MICHELMERSH
Brick Holdings PLC
Britain's Brick Specialists

30 March 2021

Michelmersh Brick Holdings Plc
("MBH" or the "Group")

FINAL RESULTS

Resilient trading through Covid-19 interruption, dividend payments resumed

Michelmersh Brick Holdings (AIM: MBH), the specialist brick manufacturer, is pleased to report its audited final results for the year ended 31 December 2020, representing a strong performance and continued progress.

Financial Highlights

- *£52.0 million of revenue generated, in line with the prior year despite Covid-19 shutdown and loss of output (2019: £53.5 million)*
- *EBITDA of £12.3 million, down 10% (2019: £13.6 million)*
- *Robust operating performance driving improved gross margin 41.3% (2019: 40.9%)*
- *Strong cash generation building to a year end cash balance of £12.2 million and a positive net cash position*
- *Repayment of furlough monies drawn during shutdown*
- *Final single payment dividend of 2.50 pence, being a 117% increase year on year (2019: 1.15 pence)*

Operational Highlights

- *Strong operational and financial performance during year which has continued into 2021*
- *Comprehensive support for staff through shutdown and home working*
- *Commencement of road construction at Telford for long-term benefits of the brickworks and restoration*
- *Launched sustainability steering committee*
- *Completion of new Floren offices, welfare & technical testing building*
- *Exercised option securing additional mineral reserves at Michelmersh*

Commenting on the 2020 performance, Martin Warner, Chairman at Michelmersh Brick Holdings, said:

"To almost equal 2019's revenue level and deliver such robust earnings after operations were suspended for most of April is an incredible achievement. The Group worked tirelessly to make its plants Covid-19 safe and minimise the impact. With Michelmersh being such an effective operator, production was able to return to optimal levels within a few weeks of recommencing.

"Michelmersh is operating in a sector that is currently buoyant and supported by government incentives. As such, it is well placed to capitalise on the UK and Benelux markets with its strong brands, well-invested operational structure and sound financial footing. We are still conscious that Covid-19 continues to cause a level of uncertainty, whilst the UK and Europe are both getting used to post-Brexit conditions. However, the Group has had a good start to 2021 and I remain confident that the Company can look forward to continued growth and prosperity with the longer-term market fundamentals in our favour."

An online analyst briefing will be held at 9.30am today. To attend please email michelmersh@yellowjerseypr.com.

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The information contained within this announcement is deemed to constitute inside information as stipulated under the UK Market Abuse Regulation. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with seven market leading brands: Blockleys, Carlton, Charnwood, Freshfield Lane, Michelmersh, Floren and Hathern Terra Cotta. These divisions operate within a fully integrated business combining the manufacture of clay bricks and pavers. The Group also includes a landfill operator, New Acres Limited, and seeks to develop future landfill and development opportunities on ancillary land assets.

Established in 1997, the Company has grown through acquisition and organic growth into a profitable and asset rich business, producing over 120 million clay bricks and pavers per annum. Michelmersh currently owns most of the UK's premium manufacturing brick brands and is a leading specification brick and clay paving manufacturer.

Michelmersh strives to be a well invested, long term, sustainable, environmentally responsible business. Opportunity, training and security for all employees, whilst meeting the needs of stakeholders are at the forefront of everything we do. We aim to lead the way in producing some of Britain's premium clay products and enhancing our environment by adding value to the architectural landscape for generations to come.

We are Michelmersh Brick Holdings PLC: we are "Britain's Brick Specialist".

Please visit the Group's websites at: www.mbhplc.co.uk and www.bimbricks.com

Chairman's Statement

Introduction:
It is extremely gratifying to be able to report that your Company has successfully navigated a very challenging year, delivered a very commendable result and retained a strong financial position. After Covid-19 led to our manufacturing operations being suspended for most of April 2020, the Group worked tirelessly to get the business back up to speed in a safe manner. Whilst construction site activity also slowed in early spring due to Covid-19, by the beginning of May activity had picked up, which we experienced with customer orders and sales returning quickly.

Throughout the pre- and post-Covid-19 interruption, the Board has striven to uphold the Group's 'good corporate citizen' principles and sought to balance the Group's responsibilities to all stakeholders. The Group's financial resilience has allowed us to support and reward our staff, maintain responsibilities to customers and suppliers, return furlough monies drawn to HMRC and re-instate the dividend stream to shareholders.

Financial Highlights

	2020	2019	yoy
Turnover (£m)	52.0	53.5	*- 2.8%*
Gross margin	41.3%	40.9%	*+ 0.4%*
Operating profit (£m)- underyling[1]	8.8	10.3	*- 15.2%*
Profit before tax (£m) underyling[1]	8.0	9.6	*- 16.5%*
EBITDA(£m) underyling[1]	12.3	13.6	*- 9.8%*
Basic EPS (pence) underyling[1]	6.28	8.41	*- 25.3%*
Dividend per share (pence)	2.50	1.15	*+117.4%*
Net cash /(debt) (£m)	0.7	(6.3)	
Net cash generated by operations(£m)	*12.9*	*16.6*	*- 22.5%*

[1]Underlying excludes items regarded as exceptional and amortisation of intangibles

The Group has for some time operated on the basis that production output should be maximised and all product will be sold to a customer. Covid-19 regulations caused operations to cease in late March and production output was lost and, despite a strong performance once this recommenced, the Directors consider that output was negatively impacted by 6.5 million bricks. Despite the Group being able to return to production swiftly, the customer markets reopening lagged production output and this impacted deliveries. This led to a small reduction in turnover during the year.

