

MBH Corporation plc ^{*5a,11}

Rating: BUY

**Target price: € 1.72
(GBP 1.55)**

Current share price: 0.44
07.10.2020 / XETRA / 3:26pm
Currency: EUR

Key data:

ISIN: GB00BF1GH114
WKN: A2JDGJ
Ticker symbol: M8H:GR
Number of shares³: 61.4
Market cap³: 27.02
Enterprise Value ³: 47.17
³ in million €/in million
Free float: 30%.

Level of transparency:
Entry Standard

Market segment:
Open market
Accounting:
IFRS

End of GJ: 31.12

Designated Sponsor:
Renell Bank
MWB Fairtrade

Analysts:

Cosmin Filker
filker@gbc-ag.de

Marcel Goldman
goldmann@gbc-ag.de

* Catalogue of possible conflicts of interest on page 5

Date (time) Completion:
08.10.20 (08:15 am)

Date (time) first transmission:
08.10.20 (10:00 am)

Target price valid until:
Max 31.12.2021

Company profile

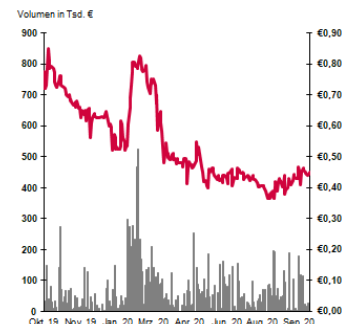
Industry: Holding company

Focus: education, construction, leisure, health, transportation, real estate

Foundation: 2016

Head office: London (United Kingdom)

Members of the board: Callum Laing CEO, Victor Tan CFO



MBH Corporation PLC (MBH) is an investment holding company with subsidiaries in the construction, education, leisure and healthcare sectors. The group brings together well established and profitable small companies with a buy-and-hold perspective. Most of these subsidiaries have been acquired through an exchange of shares by the company owners for new MBH shares. Against the background of a favourable interest rate environment, MBH has also recently started to make loan-financed acquisitions. One example is the acquisition of Robinsons Caravans in 2020, which was settled with a non-listed loan with a term of five years and a final payment in cash on maturity. MBH's excellent financial results for 2019 demonstrate its management skills and methods in selecting and supporting the development of various companies. Each segment was managed autonomously under a responsible board with a structured earn-out scheme. The acquisition pipeline remains strong, including strategic and tactical businesses. MBH's shares have been listed on the Quotation Board of the Frankfurt Stock Exchange ("FSE") and the Düsseldorf Stock Exchange (Prime Market) since November 2018.

P&L in GBPm	31.12.2019	31.12.2020e	31.12.2021e	31.12.2022e	31.12.2023e
Sales	50.78	55.90	112.44	163.30	213.97
EBITDA	5.23	5.05	12.46	18.62	24.40
EBIT	4.05	4.28	10.95	15.93	20.84
Net profit for the year	3.62	3.27	5.95	9.23	12.52

Key figures in GBP	31.12.2019	31.12.2020e	31.12.2021e	31.12.2022e	31.12.2023e
Earnings per share	0.11	0.05*	0.10*	0.15*	0.20*
Dividend per share	0.00	0.01	0.03	0.03	0.04

* Calculated on the basis of 61.4 million shares

Key figures	31.12.2019	31.12.2020e	31.12.2021e	31.12.2022e	31.12.2023e
EV/Sales	0.84	0.77	0.38	0.26	0.20
EV/EBITDA	8.20	8.50	3.44	2.30	1.76
EV/EBIT	10.59	10.02	3.92	2.69	2.06
P/E	6.79	7.52	4.13	2.66	1.96
P/B	0.57				

Financial calendar

****last research by GBC:**

Date: Publication / Target price in EUR / Rating

26.08.2020: RS / 1.72 € / BUY

29.06.2020: RS / 1.89 € / BUY

03.03.2020: IC / 1.95 € / BUY

** the above mentioned research studies can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". For more information, see the disclosure under "1. Research under MiFID II"

