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Presentation Team

Peter Sharp
Chief Executive Officer

Ryan Mahoney
Chief Financial Officer

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.

120m+

Manufacturer of diverse premium brick products

17.5m+

Manufacturing capacity of brick slips

4 lifetime revenue sources

- Bricks
- Prefabricated brick components
- Landfill
- Investment land

Strong core market

Repair Maintenance and Improvement ("RMI"), Housing, Commercial, Urban Regeneration, Specification

Robust distribution policy

Pioneering Select Order Process

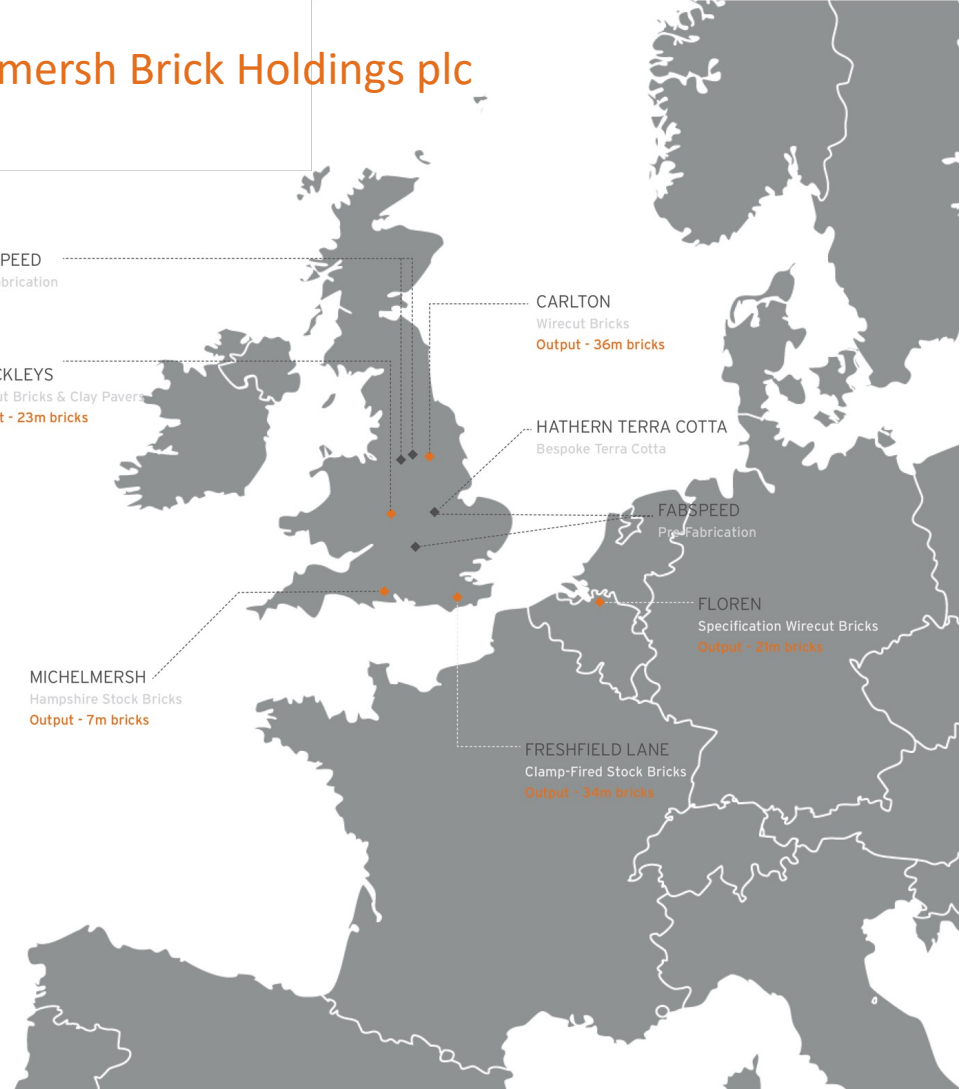
Earnings focus

Not market share

Industry Leading

BIM Bricks brand V3

Site	Product	Output (M)
Blockleys	Wirecut Bricks / Clay Pavers	23
Carlton	Wirecut Bricks	36
Charnwood	Bespoke Terra Cotta & Prefabricated brick components	Bespoke
FabSpeed (x3)	Prefabricated brick components	-
Floren.be	Specification Wirecut Bricks	21*
Freshfield Lane	Clamp-Fired Stock Bricks	34
Michelmersh	Hampshire Stock Bricks	7

