



2020 Interim Results

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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.

Michelmersh Brick Holdings plc

120m+

Manufacturer of diverse premium brick products

Strong core market

RMI, Housing, Commercial, Urban Regeneration, Specification

3 lifetime revenue sources

- Bricks
- Landfill
- Investment land

Robust distribution policy

Pioneering Select Order Process

Margin focus

Not market share

Industry Leading

BIM Bricks brand V3



Site	Product	Output (M)
1. Blockleys	Wirecut Bricks / Clay Pavers	23
2. Carlton	Wirecut Bricks	36
3. Charnwood	Handmade Stock Bricks / Bespoke Terra Cotta	4
4. Floren.be	Specification Wirecut Bricks	19.5*
5. Freshfield Lane	Clamp-Fired Stock Bricks	34
6. Michelmersh	Hampshire Stock Bricks	7

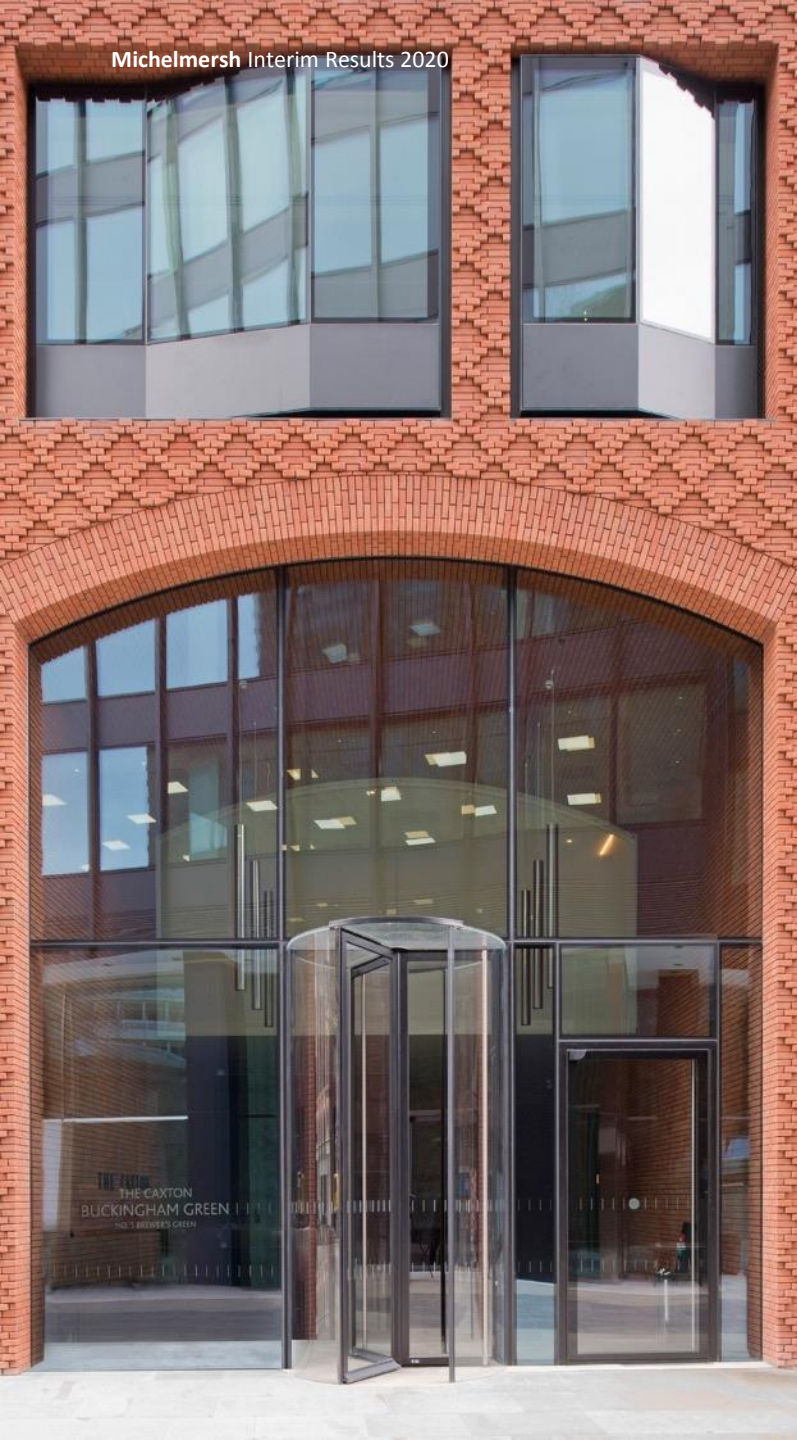
Highlights – At a glance

- Strong initial start to 2020
- Robust management of COVID-19 crisis
- Swift and effective return to work after COVID-19 instigated suspension of operations
- Profitable 6 month period despite COVID-19
- Cash preservation actions and trading cash generation leave Group with significant cash balances and no deterioration in net debt
- Healthy and balanced H2 forward order book in line with same period last year



