Lane	Clamp-fired Stock Bricks	34	

Award Winning

Enhancing the built environment

BRICK AWARDS 2017

- Best Urban Regeneration
- Large Housing Development
- BDA Supreme Award



RIBA AWARDS 2018

- RIBA London Award 2018
- RIBA National Award 2018



NLA AWARDS 2018

- New London Architecture Award
- British Construction Industry Award



Income Statement H1 2018

	UNDERLYING H1 2018 £M	ADJS ¹ £M	STATUTORY H1 2018 £M	H1 2017 £M	FULL YEAR 2017 £M
Turnover	23.1		23.1	16.2	37.9
Gross profit	9.4		9.4	5.8	13.4
Gross margin	40.4%		40.4%	35.6	35.3%
Central costs	(5.3)	0.9	(6.3)	(3.4)	(8.6)
Other income	0.1		0.1	-	-
Operating profit	4.1		3.2	2.4	4.9
EBITDA	5.6		4.7	3.0	7.3
Finance (expense)/income	(0.3)		(0.3)	-	(0.3)
Exceptional aqn charges	-		-	(1.0)	(1.2)
Profit before tax	3.8		2.9	1.4	3.3
Earnings per share	4.2p		2.55p	1.35p	2.64p

¹ relates to the change of manufacturing operations at the Michelmersh plant - exceptional costs of redundancy and write down of fixed plant

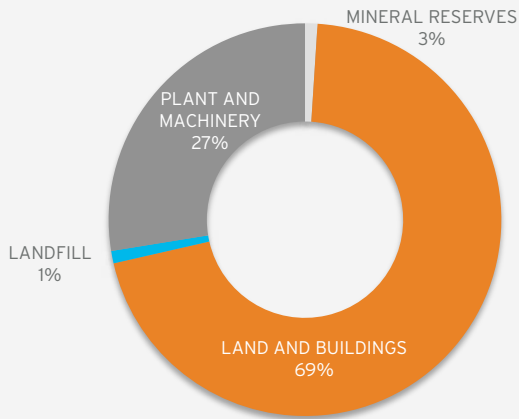
Balance Sheet 30 June 2018

	2018 31 DEC £M	2017 30 JUNE £M	2017 31 DEC £M
Intangible fixed assets	23.5	23.7	24.1
Tangible fixed assets	51.5	50.4	52.6
Net working capital	11.9	8.7	8.8
Net (debt)/cash	(18.1)	(20.7)	(17.5)
Deferred tax	(8.5)	(5.5)	(8.6)
NET ASSETS	60.1	56.6	59.4
NAV per share	69.7 p	65.7 p	68.9 p

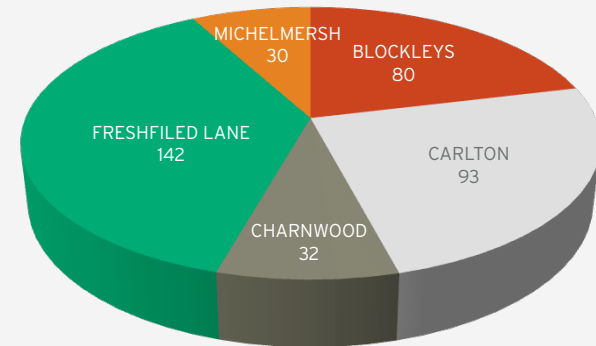
Fixed Asset Summary 2018

Strong asset base

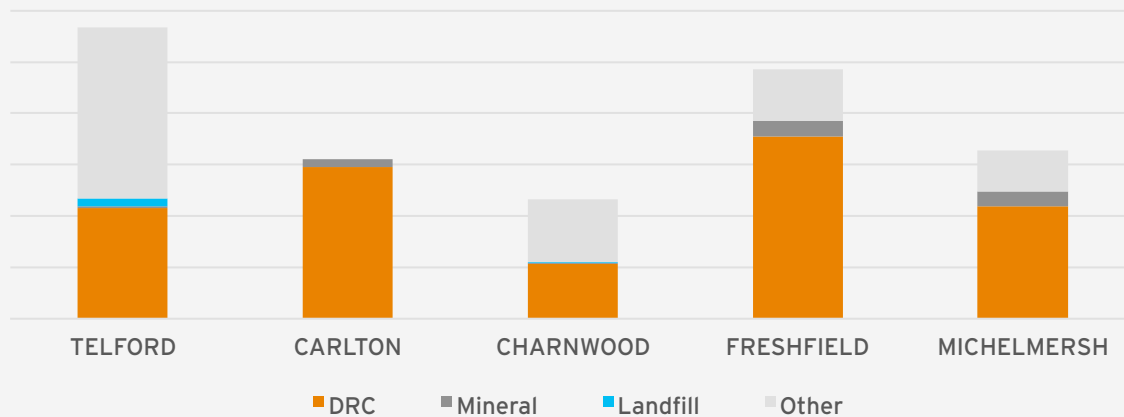
FIXED ASSETS AT 31 DECEMBER 2017



LANDHOLDINGS (ACRES)