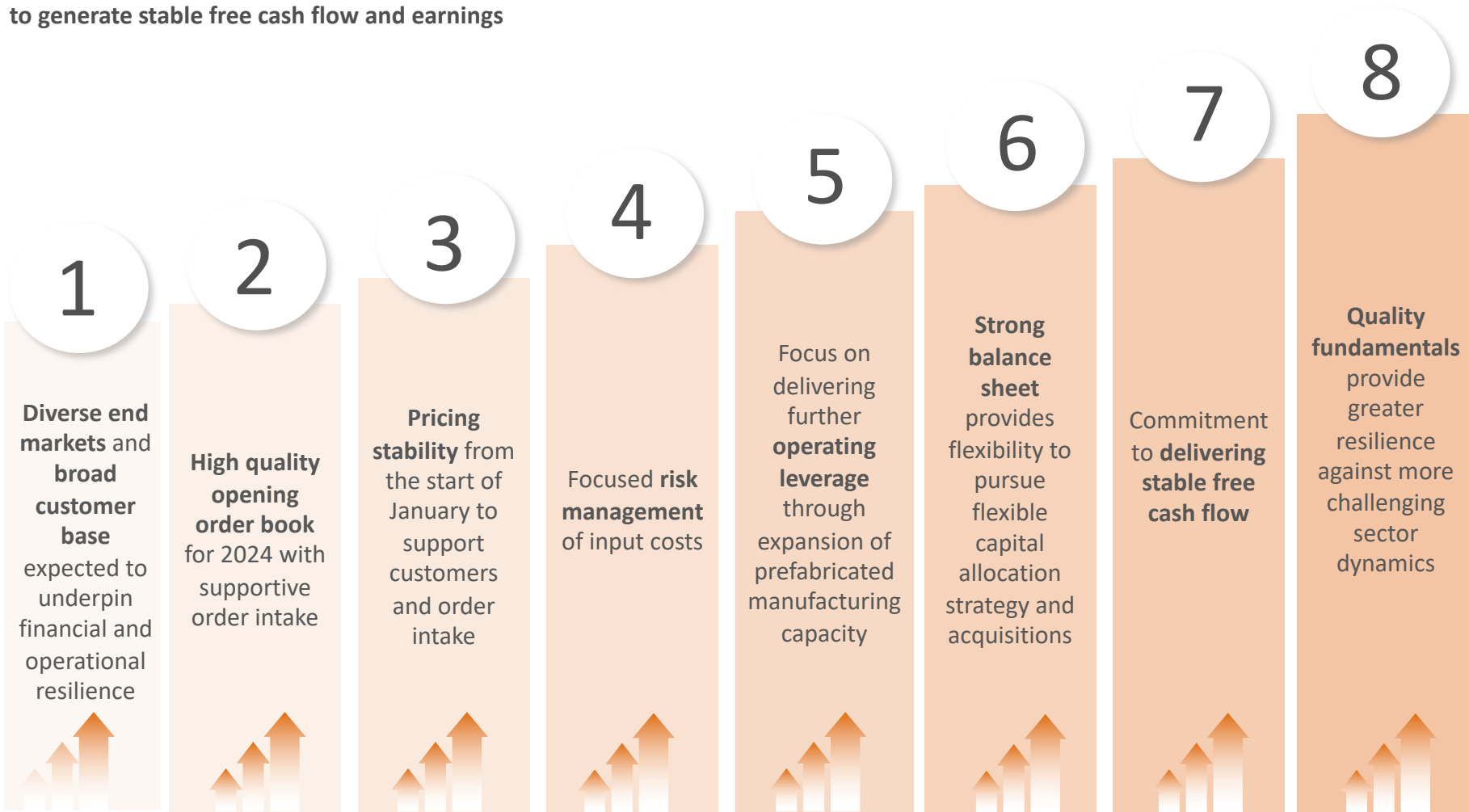


2023 Multiple Industry Award Winner



Michelmersh - A Clear Strategy to Target Sustainable Long Term Growth

Guided by a defined growth strategy, the Group leverages its premium market presence, resilient earnings, and diverse customer base to generate stable free cash flow and earnings



2023 Highlights

Positive performance – earnings ahead of market expectations

- Positive financial performance in 2023, with earnings for the year ahead of market expectations
- Revenue of £77.3m (up 13.0%) and Gross Profit £30.1m (up 11.9%) (2022: £68.4m and £26.9m)
- Strong organic performance with revenue up 1.3% and adjusted operating profit up 7.1% on a like for like basis (excluding impact of FabSpeed) despite challenging sector
- Adjusted* EBITDA of £17.8m with an EBITDA margin at 23.0%, ahead of expectations
- Group cash of £11.0m (2022: £10.6m) and undrawn £20m borrowing facility underpin strong financial resources and strategic optionality
- Continuing focus on collaboration with customers to deliver pricing stability from the start of 2024
- Final dividend of 3.00p resulting in a full year dividend of 4.50p, up 5.9% on 2022, demonstrating commitment to progressive dividend policy and confidence in a resilient outlook
- Focus on maintaining a well-balanced forward order book and targeting resilient order intake across our diverse end market customer base for 2024

*The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, costs associated with acquisitions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.