H1 2020 Financial Highlights

2019 Comparative



Turnover	Underlying Gross Margin	Underlying EBIT
£22.5m	38.8%	£2.9m
£27.2m	41.9%	£5.4m
Underlying EBITDA	Reported PBT	Cashflow from operations
£4.4m	£2.0m	£2.9m
£7.0m	£4.0m	£6.1m
Basic EPS	Underlying EPS	NAV
1.74p	2.36p	83.2p
3.36p	4.55p	75.1p

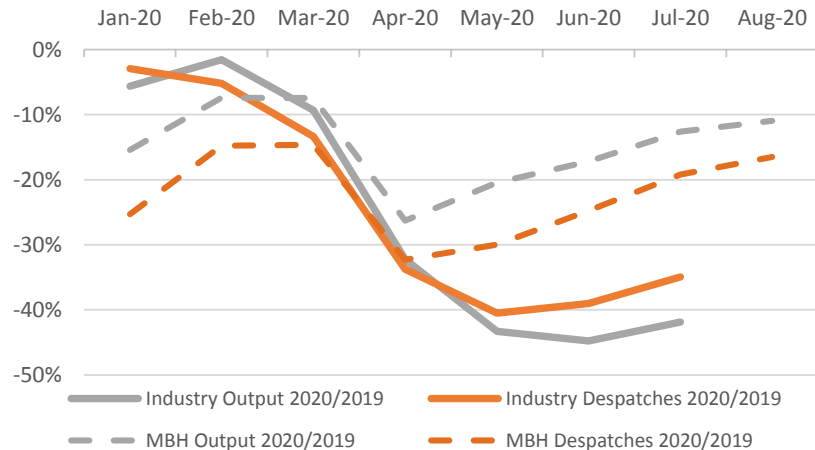


COVID-19 – Update

- Employee and stakeholder welfare and safety paramount
- Group response to virus was measured, swift and effective
- Orderly safe return to full production at all plants after 4 weeks
- Strong financial position - substantial cash and good covenant headroom
- COVID-19 safe workplace status –
 - Ongoing monitoring of employees in vulnerable groups
 - Measured and progressive return to office environment now complete

Industry and MBH Cumulative Output and Despatches 2020

Source BIS and Company



Inspired Architecture



Caxton, Buckingham Green



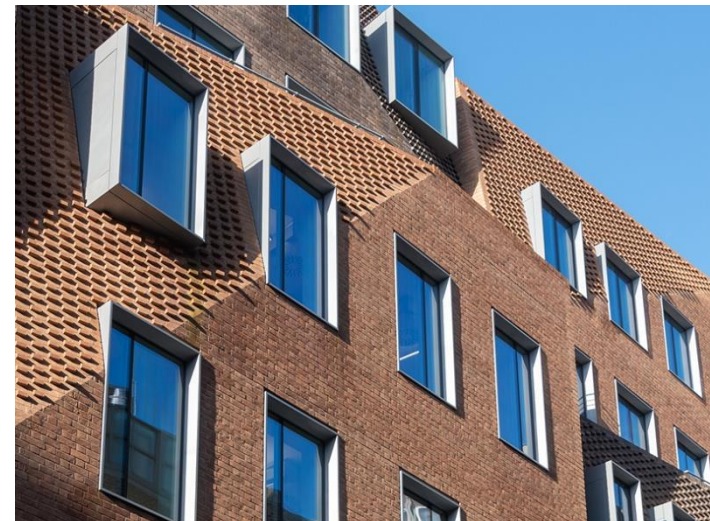
Brighton College



Charterhouse Science Centre



Hobhouse Court



Income statement 2020

	H1 2020/H1 2019	UNDERLYING H1 2020 £M	UNDERLYING H1 2019 £M	12 Months to 31 December 2019 £M
Turnover	-17.3%	22.5	27.2	53.5
Gross profit	-23.7%	8.7	11.4	21.9
Gross margin	-3.1%	38.8%	41.9%	40.9%
Central costs¹	-3.4%	(5.8)	(6.0)	(11.8)
Other income	-	-	0.1	0.2
Bargain Purchase/ acquisition costs	-	-	-	1.8
Operating profit¹	-45.9%	2.9	5.4	12.2
EBITDA	-36.4%	4.4	7.0	13.7
Finance expense	-	(0.3)	(0.3)	(0.7)
Profit before tax¹	-48.8%	2.6	5.1	11.5
Basic Earnings per share	-48.1%	2.36p	4.55p	8.87p