FIXED ASSETS AT 31 DECEMBER 2017



Cash Flow Summary H1 2018

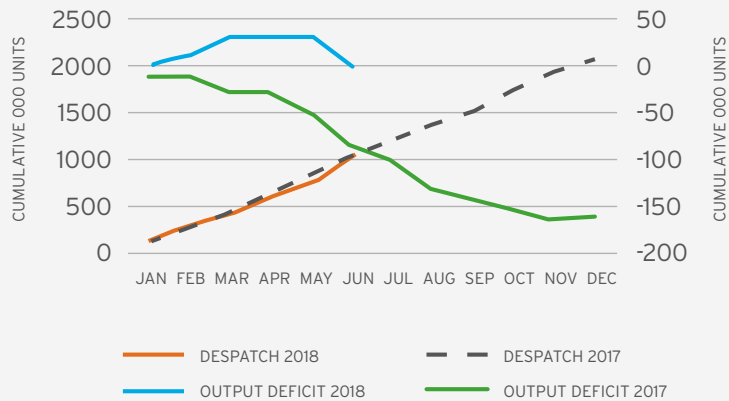
	H1 2018 £m	H1 2017 £m	Full year 2017 £m
Net cash generated by operations	2.7	1.1	6.9
Tax paid	(0.9)	(0.4)	(1.8)
Interest paid	(0.3)	-	(0.3)
Purchase of property, plant and equipment	(0.3)	(0.3)	(1.0)
Proceeds of sale of investments/fixed assets	-	2.7	2.8
Acquisition of Carlton	-	(23.7)	(23.7)
Net (reduction)/increase in debt	(0.9)	24.0	18.1
Dividend paid	(1.9)	(1.6)	(1.6)
Net (decrease)/increase in cash and cash equivalents	(1.6)	1.8	(0.6)
Net debt	(18.1)	(20.7)	(17.5)
EBITDA Multiple (LTM - Underlying)	1.6	3.4	2.0

- Strong net cash generated by operations will continue to drive down net debt
- Increase in net debt at 30 June 2018 reflects seasonal cash flow and dividend payment cycle

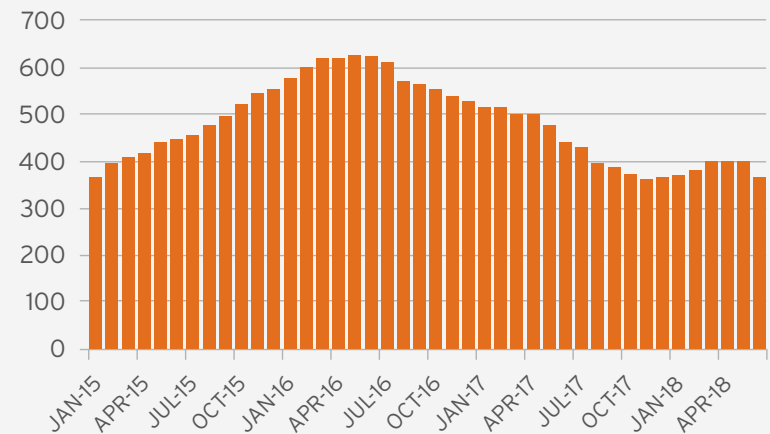
UK Brick Manufacturing - Current Trends

Logical market - market equilibrium

2017 AND 2018 CUMULATIVE OUTPUT AND EXCESS OVER OUTPUT



INDUSTRY BRICK STOCKS (MILLION)