St. Lukes Church, Lancashire

2023 Operational Highlights

- Diverse end markets continue to underpin performance in the year benefitting from broad customer base of new housing, commercial, architectural specification and RMI markets
- Collaboration with distribution partners to deliver pricing stability
- Full production capacity maintained throughout the year alongside focused cost management supported strong profit performance
- Careful management of input costs on a risk-based approach, with energy costs continuing to be hedged in uncertain markets
- Resilient operational cash generation supported capital investment in solar at plants to supplement longer term energy requirement
- Frank Hanna left the Company as JCEO to take up the position of CEO of Brickability Group, with Peter Sharp now sole CEO

2023 Sustainability Highlights

Our goal is always to reduce, then seek alternatives and finally offset any remaining carbon emissions

- Positive incremental progress against our 2021 Sustainability report, which is monitored and measured by our Sustainability Group
- During the year we reached a 24.2% reduction in carbon intensity from our 2016 baseline, well ahead of our target, target has now increased from 5% to 25% by 2030 which represents significant progress
- Launch of SustainableBrick.com, a new website that highlights the benefits of clay brick to our broad customer base
- Completed the doubling of solar capacity at Floren, with c.50% of electricity requirements met by solar in 2023 with the installation of an additional 541 panels
- Received G99 Connection notice through the National Grid to add solar panels to Blockleys in the first half with installation of 1,427 solar panels completed in H2
- Continued our programme of planned roll-outs to electrify our fork-lift fleet which during the first half focused on Michelmersh

Net Zero by 2050



Financial Review



2023 Financial Highlights – earnings ahead of 2022

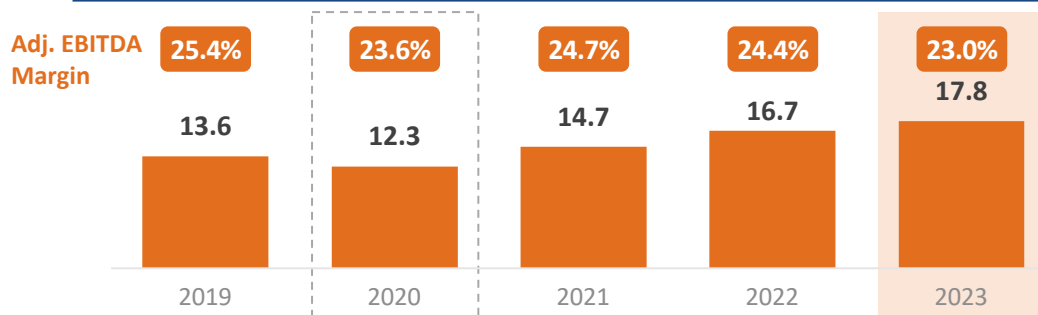
2022 Comparative

Revenue	Gross Margin	Adjusted Operating Profit
£77.3m	38.9%	£13.7m
£68.4m	39.4%	£12.7m
Adjusted EBITDA	Profit Before Tax	Cashflow from operations
£17.8m	£12.5m	£13.6m
£16.7m	£11.4m	£19.7m
Basic EPS	Adjusted EPS	NAV per share
10.44p	11.91p	100.2p
9.41p	10.61p	94.1p

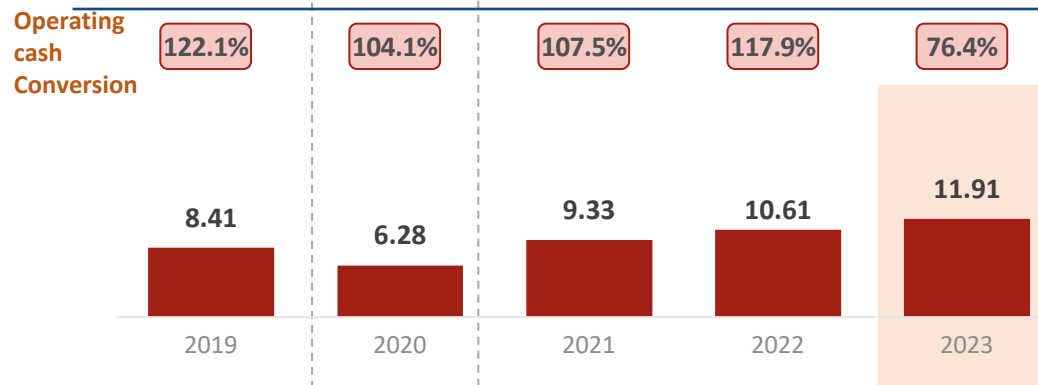
Track record of consistent financial growth and resilience against macro headwinds

Michelmersh's premium product offering and operational excellence has delivered sustained earnings expansion and cash flow generation

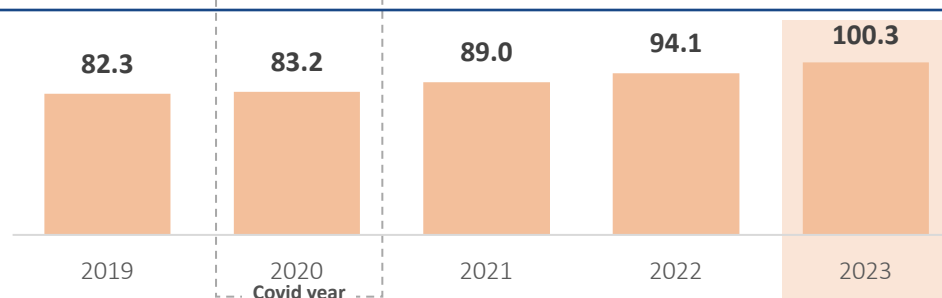
Adjusted EBITDA (£m)



Adjusted Earnings per share (pence)



Net Asset Value per share (pence)