¹ Excluding amortisation of intangible assets

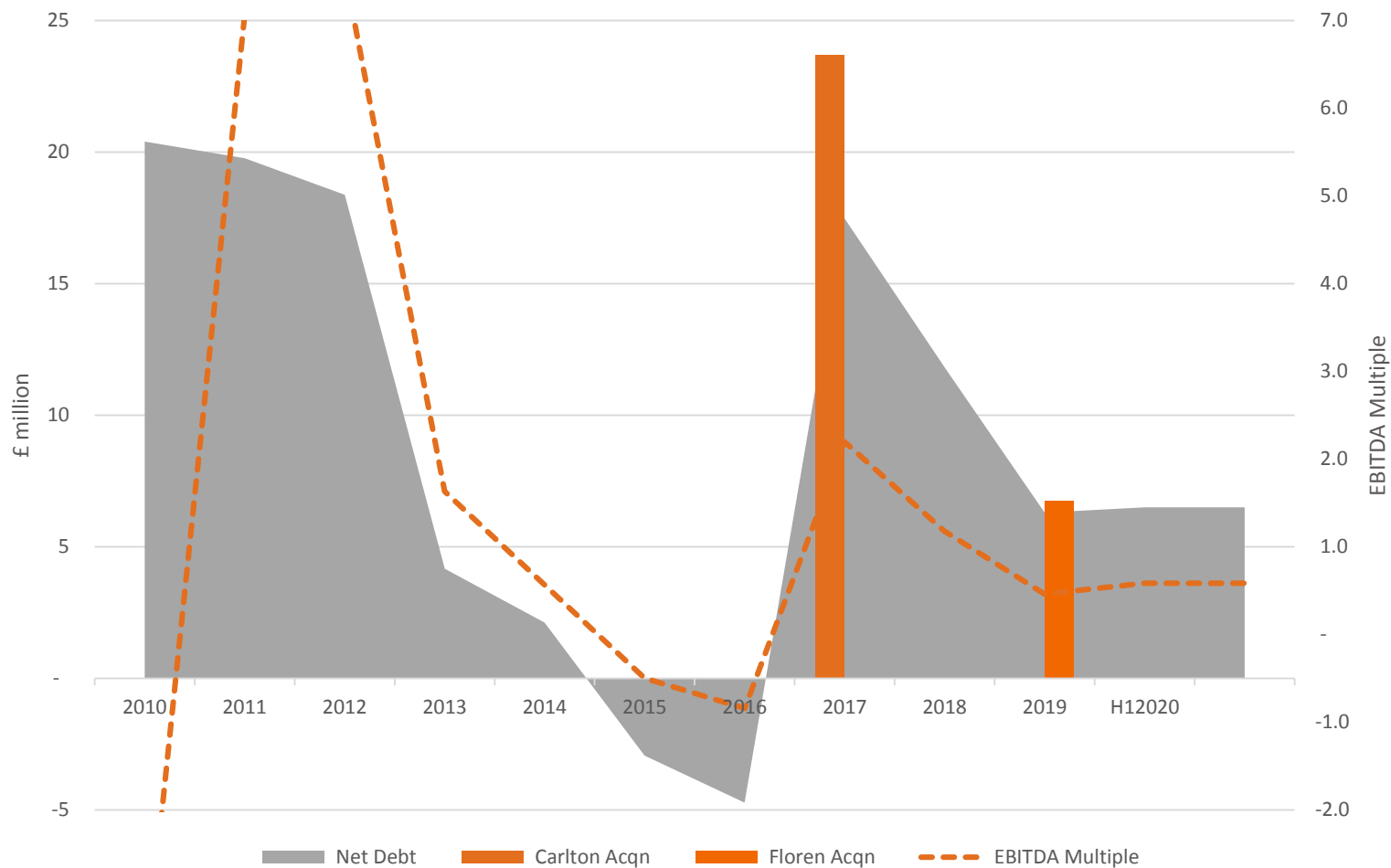
Balance Sheet 30 June 2020

	2020 30 June £M	2019 30 June £M	2019 31 Dec £M
Intangible fixed assets	22.0	22.4	22.6
Tangible fixed assets	64.8	64.3	65.3
Net working capital	10.7	9.7	7.6
Net debt	(6.5)	(13.8)	(6.3)
Lease liability	(1.1)	(1.3)	(1.2)
Deferred Tax	(11.9)	(11.9)	(11.9)
NET ASSETS	78.0	69.4	76.1
NAV per share	83.2 p	75.1 p	82.3 p