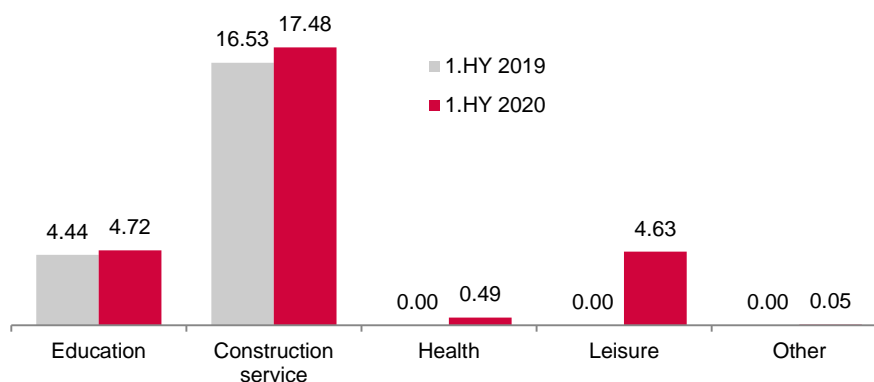
With 8 acquisitions, the target for the year has almost been reached, high investment activity should continue, forecasts and price target unchanged

P&L (in GBPm)	1ST HY 2019	1ST HY 2020	Δ 2020/2019
Sales	20.97	27.37	+30.5%
EBITDA	1.34	1.50	+12.0%
EBITDA margin	6.4%	5.5%	
Net profit	0.67	0.66	-1.2%

Source: MBH Corporation plc; GBC AG

With the publication of the half-year figures for 2020, MBH Corporation plc (short: MBH) is showing strong growth in sales of 30.5% to GBP 27.37 million (previous year: GBP 20.97 million). This strong growth is primarily due to the three company acquisitions, which enabled MBH to expand its investment portfolio to a total of 13 investment companies as of 30 June 2020. Particularly noteworthy here is the acquisition of Robinson Caravans, a UK-based manufacturer of caravans, in March 2020. The company should benefit from increased demand, particularly in the environment of pandemic-related travel restrictions. Since the acquisition, Robinson Caravans has contributed a total of GBP 4.63 million to Group sales. In parallel, the Samuel Hobson House nursing home, newly acquired in January 2020, also contributed GBP 0.49 million to MBH sales for the first time. Logistica Training, the third acquisition in the first half of 2020, is unlikely to have made a relevant contribution to revenue due to the fact that it was not acquired until 9 June 2020. The breakdown of revenue by segment shows the contribution of the new leisure segment (Robinson Caravans) to the dynamic growth achieved.

Breakdown of turnover by business area (in million GBP)



Source: MBH Corporation plc; GBC AG

Negative effects in connection with the Covid 19 pandemic can be observed particularly in the construction services segment. Cape Ltd., which is active in New Zealand in the field of renovation services, suffered a decline in sales to GBP 5.55 million (previous year: GBP 11.46 million). However, this was offset by sales increase in UK and overall the construction services segment nevertheless achieved sales growth of 5.8% to GBP 17.48 million (previous year: GBP 16.53 million).

The higher costs associated with the increased investment activity led to a disproportionately low increase in EBITDA of 12.0% to GBP 1.50 million (previous year: GBP 1.34 million). All companies acquired in 2020 are reporting positive earnings. Against this backdrop, the only constant development of the after-tax result of GBP 0.66 million (previous year: GBP 0.67 million) is due to a significant increase in depreciation and amortisation as well as higher financing costs. MBH financed the expansion of its portfolio in

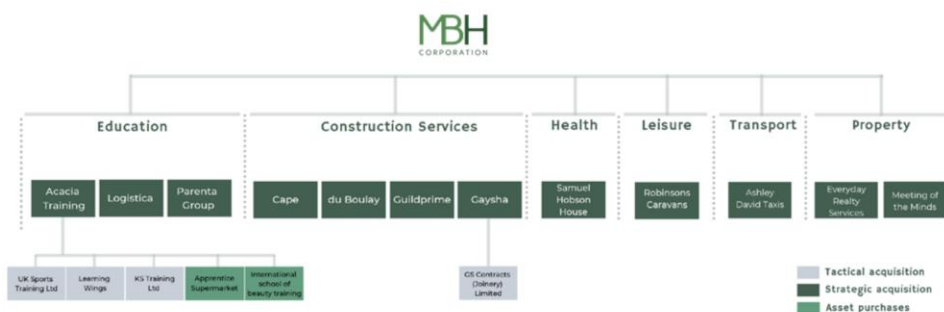
2020 mainly through the €50 million bond programme it launched. This enables the company to finance acquisitions without dilution even if the MBH share price is low. At the balance sheet date, bonds with a volume of GBP 14.27 million had been issued.