Covid year



Income Statement

Positive performance in 2023, ahead of 2022 across all key financial metrics

	Adjusted 2023 £M	Adjusted 2022 £M	Change	Like for Like Change
Revenue	77.3	68.4	13.0%	1.3%
Gross profit	30.1	26.9	11.9%	2.2%
Gross margin	38.9%	39.4%	(0.5%)	0.6%
Central costs ¹	(16.4)	(14.2)	15.5%	(1.4%)
Adjusted operating profit ¹	13.7	12.7	7.9%	7.1%
Adjusted EBITDA	17.8	16.7	6.6%	4.8%
Finance expense	0.1	(0.2)		
Adjusted profit before tax ¹	13.8	12.5	10.4%	9.6%
Adjusted basic earnings per share	11.91p	10.61p	12.3%	11.6%

¹ Excluding amortisation of intangible assets



Balance Sheet

Strong balance sheet position underpins financial resilience and capital allocation flexibility

	2023 £M	2022 £M
Intangible fixed assets	23.9	25.3
Tangible fixed assets *	63.3	65.9
Net working capital	11.4	4.5
Net cash	11.0	10.6
Lease liability	(1.4)	(1.3)
Deferred Tax	(15.4)	(16.0)
Net Assets	92.8	89.0
NAV per share	100.3 p	94.1 p

* Included within tangible fixed assets are land and buildings used in operations with a carrying value of £46.0m

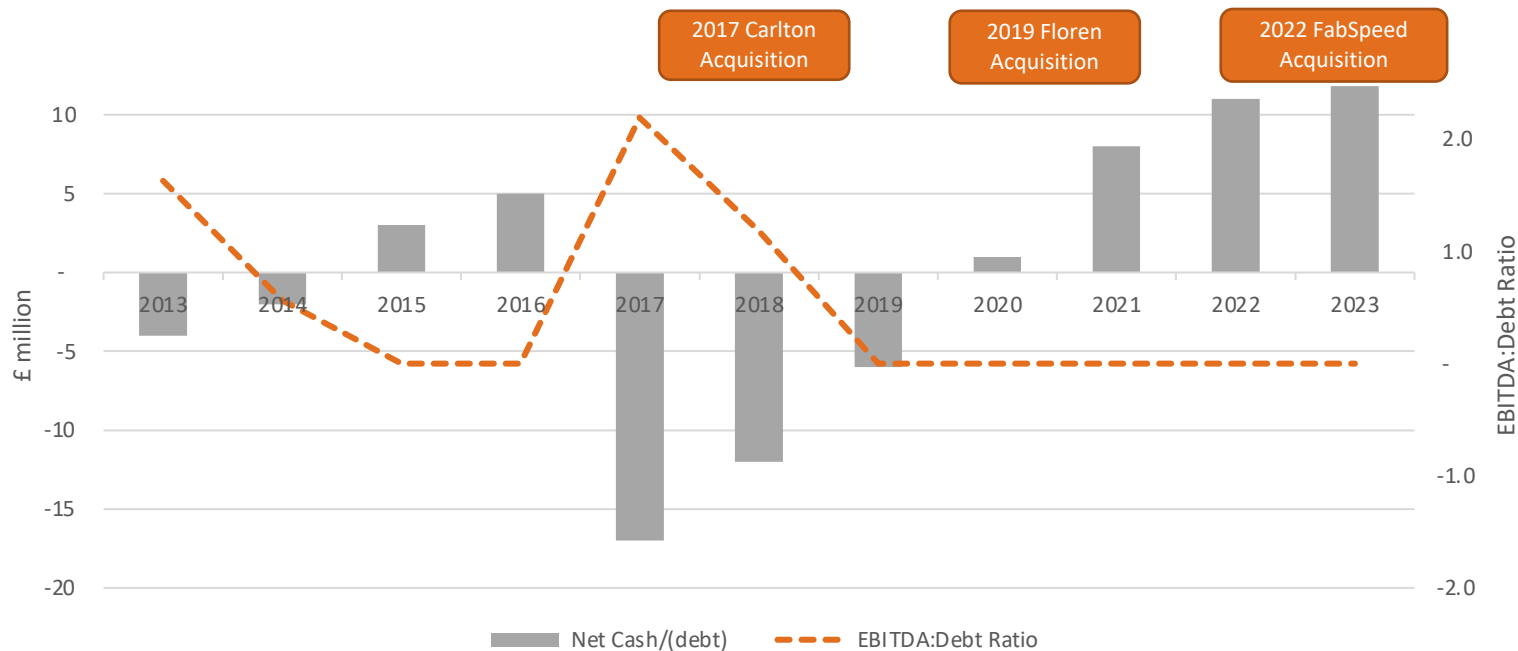
Cash Flow

Consistent quality of the fundamental cash generating ability of the business with adjusted EBITDA cash conversion of 76.4%

	2023 £M	2022 £M
Net cash generated by operations	13.6	19.7
Tax paid	(2.8)	(1.7)
Interest received/(paid)	0.1	(0.2)
Purchase of property, plant and equipment	(3.1)	(3.0)
Proceeds from land sale	1.1	-
Debt repaid	-	(0.8)
Settlement for cancelled share options	(1.8)	-
Purchase of own shares	(1.9)	(1.5)
Acquisition of FabSpeed (net of cash)	-	(6.1)
Lease payments	(0.9)	(0.7)
Dividend paid	(4.0)	(3.3)
Other	0.1	-
Net increase in cash & cash equivalents	0.4	2.4
Net cash	11.0	10.6