Cash Flow Summary 2020

	H1 2020 £M	H1 2019 £M
Net cash generated by operations	2.9	6.1
Tax paid	(0.8)	(0.8)
Interest paid	(0.3)	(0.3)
Purchase of property, plant and equipment	(0.6)	(0.8)
Debt repaid	(1.2)	(1.4)
Dividend paid	(0.8)	(2.5)
	(0.8)	0.3
Proceeds of share placement	-	4.7
Acquisition of Floren (net of cash acquired)	-	(6.8)
Loan drawn	3.0	5.3
Net increase in cash & cash equivalents	2.2	3.6
Net debt	(6.5)	(13.8)

Debt Profile 2010 - 2020

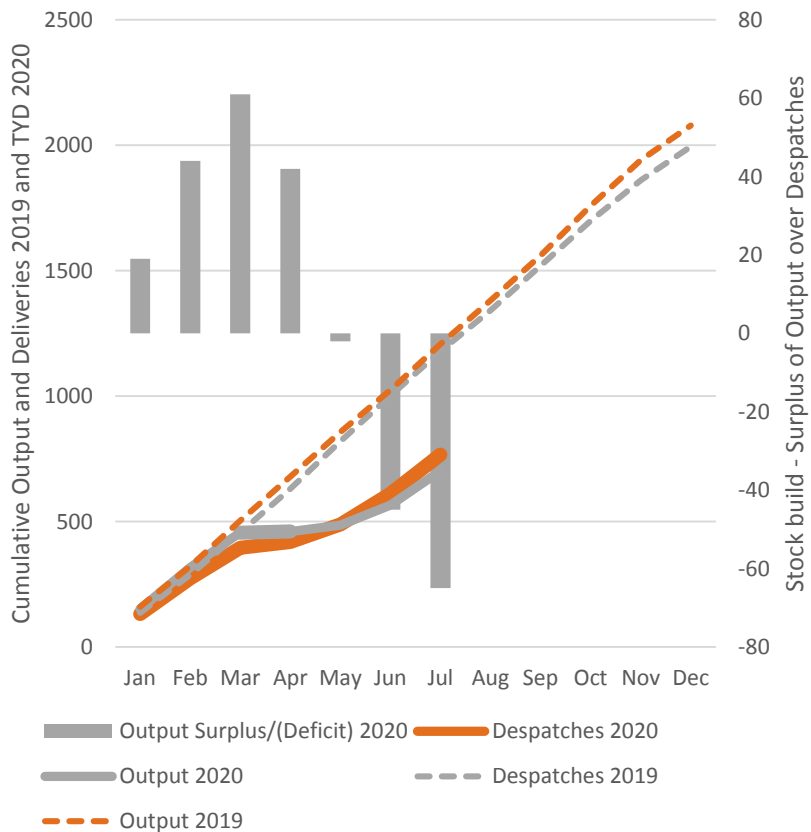


UK Brick Manufacturing – Current Trends

COVID-19 Impact on output and deliveries

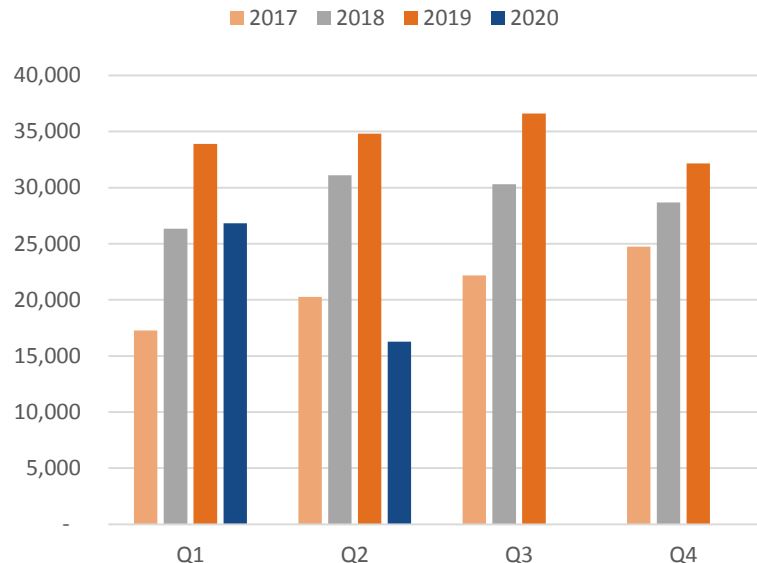
2019 & 2020 Cumulative output and excess over output

