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PRESS RELEASE

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Bricks and Blocks Market UK 2008-2012

New AMA report provides a timely review of the UK Bricks and Blocks Market

"By value, the overall brick, block and natural stone market was worth over £1.25 billion in 2007. However, given the recent steep decline in construction activity it is anticipated that market values will fall by around 15% in 2008 with brick producers in particular having to cut capacity, reduce staffing and close depots to adjust to new market conditions. Industry sources indicate that brick production is set to decline from 2.7 billion units in 2007 to around 1.8 billion in 2008, the lowest level in over 60 years."

A brief summary of the report is included on the following page.

Priced at £650, the report is currently available from AMA Research Ltd,
Telephone 01242 235724 or e-mail at sales@amaresearch.com.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission**.

If you would like to receive an editorial review copy or would like to speak to an author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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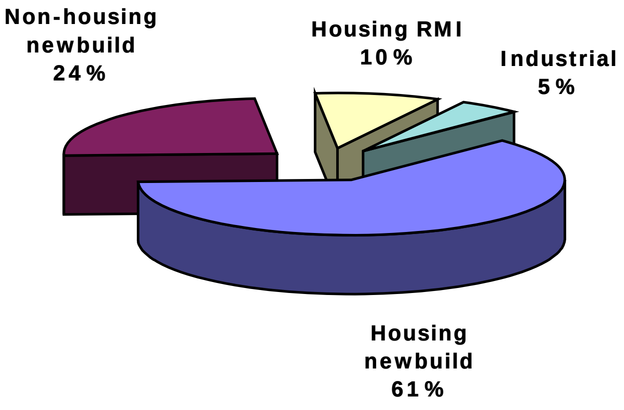
Bricks and Blocks Market - UK 2008-2012

UK Market for Facing Bricks - Share by End Use Sector



The overall bricks and blocks market was worth over £1.25 billion in 2007, but rapidly deteriorating market conditions have resulted in a substantial decline in 2008

Demand for bricks and blocks is largely reliant on underlying strength in the construction sector. Construction output rose by 7.4% in 2007 but has slowed down significantly in 2008 as the impact of the 'credit crunch' reached local markets. The housebuilding sector has been particularly hard-hit, with leading housebuilders reducing output by over 30% in some cases.

Demand for bricks has been in gradual underlying decline since the end of the post-war construction boom, in spite of periodic spurts of growth triggered by temporary increases in construction activity. In addition, the general switch to steel and timber frame (now accounting for around 20% of all new housebuild), coupled with the switch to apartment building over the last 5 years, has also undermined demand for bricks and blocks in the new build sector.

By value, the total brick market reached an estimated £491m in 2007, down from a 10-year high of £543m in 2004. Given the recent steep decline in construction activity it is anticipated that market values will fall by around 20% in 2008 to around £406m. In 2008, brick producers – in particular the larger companies with multiple production facilities – have had to cut capacity, reduce staffing levels and close depots to adjust to the new market conditions. Industry sources indicate that brick production is set to decline from 2.7 billion units in 2007 to around 1.8 billion in 2008, the lowest level in over 60 years.

Demand for pre-cast concrete blocks - dense, lightweight, aerated and 'special' blocks (architectural dressings) - architectural masonry and cast stone blocks has been relatively buoyant since 2000. In value terms, the market was worth over £700m msp in 2007 but given current market conditions it is expected that this will decline by around 13% in 2008.

Natural stone – ashlar and dimensional, or building stone - is used internally and externally on new buildings as well as for RMI work on historic / Listed buildings. The latter usually require specific types of stone, from original or at least compatible sources, typically supplied by local or other specialist quarries. By value, sales reached an estimated £111m in 2007, but is estimated to have declined by around 12%in 2008.

It is expected that the current rate of decline in the UK construction sector will deterioriate further in 2009 as orders for new work placed in the second half of 2008 have decreased substantially - not only for housing but also across some commercial and public non-housing sectors. Brick producers will continue to be worst affected due to their high level of dependency on housing newbuild, which is estimated to account for around 60% of usage, and pressure on margins is exacerbated by the impact of rising energy costs on their overall cost-base.

Our longer term forecasts are relatively optimistic and indicate the start of a recovery in 201l, underpinned by Government commitments to urban regeneration, increasing the levels of new housing, public sector programmes such as Building Schools for the Future and the 2012 Olympic Games construction programme.

AMA Research's "**Bricks and Blocks Market – UK 2008**" report is available in hard copy or electronic format for £650 and can be ordered online at www.amaresearch.co.uk or by calling 0871 3103450.