Strong Operational Cash Profile

Strong Group cash position of £11.0m and undrawn committed RCF of £20m underpin financial resilience and capital allocation flexibility

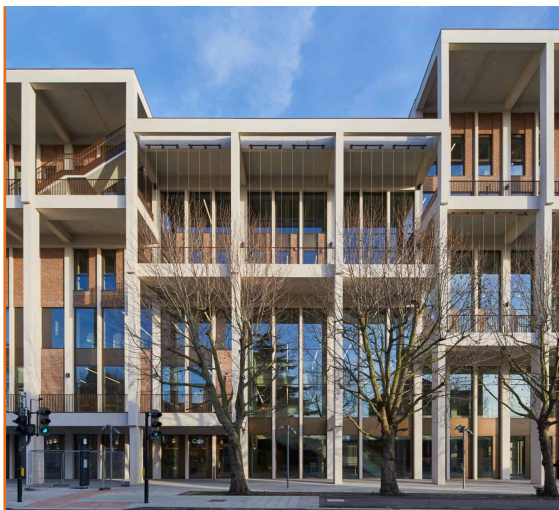


- Strong focus on working capital management supports fundamental characteristics of operating cash generation
- £11.0m of Group cash at the end of the year together with an undrawn £20m committed debt facility provides capital allocation flexibility
- Strong balance sheet underpins resilience, capacity to support sustainability initiatives and maintain well invested manufacturing facilities
- Cash generating fundamentals and resilient outlook supports confidence in progressive dividend policy



Sector Review

Why Michelmersh is Well-Positioned



Extensive Product Portfolio

- Broad product portfolio deliberately targeting a diverse range of end customers



Strong Industry Relationships

- Collaborative distribution model underpinned by length and depth of relationships with loyal customer base



Premium Products

- Focus on core competencies and delivering the highest quality brick, paver, pre-fabricated building components and premium-centric products

Michelmersh average selling price is at a **premium** to the market

Supportive UK Housing Dynamics

The Group benefits from an attractive market with supportive structural demand dynamics, government policy focused on increasing housebuilding above historic norms and bricks being the RMI market's material of choice

Supportive Demand Dynamics

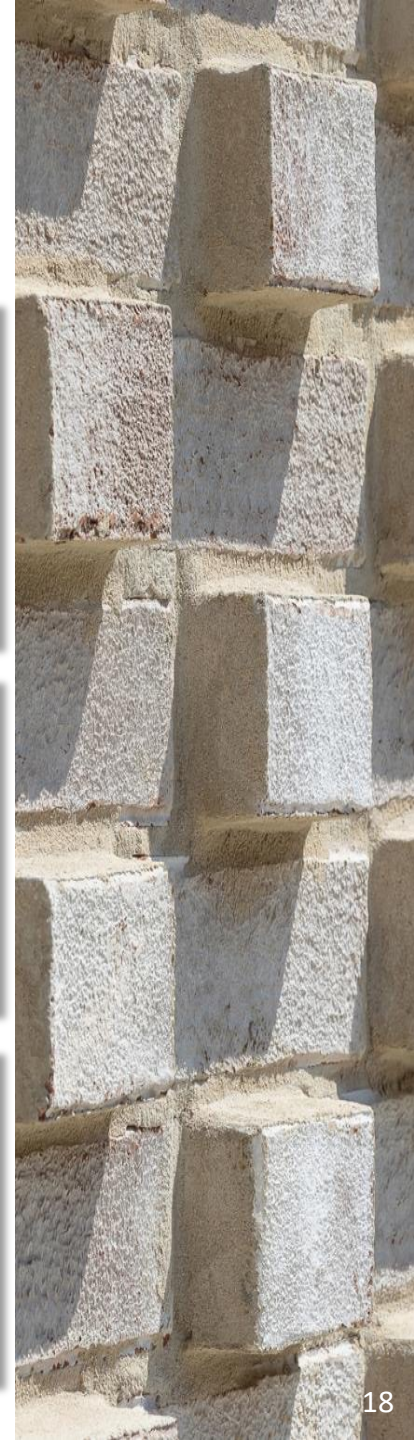
- Critical shortage of new residential and social housing from long-term underbuilding
- Good mortgage availability with signs of interest rate stability
- Positive employment statistics with historically low unemployment
- Improvement in Ofgem energy price cap supportive of easing burden on household costs
- Inflation landscape expected to continue to improve

Government Policy Priority

- All three major political parties remain committed to reversing the decades long decline in housing formations
- Housing and Communities Minister committed to improving the planning process
- Renewed commitment to quality Social Housing schemes

Repair, Maintenance & Improvement

- Significant legacy and ageing housing inventory constructed with brick facades underpinning future RMI demand
- Brick is a favourable material of choice for high rise cladding remedial work and specification projects
- Stability in demand for infrastructure and communal housing projects