(Source;BIS)



UK Brick Imports 2017-2020

(Source;BIS)



- Impact of COVID-19 immediate in March
- At July 2020 YOY despatches down 35% and output down 42%
- Industry stocks depleted through H1 – at June 379 million equivalent to 10 weeks industry capacity
- Imports reduced 53% in Q220 over Q219 – down 35% for the half year

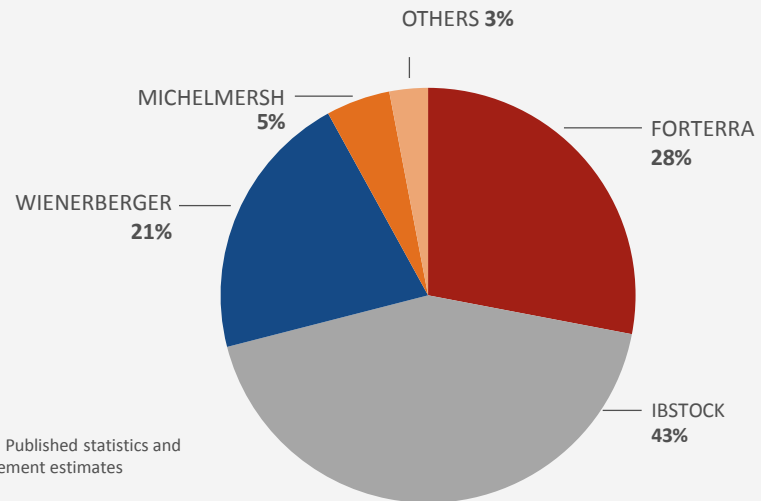
UK brick manufacturing highly concentrated

UK capacity c. 2.1 billion

Michelmersh ASP at a premium of 35% of market

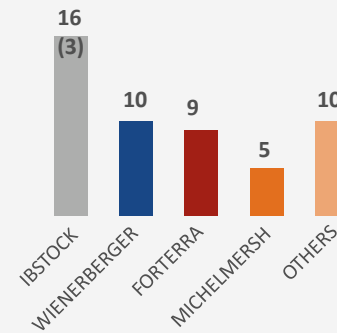
Market Structure

UK brick manufacturers Market Share



Source: Published statistics and management estimates

UK Brick works



Market Fundamentals

UK Housing Dynamics

Strong demand for new housing

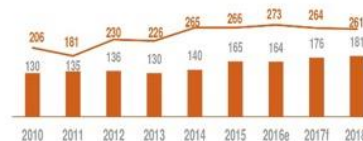
- Government commitment to construction as a weapon to re-ignite the economy
- Post COVID-19 housing demand
- Continued shortage of new housing from long-term underbuilding
- Mortgage availability remains good & Interest rates favourable
- Supportive Government policies (Help to Buy) remain in place

Major UK political parties all wedded to increased housing

- Government & Labour both committed to increasing housing supply
- Stamp duty holiday
- Proposed planning reforms
- ‘Help to Buy’ in place until 2023
- Additional 500,000 new homes between 2020-2022
- 100,000 affordable publicly owned homes pa by 2023
- Renewed commitment to Social Housing schemes

Repairs maintenance & improvement

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



GB Household Formations (000'S)
 GB Household Completions (000'S)
 Source: CPA

Outlook

Industry

- Continued constrained UK market capacity
- Recent sector restructure leading to some plant closures
- Complex barriers to entry
- Continued demand for residential development and latent RMI market