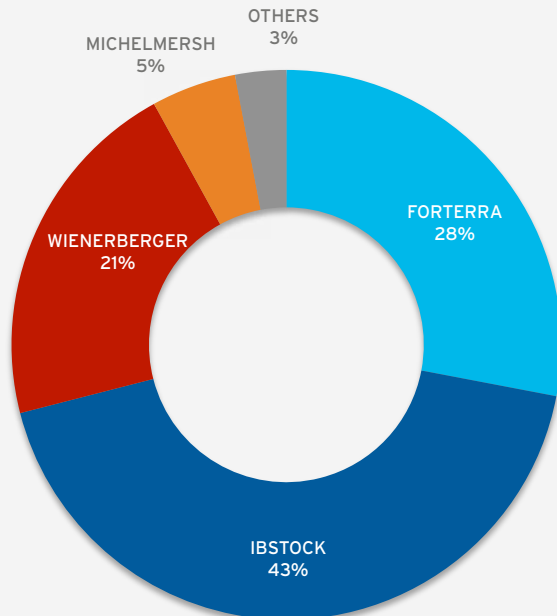


Source: BIS

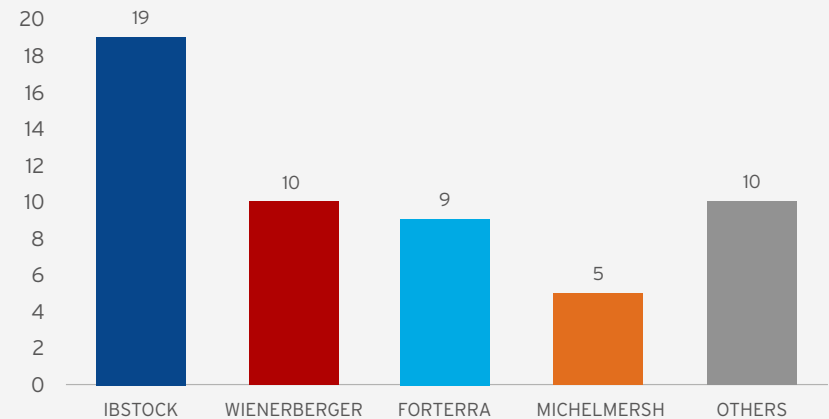
- Output to June - up 7.5% over 2017 - Despatches down by 1.5%
- H1 Output = Despatches
- Imports in 2017 up 26% over 2016; Q1 18 +50% on Q1 17

UK Brick Manufacturing - Market

UK BRICK MANUFACTURERS MARKET SHARE



UK BRICK WORKS



Source: Published statistics and management estimates

- UK brick manufacturing highly concentrated
- UK Capacity c. 2billion
- Michelmersh ASP at a premium of 35% of market

Market Fundamentals

UK Housing Dynamics

STRONG DEMAND FOR NEW HOUSING

- Continued shortage of new housing from long-term underbuilding
- Mortgage availability remains good
- Government committed to increasing housing supply
- Supportive Government policies (Help to Buy) remain in place

MAJOR UK POLITICAL PARTIES ALL WEDDED TO INCREASED HOUSING

- 'Help to Buy' in place until 2021
- 1 million new homes to be built between 2015-2020
- Further 500,000 new homes between 2020-2022
- 100,000 affordable publicly owned homes pa by 2023

REPAIRS MAINTENANCE & IMPROVEMENT

- Ageing UK housing stock increasing our RMI opportunity
- Back drop of low interest rates & stamp duty driving our RMI
- Infrastructure projects such as HS2 etc.



— GB HOUSEHOLD FORMATIONS (000'S)

■ GB HOUSING COMPLETIONS (000'S)

Source: CPA

Michelmersh Brick Holdings - Outlook

We are not the market... we ensure the right volume of the right product for the right sector

INDUSTRY

- Continued constrained market capacity
- Barriers to entry
- Continued demand for residential development and latent RMI market

MICHELMERSH

- Positive outlook - looking to capitalise on the 12 month success of enlarged Group
- Conversion of strong balanced order book covering RMI, housing, specification and commercial sectors
- Continued focus on capital projects to further enhance efficiencies and output across our plants
- Manage debt down in balance with efficiency based investment
- Maintain a balanced and strong progressive dividend stream
- Board is confident of meeting market expectations for the full year





APPENDICES

Company Overview

- AIM listed group, current market cap circa £75m
- Operates five active brickworks and produces 100+ million bricks
- The fourth largest manufacturer of bricks (by volume) in the UK, with a 5.5% market share
- Seven market leading brands
- Market leader in the premium sector
- Employs c. 340 people