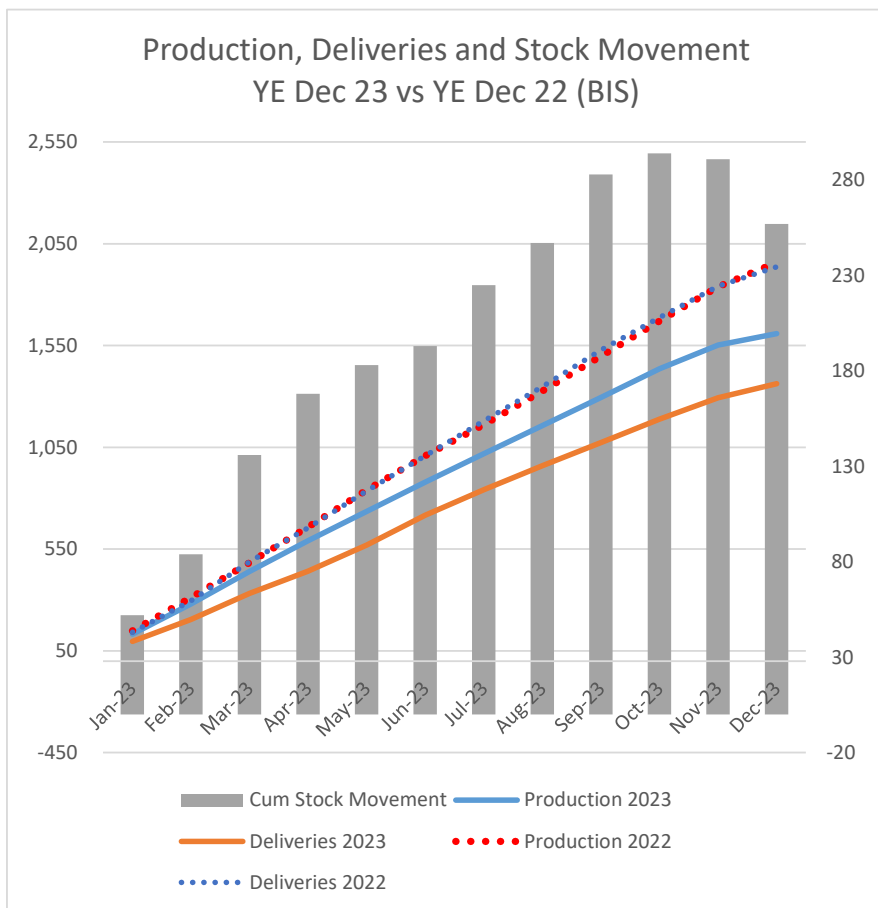


UK Brick Manufacturing – Current Trends

30% contraction in construction sector activity led to inventory increases at 5 year high

2023 & 2022 Cumulative output and excess over output

(Source: BIS)



- Dec 2023 UK brick industry stocks of c. 550m at 5 year high
- Production ran ahead of despatches from the start of FY23 with inventory build evidenced to the end of October before production capacity began being removed
- Contraction in construction activity of c. 30% across the year due to cautious consumer demand
- As expected, imported brick volumes continued with a broadly consistent share of the UK brick market at c. 20% (FY22: c. 23%) across the year
 - UK domestic market has limited capacity to meet the demand particularly for stock bricks.
 - European brick imports remain an important element of the fabric of brick consumption in the UK

Fundamental market drivers remain encouraging

UK brick manufacturing
highly concentrated

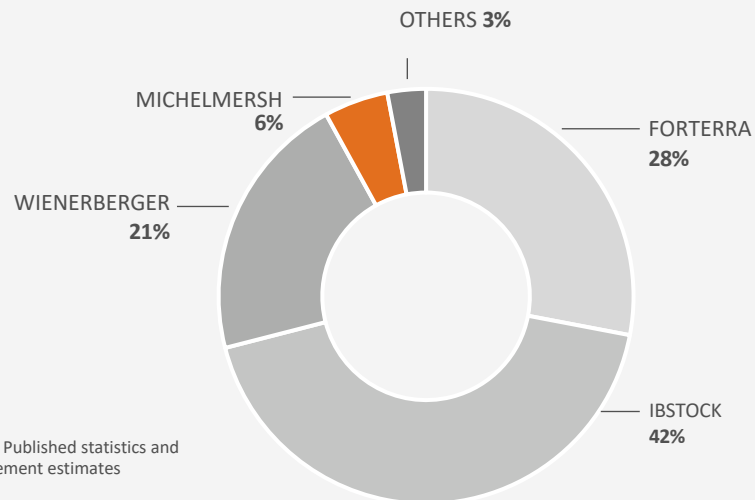
2023 UK brick consumption
c. 1.7 Billion (down from 2.5 Billion FY22)

*(c. 1.3 Billion UK despatched,
balance from imports)*

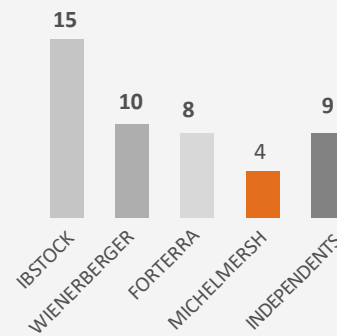
Michelmersh ASP
at a premium of to
market