Forecasts and Valuation

in GBPm	FY 2019	FY 2020e	FY 2021e	FY 2022e	FY 2023e
Sales	50.78	55.90	112.44	163.30	213.97
EBITDA	5.23	5.05	12.47	18.62	24.40
EBITDA margin	10.3%	9.0%	11.1%	11.4%	11.4%
Net profit for the year	3.62	2.84	5.95	9.23	12.52

Source: GBC AG

After 30.06.2020 MBH continued to show very high transaction activity. After the acquisition of GS Contracts was announced at the end of July 2020, the company took over Ashley David Taxis in August, thus establishing a new "Transportation" segment. At the beginning of September 2020, the new "Real Estate" segment was established with the takeover of the US-based companies Meeting of the Minds (MOTM) and Everyday Realty Services (ERS), while at the same time addressing the US market for the first time. MOTM provides events and mentoring services for real estate companies and ERS is a real estate broker and commercial finance company.



Source: MBH plc

With the acquisition of the two US-based companies, MBH has so far made 8 acquisitions and is thus very close to its target of acquiring 10 new companies over the year as a whole. Our forecast, in which we assumed 8 acquisitions for 2020, has thus also been achieved ahead of schedule. We are adjusting our estimates to the company guidance. However, the sales revenues of the most recently acquired companies were well below our assumptions, which assumed an average increase in pro forma sales per acquisition of GBP 3.8 million p.a. In 2019, MOTM and ERS had total revenue of USD 1.23 million (GBP 0.95 million).

Even though we assume that MBH is likely to acquire further companies by the end of the year, we are maintaining our previous sales and earnings forecasts. The higher number of transactions will be offset by a lower inorganic revenue contribution. We do not expect any changes for the following years and continue to assume 10 company acquisitions per year. In view of the unchanged forecasts, we confirm our previous target price of GBP 1.55 (€1.72) and, with a current share price of €0.44, continue to assign the BUY rating.

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
2. The research report is simultaneously made available to all interested investment services companies.

II.

Section 1 Disclaimer and exclusion of liability

This document is intended solely for information purposes. All data and information in this study come from sources that GBC regards as reliable. In addition, the authors have taken every care to ensure that the facts and opinions presented here are appropriate and accurate. Nevertheless, no guarantee or liability can be accepted for their correctness – whether explicitly or implicitly. In addition, all information may be incomplete or summarised. Neither GBC nor the individual authors accept liability for any damage which may arise as the result of using this document or its contents. or in any other way in this connection.

We would also point out that this document does not constitute an invitation to subscribe to nor to purchase any securities and must not be interpreted in this way. Nor may it nor any part of it be used as the basis for a binding contract of any kind whatsoever, or be cited as a reliable source in this context. Any decision relating to the probable offer for sale of securities for the company or companies discussed in this publication should be taken solely on the basis of information in the prospectuses or offer documents which are issued in relation to any such offer.

GBC does not provide any guarantee that the indicated returns or stated target prices will be achieved. Changes to the relevant assumptions on which this document is based can have a material impact on the targeted returns. Income from investments is subject to fluctuations. Investment decisions should always be made with the assistance of an investment advisor. This document cannot replace the role of an advisor.

Sale outside the Federal Republic of Germany:

This publication, if sold in the UK, may only be made available to those persons who, in the meaning of the Financial Services Act 1986 are authorised and exempt, or persons as defined in section 9 (3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Decree 1988 (amended version) and must not be transmitted directly or indirectly to other persons or groups of persons.

Neither this document nor any copy of it may be taken into, transferred to or distributed within the United States of America or its territories and possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law, and persons who come into possession of this publication should find out about any such restrictions and respect them. Any failure to respect these restrictions may represent a breach of the US, Canadian or Japanese securities laws or laws governing another jurisdiction.

By accepting this document you accept all disclaimers of liability and the restrictions cited above.

You can find the details of this disclaimer/exclusion of liability at:

<http://www.gbc-ag.de/de/Disclaimer>

Legal information and disclosures as required by section 85 of Securities Trading Act (WpHG) and Financial Analysis Directive (FinAnV)

This information can also be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (I) Updates

A detailed update of the present analysis/analyses at any fixed date has not been planned at the current time. GBC AG reserves the right to update the analysis without prior notice.