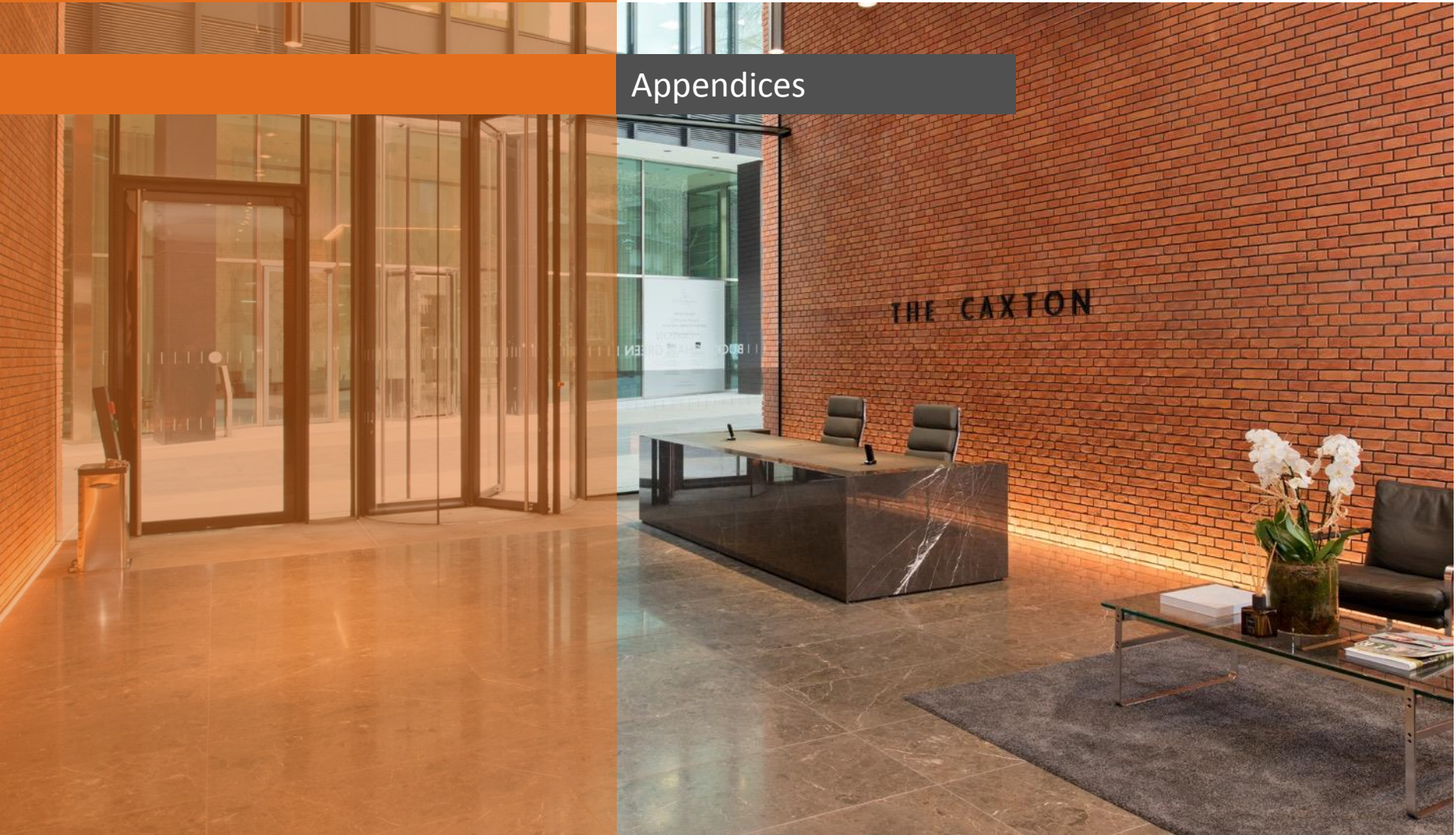
Michelmersh



Langley Square

- Positive outlook – looking to capitalise on the recent success of enlarged Group with enhanced geography
- Conversion of strong H2 order book covering RMI, housing, specification and commercial sectors
- Manage debt down in balance with efficiency based investment
- Return to a balanced and strong progressive dividend stream
- Commencement of Telford road project to release mineral reserves in support of the long term prospects of Blockleys
- Continued focus on capital projects to further enhance efficiencies and output across our plants
- Explore new opportunities to complement current business strategy post Floren

Appendices



Good corporate citizen

The Group believes it has a corporate responsibility to contribute to charities across the country. Donating funds, food products, children's toys, resources and a wealth of clay products to deserving institutions and organisations that require aid and support. Michelmersh has continued to support over 40 different community-based charities during 2019 including many local to its operations. These charities include the Salvation Army, British Heart Foundation, Save the Children, Cancer research, Variety, Barnados, Guide Dogs for the Blind, Hospice and many more.