2023 Market Structure

UK manufactured brick – 2023 Market Share



UK brick works (normalised)



Outlook

Industry

- Critical shortage of UK residential and social housing
- Brick continues to be the façade material of choice
- Construction activity subdued due to consumer sentiment and caution
- Capital intensive and complex barriers to entry

Michelmersh

- Diverse end markets and broad customer base expected to underpin resilience
- High quality and diverse opening order book for 2024
- Focus on pricing stability for our customers as we prioritise forward demand
- Energy price hedging in place with over 75% of our expected requirements secured for 2024, within budget parameters
- Strong balance sheet provides considerable financial resilience and capital allocation optionality
- Commitment to progressive dividend policy demonstrates the Board's confidence in the positive outlook for the business
- Breadth of our end markets makes us agile against backdrop of macroeconomic uncertainty
- With quality fundamentals in the business providing resilience, we are well placed to continue our strategic progress through 2024 and beyond



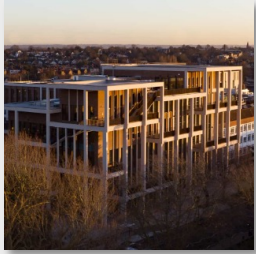



Appendix



Diversified clay offering with bricks, paving and pre-fabricated products

110+ different types of bricks with a diverse portfolio of other products offered

Brick Products

<p>Clamp Fire Stock</p>	<ul style="list-style-type: none"> • Traditional brick-making method operated from Freshfield Lane • Structure is made by hand with dry bricks, with fuel at the base, enabling the bricks to ignite fully • First Quality Multi brick used for Kingston University Town House, winner of the 2021 Stirling Prize for Architecture 	
<p>Wirecut</p>	<ul style="list-style-type: none"> • Mixture is fed through a die and then cut into brick pieces using wires • Texture can be customised by interchanging dies during extrusion process 	
<p>Hampshire Stock</p>	<ul style="list-style-type: none"> • Michelmersh produce the only genuine Hampshire stock facing brick • Made from the special Reading bed clay seam, which produces colours from warm oranges to dark purples 	
<p>Terra Cotta</p>	<ul style="list-style-type: none"> • UK's leading manufacturer of traditional hand pressed architectural terra cotta & faience • Bespoke products for some of the most prestigious buildings in the UK 	

Pre-Fabricated Products

<p>Prefab Chimneys</p> 	<p>Prefab Arches</p> 
<p>Brick Cladding</p> 	<p>Pro-Steel</p> 
<p>Precast</p> 	<p>Brick Specials</p> 
<p>Paving Products</p>	
<p>65mm Square Edge Pavers</p> 	<p>65mm Hadley Brindle Chamfered Pavers</p> 

Experienced management team with expertise in clay products

Michelmersh's accomplished management team has a track record of consistent excellence through leveraging their breadth of expertise

Outstanding and Experienced Operational Team

Michelmersh UK

Southern Commercial Director

- Responsible for the Group's Southern Region Sales Team
- Building relationships with the Group's key accounts
- 24+ years' experience

Northern Commercial Director

- Responsible for the Group's Northern Region Sales Team
- Building relationships with the Group's key accounts
- 17+ years' experience

Innovation Director

- Identifies new innovative brick designs, ensuring Michelmersh remain the leader in the premium brick market
- 18+ years' experience

Technical Director

- Oversees production processes, quality control, and innovation, ensuring efficiency and product excellence
- 35+ years' experience

Production Director

- Oversees Group production, ensuring output targets are met
- 28+ years' experience

Health & Safety Director

- Ensures Michelmersh is always compliant with the latest industry standards around health & safety
- 19+ years' experience

FabSpeed & Floren

FabSpeed

Managing Director

- In charge of the general operations of FabSpeed, ensuring quality, efficiency and innovation
- 34+ years' experience

Floren

Managing Director

- Responsible for the Group's Belgian plant and drives quality brick manufacturing, efficiency and innovation
- 29+ years' experience

IT Director

- Manages technology, networks, systems, operations and data security
- Responsible for the operation of Michelmersh's BIM system
- 35+ years' of experience

Finance Director

- Ensures plants are operating at maximum efficiency to maintain Michelmersh's market leading margins
- 32+ years' experience

HR Director

- Ensures Michelmersh retains its market leading work environment for all its employees
- 25+ years' experience

Sustainability

Shaping Genuine Sustainability

The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice.

Michelmersh realises the importance of these goals and has set progressive targets against 13 relative aims for positive change to reshape our future.



GOOD HEALTH AND WELLBEING

Ensuring healthy lives and promoting the wellbeing for all at all ages is essential to sustainable development.



QUALITY EDUCATION

Obtaining a quality education is the foundation to improving people's lives and sustainable development.



GENDER EQUALITY

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.



CLEAN WATER AND SANITATION

Clean, accessible water for all is an essential part of the world we want to live in.



AFFORDABLE AND CLEAN ENERGY

Energy is central to nearly every major challenge and opportunity.



DECENT WORK AND ECONOMIC GROWTH

Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.



INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Investments in infrastructure are crucial to achieving sustainable development.