The case for Brickwork

Why Brick is the UK's external cladding material of choice

DEVELOPER/RMI/SPECIFIERS	END USER/CUSTOMERS/CLIENTS
<ul style="list-style-type: none">▪ Low cost & strong value at point of use▪ Forgiving of tolerance▪ Suits UK vernacular▪ Favoured by planners▪ Tried and tested against standards (e.g. NHBC)▪ BIM▪ Established strong supply chain	<ul style="list-style-type: none">▪ Low Maintenance/low cost of ownership▪ Durability▪ Aesthetics▪ Matches existing residential landscape▪ Financially underwritten▪ Certainty and longevity▪ Competitive whole life cost

Company Overview

Proven track record of business integration and cross selling

- 1997** Group established
Acquired Dunton Brothers and Michelmersh Brick & Tile
- 1999** Acquired Charnwood Forest Brick
- 2000** Acquired Blockleys Brick
- 2004** Admission to trading on AIM
- 2007** Competitive offer for Baggeridge Brick
- 2009** Hathern Terra Cotta launched
- 2010** Acquired Freshfield Lane Brickworks Limited (FLB)
Planning consent achieved for 168 units on 16 acres at Telford
- 2013** Sale of factory site to Bovis Homes
Closure of Dunton site
Raised £10m (£9.6m) through share placing
- 2014** Project to expand capacity of Freshfield Lane by 20% commenced
- 2015** Freshfield Lane project completed
- 2017** Sale of Dunton Landfill Site
- 2017** Acquisition of Carlton Brickworks




Why Michelmersh is Different

Our positive impact on our built environment

Building Information Modelling



New Products




Charnwood™

Adding even more choice to the diverse range of Charnwood products, a new handmade facing brick is now available.


The Oxbridge Yellow Multi facing is characterised by its handmade creasing, making each brick unique. It is available in both coarse and fine textured finishes and in a range of metric and imperial sizes to suit every project.

Its warm tones complement contemporary architectural styles whilst also matching the prestigious vernacular and conservation archetype common throughout England.

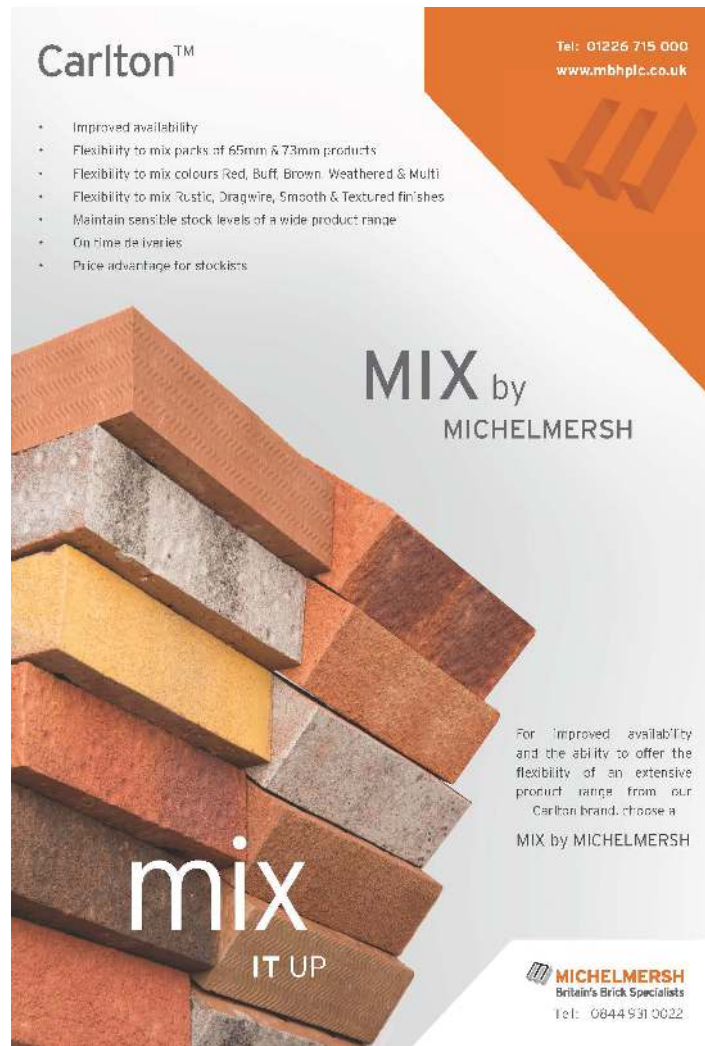
**OXBRIDGE
YELLOW MULTI**



www.mbhplc.co.uk
Tel: 0844 99 0022

 **MICHELMERSH**
Britain's Brick Specialists

Market Initiatives



Carlton™


- Improved availability
- Flexibility to mix packs of 65mm & 73mm products
- Flexibility to mix colours (Red, Buff, Brown, Weathered & Multi)
- Flexibility to mix (Rustic, Dragwire, Smooth & Textured finishes)
- Maintain sensible stock levels of a wide product range
- On time deliveries
- Price advantage for stockists

