

Michelmersh Brick Holdings Plc

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UPDATE - Michelmersh Brick Holdings upbeat on future as demand kicks in

---ADDS BROKER ANALYSIS AND MANAGEMENT COMMENT---

Specialist brick firm Michelmersh Brick Holdings (LON:MBH) is looking to the future with confidence as it sees pricing and demand for its products improving.

The group said the last five years had been 'very difficult', but 2014 had started positively, as it posted full year results to end December 2013.

Turnover came in at £25.9 mln, an increase of 12.6% on the £23mln in 2012 as activity picked up in the second half and the firm dispatched 71million bricks - 7 million more than the previous year.

Operating profit was £1.4mln against a comparable £1 million in 2012 if carbon surplus income of £400,000 is excluded.

The company's net cash generated by operating activities was £3.8mln compared to £1.6mln in 2012.

Other key events during the year included the closure of the group's smallest plant, the sale of surplus land to Bovis Homes and a successful oversubscribed placing last November to raise £10million, the firm highlighted.

This has transformed the group's balance sheet, it said, as national brick stock levels have reached what it called a "historic low".

The company saw brick prices go up in 2013 to £348 per thousand from £343 in 2012 and the firm has not forward fixed prices for 2014 as it anticipates price increases.

The firm's chief executive Martin Warner explained to Proactive explained how the last few years, where demand has not been buoyant, the industry made less bricks than it sold.

But that all changed last year.

"Really, last May the lights came on because brick volumes had gone down and everything started picking up as the Help to Buy (scheme) started kicking in a little bit," he said.

In spite of the low demand in the past five years, sales this year have exceeded production. This should now allow the industry to achieve realistic margins against increased energy costs, he said.

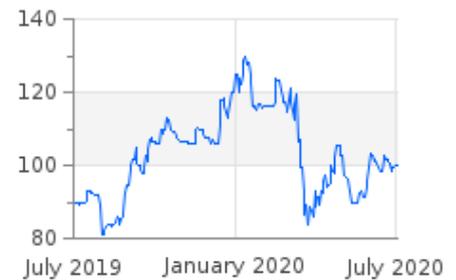
Earlier, Warner told investors: "After five very difficult years for the business and the industry, 2014 has started positively. The road to recovery will take time but is now firmly moving in the right direction from very low levels.

"With pricing and demand improving, increased production at our most efficient plant, and the other initiatives which we

Price: 103.5

Market Cap: £97 m

1 Year Share Price Graph



Share Information

Code: MBH

Listing: AIM

52 week High Low
188.2 77

Sector: Builders and building materials

Website: www.mbhplc.co.uk

Company Synopsis:

As Britain's Brick Specialists, Michelmersh Brick Holdings PLC unites the best in clay traditions. The Group represents six of the UK's most recognised premium brands, Blockleys, Carlton, Chamwood, Freshfield Lane, Michelmersh and Hathern Terra Cotta. Producing over 100 million handmade and machine made bricks, tiles and pavers annually.

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are working on, we believe that we will be able to more than hold our own in the future and the fruits of many years of hard work will start to become apparent."

Broker Cenkos rates the shares a 'buy' and said it is "well positioned" to benefit from the supply demand crunch in the UK brick making space.

It also honed in on new housing measures, highlighting that last week's Budget supported the view of the improving outlook for UK housebuilding, including the extension of the Help to Buy to 2020, a Builders Finance Fund, support for self-builds and plans for a new garden city in Kent.

Michelmersh shares eased slightly to go to 67.5p each.

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