REDUCED INEQUALITIES

To reduce inequalities, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalised populations.



SUSTAINABLE CITIES AND COMMUNITIES

There needs to be a future in which cities provide opportunities for all, with access to basic services, energy, housing, transportation and more.



RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Production and Consumption.



CLIMATE ACTION

Climate change is a global challenge that affects everyone, everywhere.



LIFE ON LAND

Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.



PEACE, JUSTICE AND STRONG INSTITUTIONS

Access to justice for all, and building effective, accountable institutions at all levels.

Why use Brick?

Michelmersh is proud to make environmentally friendly, natural, durable and thermally efficient products that will last for hundreds of years and can still be recycled or reused. This inherently tactile, natural and non-toxic product has a multitude of aesthetic qualities; colour, tone, texture, finish and size, all of which add to the flexibility of brick. Ever-increasing in popularity for its credible fire-resistant properties and flood resilience, its sense of safety, solidity and security continue to be the reason housebuilders and homeowners trust in brick to add value to their properties. Brick is additionally recognised for its inherent sustainable credentials, boasting impressive longevity, low maintenance, zero operational carbon, thermally efficient qualities and can continue to be reused through the lives of several buildings, and therefore shaping our architectural environment for generations to come.

[Read more about brick benefits](#)



[Recycled Content](#)



[Aesthetic Options](#)



[Flood Resilience](#)



[Carbon Emissions](#)



[Longevity](#)



[Overheating](#)



[Thermal Performance](#)



[Durability](#)



[Low cost & Strong Value](#)



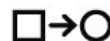
[Air Quality](#)



[Climate Resilience](#)



[Reusable](#)



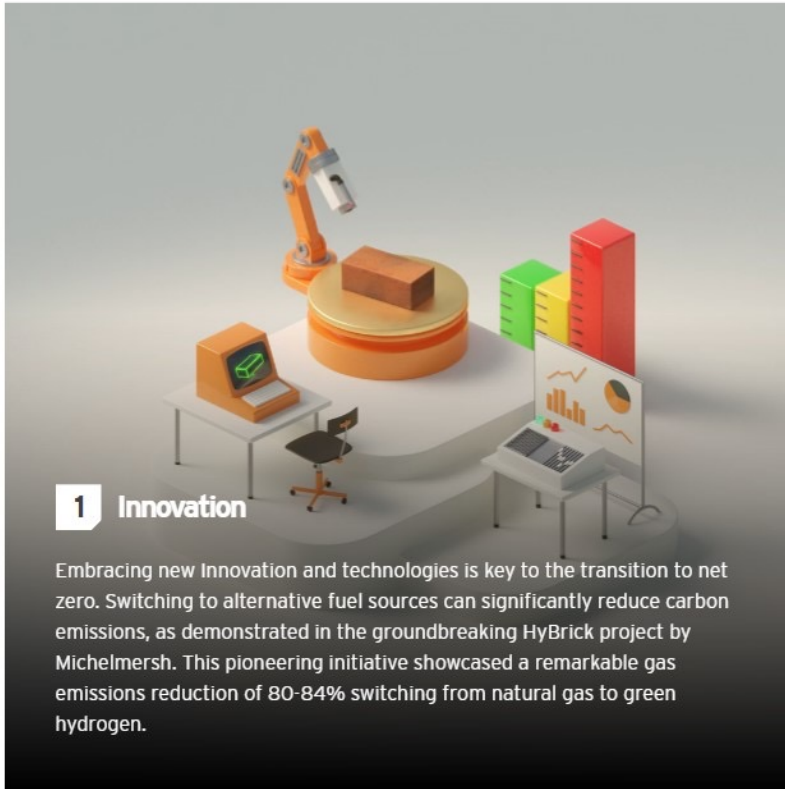
[Adaptability](#)



[Non-combustible](#)

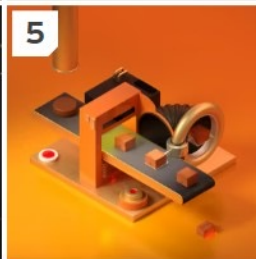


[Locally Sourced](#)



1 Innovation

Embracing new Innovation and technologies is key to the transition to net zero. Switching to alternative fuel sources can significantly reduce carbon emissions, as demonstrated in the groundbreaking HyBrick project by Michelmersh. This pioneering initiative showcased a remarkable gas emissions reduction of 80-84% switching from natural gas to green hydrogen.





H₂Brick™

Michelmersh is proud to announce Hybrick™ –
The world's first 100% hydrogen fired clay bricks..

Education Sector

Eton College, Berkshire



Public

International Rugby Experience, Ireland & St. Lukes Church, Lancashire



Public

Black Country Living Museum, West Midlands.



Infrastructure

Woolwich Crossrail Station, London



Modern Living

Sydenham Hill Gate (Grand Designs), London & Becontree Estate (Affordable Housing), London



Urban Regeneration

West End Gate, Berkeley Homes, London



Urban Regeneration

Queen's Quay, Glasgow & Shepherd's Quay, Newcastle



Large Volume Housing Developments

The Edge, Nottinghamshire



Large Volume Housing Developments

Cooper Court, Berkshire





Brabazon, Bristol