Tel: 01226 715 000
www.mbhplc.co.uk

MIX by
MICHELMERSH

For improved availability and the ability to offer the flexibility of an extensive product range from our Carlton brand, choose a
MIX by MICHELMERSH

mix
IT UP

 **MICHELMERSH**
Britain's Brick Specialists
Tel: 0844 931 0022

Urban Regeneration

Trafalgar Place



New Appartments

Kidbrooke Village



Social Housing

Dujardin Mews



Aspirational Client Build

Octagon



Housing

Blue Ball Hill



Education Sector

Dunaskin Student Accommodation



Health Care

Evelina Hospital - Ronald McDonald House



Public Services

Nottingham Fire Station



Local Authority

Riverside



Preserving Britain's Prestigious Buildings



Capital Projects - Improving efficiency & output



Biographies

Frank Hanna, Joint CEO

Frank Hanna has over 25 years of brick industry experience. Frank joined Freshfield Lane Brickworks Limited ("FLB") in 1991 having formerly worked for Lesser D&B and Hanson Brick Ltd. Frank was appointed to the Board of FLB in 1996 as sales and technical director before becoming a shareholder in 2000. He was appointed as a Director of the Company on 30 March 2010 and became Joint Chief Executive on 1 January 2016. Frank has chaired both the Brick Federation and PWP within the Brick Development Association and is currently a main board Director of the Brick Development Association.

Peter Sharp, Joint CEO

Peter Sharp has been in the industry for 33 years including 13 with Michelmersh and 14 years with Ibstock Brick holding various senior management positions. He is a member of the Institute of Directors and the Institute of Materials Minerals and Mining. Peter is also a board Director of the British Ceramic Confederation, the trade body for the ceramic industry. He joined the Board in May 2011 and became Joint Chief Executive on 1 January 2016.

Steve Morgan, Finance Director

Steve Morgan is a Chartered Accountant having trained with KPMG. He was previously Finance Director and Company Secretary at an AIM listed property company where he experienced a range of corporate acquisitions and disposals. He joined Michelmersh in August 2010 as Interim Finance Director and Company Secretary and was appointed as Finance Director and Company Secretary on 9 November 2010.

Biographies - Non-executive Directors

Martin Warner, Chairman

Martin formed MBH with Eric Gadsden in 1997 and served as Chief Executive and subsequently non-executive Chairman from May 2017. Martin is a Fellow of the Royal Institution of Chartered Surveyors, a member of the Audit and Remuneration Committees and Chairman of the Brick Development Association. He is also a non-executive director of the Aberforth Smaller Companies Trust plc.

Bob Carlton-Porter, Non-Executive Director

An Associate of the Chartered Institute of Bankers, a Fellow of the Association of Corporate Treasurers, and a Fellow of the Chartered Institute of Marketing, Bob is an international industrialist with over 40 years' experience as a financial and commercial director. Following positions in banking, the food and commodity industry, he joined Hoechst AG in finance and treasury, leaving to join English China Clays plc as group Finance Director. Over the years, he has chaired listed companies in the property sector, latterly Newport Holdings plc, ARAM Resources PLC and ROK Property Solutions PLC. Bob is chairman of the Audit and Remuneration Committees.

Stephen Bellamy, Non-Executive Director

Steve Bellamy was appointed to the Board on 1 February 2018. He has been Chairman and non-executive director to a wide range of both public and private companies and Chairman of and advisor to Investment Committees and capital providers. Steve is currently also Chairman of Becrypt Limited, Chairman of Concirrus Limited and NED and Audit Chair of, AIM 30, Advanced Medical Solutions Group plc. He was previously COO and Finance Director of Sherwood International Plc, and UK Investment Director of Brierley Investments, and worked at Coopers & Lybrand (now PwC) in New Zealand and New York. He is a New Zealand Chartered Accountant.



MICHELMERSH
Britain's Brick Specialists

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