Michelmersh have a historic association with charities and associations such as 'The Wellies' who's fundraising initiative will buy a Nanoknife machine used to deliver treatment for pancreatic cancer and GI cancers that have spread to the liver. Frank Hanna, Joint Chief Executive Officer of Michelmersh, said: "There is hardly a family, a friend, a work colleague, or neighbour who has not been affected in some way."

Frank Hanna, Peter Sharp and the Board, said: "we are delighted to support such a wide range of deserving charities during 2019. As a British manufacturer we understand the impact that this support offers to local charities, who often cannot continue to improve the lives of many in our community without Industry backing. Michelmersh aims to continue acting as a good corporate citizen and will endeavour to extend our support in 2020."

Years of dedicated service:

Michelmersh appreciate the dedication and loyalty of its long-standing staff members. In 2019 two employees reached 45 years of service, a further two achieved 48 years of service and another had reached the grand accolade of 50 years of service. We are thrilled to retain the loyalty of many of our employees, who become extremely valued members of our team.

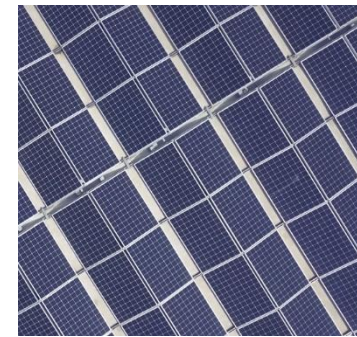
Promoting health and wellbeing of employees:

Human Resources are dedicated to the promotion of increasing the wellbeing of staff, promoting the Group's core values and to offer filled advice and support leaflets (for all sites) on an array of help topics ranging from mental health, to marriage, to parenting.

Michelmersh Core Values - IRIS



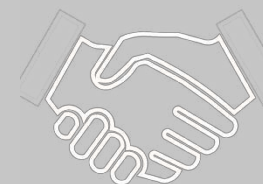
Integrity



Innovation



Sustainability



Respect



Sustainability

Michelmersh Core Values



The Group's substantial programme of continuous improvements saw an **investment** of almost **£3m** over the last 24 months of which **67%** directly resulted in **improvements in energy efficiency**.



Investment in new de-hacker and packaging line machinery in 2019 has **reduced** the amount of **plastic packaging** on Carlton brick products by **42%**.



Over **80%** of the Group's raw materials are sourced within **2.5km** of our manufacturing plants.



More than **60%** of the Group's products are made in factories using **re-cycled** and/or surface **rain water**.



The Group runs a fleet of 9 **FORS certified** delivery lorries which are regularly renewed to ensure they meet all the **latest efficiency** and emissions requirements.

100% of UK products are supplied from factories certified under the **BES 6001** Responsible Sourcing standard, **ISO 14001** Environmental, **ISO 50001** Energy and **ISO 9001** Management Systems. **100%** of Floren products are independently certified to national standards.

Sustainability

Michelmersh Core Values

Using **modernised production methods** that emphasise **sustainable building solutions** and adhere to the most **stringent production requirements**, Michelmersh guarantees **high quality** product standards with a **low ecological footprint**.

Michelmersh Sustainability Video:



1152 solar panels installed producing 25% of electricity for Floren



All group sites operate independently verified management systems.



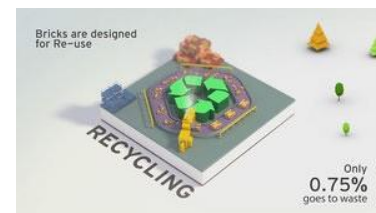
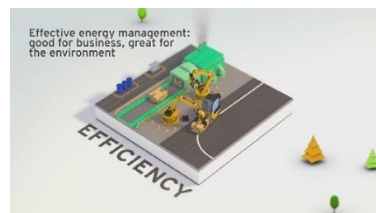
Clay products have a life span of at least 200 years and can be re-used and re-cycled



Our local products travel on average 60 miles from factory to site

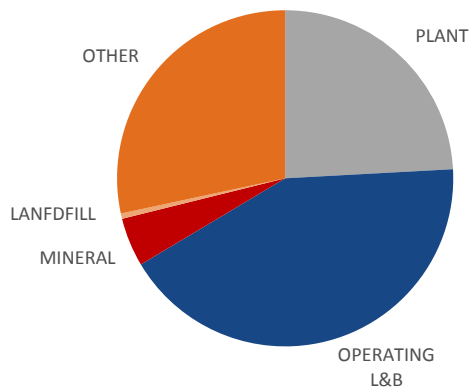


500+ acres encouraging the re-introduction of habitats and wildlife to allow nature reserves to flourish