Section 2 (II) Recommendation/ Classifications/ Rating

Since 1/7/2006 GBC AG has used a 3-level absolute share rating system. Since 1/7/2007 these ratings relate to a time horizon of a minimum of 6 to a maximum of 18 months. Previously the ratings related to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are defined based on the categories described below, including reference to the expected returns. Temporary price fluctuations outside of these ranges do not automatically lead to a change in classification, but can result in a revision of the original recommendation.

The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return. based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$.
HOLD	The expected return. based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return. based on the calculated target price, incl. dividend payments within the relevant time horizon, is $\leq - 10\%$.

GBC AG's target prices are determined using the fair value per share. derived using generally recognised and widely used methods of fundamental analysis, such as the DCF process. peer-group benchmarking and/or the sum-of-the-parts process. This is done by including fundamental factors such as e.g. share splits. capital reductions. capital increases. M&A activities. share buybacks. etc.

Section 2 (III) Past recommendations

Past recommendations by GBC on the current analysis/analyses can be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

Section 2 (IV) Information basis

For the creation of the present analysis/analyses publicly available information was used about the issuer(s) (where available, the last three published annual and quarterly reports, ad hoc announcements, press releases, share prospectuses, company presentations, etc.) which GBC believes to be reliable. In addition, discussions were held with the management of the company/companies involved, for the creation of this analysis/these analyses. in order to review in more detail the information relating to business trends.

Section 2 (V) 1. Conflicts of interest as defined in section 85 of the Securities Trading Act (WpHG)

GBC AG and the analysts concerned hereby declare that the following potential conflicts of interest exist for the company/companies described, at the time of this publication, and in so doing meet the requirements of section 85 of the Securities Trading Act (WpHG). A detailed explanation of potential conflicts of interest is also listed in the catalogue of potential conflicts of interest under section 2 (V) 2.

In relation to the security or financial instrument discussed in this analysis the following possible conflict of interest exists: (5a.11)

section 2 (V) 2. Catalogue of potential conflicts of interest

(1) At the time of publication, GBC AG or a legal entity affiliated with it holds shares or other financial instruments in the company analysed or the financial instrument or financial product analysed. (2) This company holds over 3% of the shares in GBC AG or a legal person connected to them.

(3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.

(4) GBC AG or a legal person connected to them has. over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.

(5) a) GBC AG or a legal entity affiliated with it has concluded an agreement with this company or issuer of the analysed financial instrument in the previous 12 months on the preparation of research reports for a fee. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.

(5) b) After receiving valid amendments by the analysed company or issuer, the draft of this analysis was changed.

(6) a) GBC AG or a legal entity affiliated with it has concluded an agreement with a third party in the previous 12 months on the preparation of research reports on this company or financial instrument for a fee. Under this agreement, the third party and/or company and/or issuer of the financial instrument has been given access to the draft analysis (excluding the valuation section) prior to publication.

(6) b) After receiving valid amendments by the third party or issuer, the draft of this analysis was changed.

(7) The analyst responsible for this report holds shares or other financial instruments of this company at the time of publication.

(8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.

(9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.

(10) GBC or a related legal party has closed an agreement with the underlying company regarding consulting services during the previous 12 months.

(11) GBC or a related legal party has a significant financial interest in the analysed company, for example to get mandated by the analysed company or to provide any kind of services (such as the organization of fairs. roundtables. road shows. etc.).

(12) At the time of the financial analysis. the analysed company is in a financial instrument or financial product (e.g. certificate. fund. etc.) managed or advised by GBC AG or its affiliated legal entity.

Section 2 (V) 3. Compliance

GBC has defined internal regulatory measures in order to prevent potential conflicts of interest arising or, where they do exist, to declare them publicly. Responsibility for the enforcement of these regulations rests with the current Compliance Officer, Kristina Bauer, Email: bauer@gbc-ag.de

Section 2 (VI) Responsibility for report

The company responsible for the creation of this/these analysis/analyses is GBC AG. with registered office in Augsburg, which is registered as a research institute with the responsible supervisory authority (Federal Financial Supervisory Authority or BaFinMarie-Curie-Str. 24-28. 60439 Frankfurt. Germany).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are:

Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Head of Research
Marcel Goldmann, M.Sc., Financial Analyst

Section 3 Copyright

This document is protected by copyright. It is made available to you solely for your information and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law shall, in principle, require the consent of GBC or of the relevant company, should the rights of usage and publication have been transferred.

GBC AG
Halderstraße 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-Mail: compliance@gbc-ag.de