
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 “I. Research under MiFID II”

13/12/2019 – GBC Management Interview with Callum Laing, CEO of MBH Corporation plc

Company: MBH Corporation plc ^{*5a,11}

ISIN: GB00BF1GH114

Analyst: Dario Maugeri

Date (time) of completion of English version: 13/12/2019 (09:29 am)

Date (time) of first distribution of English version: 13/12/2019 (10:00 am)

**Catalog of potential conflicts of interest on page 5*

MBH Corporation plc is an investment holding company based on an innovative Agglomeration Model that allows SMEs to convert their private shares into MBH shares. Private owners may thus take advantage of a public limited corporation (plc) structure. Currently, the group is divided into three segments: education, construction and engineering across the UK, New Zealand and Singapore. GBC-analyst Dario Maugeri spoke with Callum Laing, CEO of MBH:

Dario Maugeri: Mr. Laing, MBH’s Agglomeration Model is an innovative “buy and hold” approach which is building up a diversified portfolio of profitable companies. Which would you define as key strengths of this approach?

Callum Laing: There are several strengths to this model. Diversification is for us about protecting our shareholders first and foremost and not leaving us too exposed to inevitable cycles in different industries. Geographic diversification also gives us some protection against different macro-economic or currency exposures. Beyond defensive, it also provides us with a much bigger pool of companies to choose from and this allows us to announce material acquisitions on a regular basis leading to greater scale and liquidity in the company.

We end up with the ultimate in fast growth, decentralized management who has earned the authority and autonomy to respond to opportunities on the front line in real time without having to be weighed down by too much bureaucracy. The three key drivers of value in the Agglomeration Model are: Acquisitions are all EPS accretive, Organic growth and Synergistic growth through collaboration.

Dario Maugeri: Can you briefly describe to us your accretive growth principle?

Callum Laing: A small business will typically trade at a lower multiple than a big PLC. Our model exploits the arbitrage of this effect for the benefit of all shareholders. Acquisitions are completed on earnings per share (EPS) accretive manner. It’s effectively issuing shares at lower price-to-earnings (PE) multiples than MBH’s PE ratio.

Dario Maugeri: Under the brands Acacia Training and Parenta you built up the education segment. How is the segment currently performing and what are the key market drivers?

Callum Laing: Education is a very interesting industry for us with many opportunities to work with great companies around the world. It is highly fragmented with some great entrepreneurs and that is exciting for us.

Acacia is just one great example of a company successfully leveraging the benefits of joining MBH to thrive. We are seeing good organic growth within the business. Plus, they have been adding opportunistic tactical acquisitions to further bolster and enhance the service offerings of the group which should result in higher EBIT growth. This leads to more synergies and great opportunities.

Dario Maugeri: Beside the construction and education segments, you recently acquired a company engaged in the engineering services segment: the Asia Pacific Energy Ventures Pte Ltd (APEV). They should become the most significant revenue contributors for the whole MBH group. Which development do you expect for APEV?

Callum Laing: APEV is a fantastic company and I believe that with the benefits of a PLC it will be able to bid for and win even more impressive projects. However, whilst APEV is significant today, we are confident of adding many more companies of the size and quality of APEV over the coming years to complement the group. We also have companies in the group that are growing fast. The beauty of the Agglomeration Model is that, as we grow, our material dependence on any one business lessens, which makes the model even stronger for investors.

Dario Maugeri: Mr. Laing with around nine companies in portfolio you are also encouraging synergies between companies or segments. Could you offer us an example of synergies developed or underway?

Callum Laing: Education is a good example – the companies are now sharing resources which include sales and finance.

Construction – the companies are now providing various services for projects which reduce the requirement to engage sub-contractors.

Beyond those synergies we are also seeing a very strong culture emerging of sharing best practices amongst companies even across different industries. For many of the business owners joining this could be the first time in 20 years they have had a support network. Despite the differences there are many more things that successful small businesses have in common than separates them.

Dario Maugeri: Since the listing of MBH the number of acquisitions has grown consistently year on year. In the guidance you mentioned the target of 15-20 acquisitions per year. Which segment do you intend to strengthen the most?

Callum Laing: We have only just completed our first year of listing but, yes, we are very bullish on growing the group over the coming years. The advantage of MBH is that there is no need or requirement to strengthen various sectors. The sectors will naturally grow due to the entrepreneurial nature of the principals in the company. We are sector-agnostic. So, over the coming years, you will see us bring on companies in many other verticals and every time we do so it will also attract others like them to join us.

Longer-term industries can peak and trough but we will continue to add great companies in an accretive manner enhancing the value for all shareholders. We don't see any shortage of great businesses that can thrive in an environment like ours.

Dario Maugeri: Mr. Laing, MBH revenues have risen consistently due to organic growth and portfolio expansion in the last year. For a better understanding of the true value of MBH shares, which key elements would you point out to investors?

Callum Laing: The recent announcement on pro forma revenue and EBITDA growth should help to explain things more clearly for investors. I mentioned in the Chairman's Letter when we first listed that we don't need organic growth for this model to create massive shareholder value. However, if we weren't seeing organic growth, then we would probably need to ask ourselves some hard questions. Fortunately, and I acknowledge it is still very early days, the companies in the group are thriving.

For us, the metric we focus most on is EPS. It is easy to get carried away with doing acquisitions but being bound to focus on increasing EPS with the majority of acquisitions is a very good discipline and it allows us the freedom to have the growth pace of a tech company but by not using cash for acquisitions we can pay dividends in the future as a more mature company might.

Dario Maugeri: Where do you see MBH in the next five years?

Callum Laing: At our current trajectory we should comfortably have a market cap in the multibillion range. Whilst that's exciting it's not what we focus on internally. We will continue to focus on the drivers of value that we can control; Accretive acquisitions, Organic Growth and Group Synergies. We are lucky that we attract fantastic small business owners to us and increasingly we are attracting good, long-term investors that also appreciate the bigger picture of what we are trying to do. We will continue to focus on the fundamentals and getting our EPS up.

Dario Maugeri: Mr. Laing, thank you for the interview.

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.htm>

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.htm>

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,5b,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 BaFin Marie-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:

Dario Maugeri, M.Sc., Financial Analyst

Cosmin Filker, Dipl. Betriebswirt (FH), Vice Head of Research

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