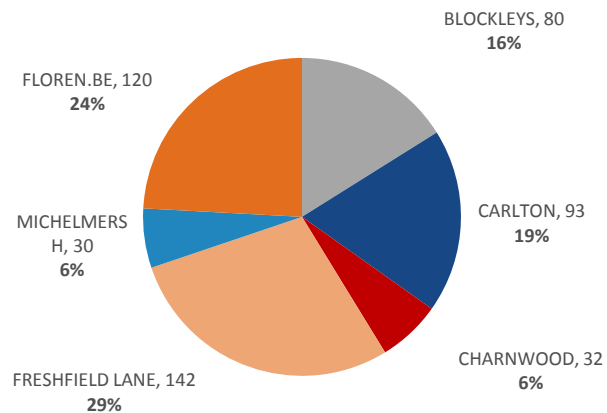


Fixed Asset Summary H1 2020

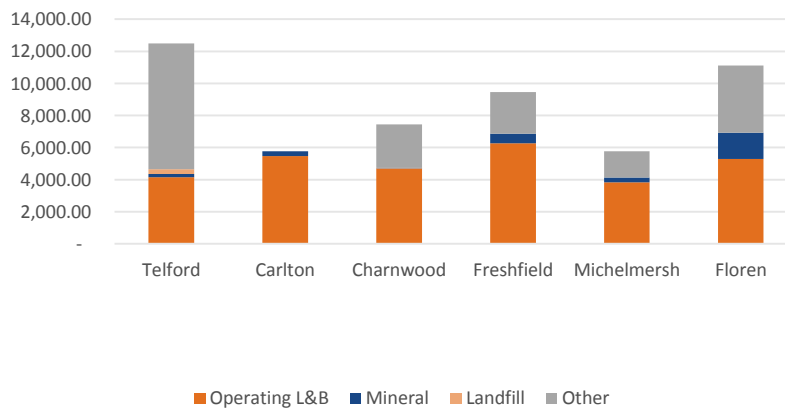
Strong asset base



Group Fixed Assets by Category



Landholdings (Acres)



Land Assets by Location

Education Sector

Kingston University



Leisure Facilities

Sports Centre, Solent University, Southampton



Quality New Homes

Llanberis, Tressillian Crescent, Wolverton Hall Folly



Commercial

Bollo Lane & Blackfriars, Salford



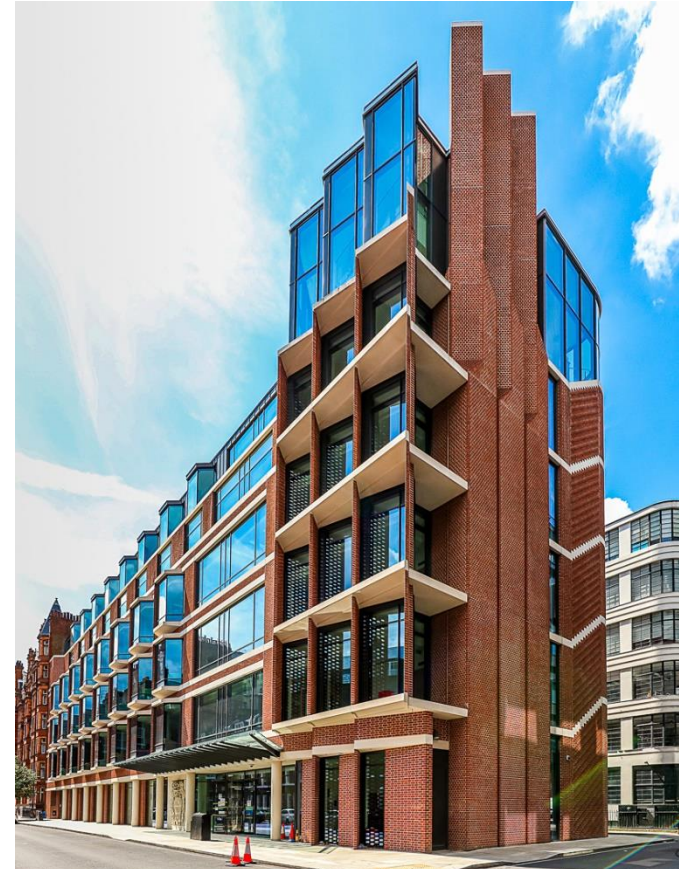
Urban Regeneration

Kingston University



Pre-fabricated panel systems

University College London Hospital



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