Given the challenges, the Directors believe the overall financial results of the Group are impressive with turnover and volumes only 3% lower than the Group's strongest ever performance in 2019. Increased costs eroded earnings as Covid-19 related cleaning costs, continued IT development costs and unfavourable currency rates had an impact. This led to earnings metrics being below that achieved in 2019. However, the return to full capacity and operational performance in the second half of the year gives me confidence that the worst is over and the business is in a strong and stable position moving forward.

Cash and Net Debt
The Group ended 2020 in a modest net cash position after opening the year with net debt of £6.3 million. Cash preservation measures were taken in the early part of the year in the face of Covid-19 but strong trading put the Group on a solid financial footing by the end of the year.

In the early stages of Covid-19, the financial backdrop held uncertainties and the Board took certain measures to protect the business – drawing down £3 million from existing bank facilities, accepting government support through furlough payments and deferring VAT payments, holding back capital projects, cancelling the final dividend in respect of 2019 and stress testing the business prospects. As trading recovered from early summer onwards, uncertainties receded and cash reserves recovered, which enabled the Group to reverse the measures taken by repaying furlough payments, schedule the repayment of deferred VAT payment and reinstate dividends. Moreover, the Group has made a voluntary prepayment of £10 million of bank debt as well as £3.3 million of scheduled repayments. The Group entered 2021 in a net cash position including substantial cash balances which, along with undrawn bank facilities, afford headroom against risk, the opportunity to invest and to pay a progressive dividend.

Dividend

As mentioned above, the Board reluctantly withdrew the final dividend in respect of 2019, but the business has now achieved the stability and cash resources to recommence dividend payments. The Board proposes a single dividend in respect of 2020 of 2.5 pence per ordinary share to shareholders on the register on 4 June 2021 which will be paid on 14 July 2021. The Company will again offer shareholders a scrip alternative to a cash dividend with a scrip election date of 23 June.

The dividend exceeds previous levels as a proportion of earnings in recognition of the withdrawal of the 2019 dividend.

Board and Employees

This year has seen an impressive response from the Group's staff to significant challenges both as individuals and in demonstrating significant and outstanding teamwork. Operational and financial outcomes owe much to their skill and commitment and on behalf of the shareholders and the Board, I would like to pass on my sincere thanks.

The Board is also undergoing a period of change with the addition of two new non-executive directors within the year. Paula Hay-Plumb joined at the 2020 AGM and is already ensconced as Chair of the Audit Committee and contributing to the effectiveness of the Board. In November, Tony Morris was appointed bringing energy and experience that will help the Group explore and develop commercial opportunities. I welcome them to the business.

The role of Company Secretary has been transferred to a professional third-party corporate entity, Prism Cosec, adding front-line expertise and guidance to the Board.

We will, however, be losing two long established members of the Board in 2021 as Bob Carlton-Porter and Stephen Morgan step away from the Company at the forthcoming AGM, having served 17 and 11 years respectively. On a personal note, and on behalf of shareholders, can I extend my thanks to them for their contribution and support which have helped to make Michelmersh the Company it is today through a period of remarkable growth. They will be hugely missed and I wish them well.

The CFO role has been filled following a rigorous and wide-ranging recruitment process. The new appointee, Ryan Mahoney, will join us following our 2021 AGM in early June, bringing significant financial and operational experience. His expertise will help the business secure continued growth and we look forward to working with him.

Ryan joins from Avon Rubber, the FTSE 250 defence engineering and manufacturing group where he has been Deputy Chief Financial Officer since April 2018. Prior to that, Ryan had been Group Financial Controller for Unite Students, the FTSE 250 property group, since November 2015, and before then held other senior finance roles within the business. Prior to joining Unite, Ryan worked for KPMG for 9 years in both audit and advisory roles. Ryan is both a qualified accountant and a member of the ICAEW.

OUTLOOK

Michelmersh is operating in a sector that is currently buoyant and supported by government incentives. As such, it is well placed to capitalise on the UK and Benelux markets with its strong brands, well-invested operational structure and sound financial footing. We are still conscious that Covid-19 continues to cause a level of uncertainty, whilst the UK and Europe are both getting used to post-Brexit conditions. However, the Group has had a good start to 2021 and I remain confident that the Company can look forward to continued growth and prosperity with the longer-term market fundamentals in our favour.

Martin Warner

Chairman
30 March 2021

Chief Executives' Report

The first quarter of 2020 showed a promising start to the year up until the Group's manufacturing activities were suspended due to Covid-19. All factories undertook the process of a safe, phased shut-down of kilns and manufacturing operations ceased as home working continued where possible for administrative staff. During a four-week shutdown, skeleton staff ensured on-site safety and conducted critical maintenance duties, and health and safety teams liaised with operational staff to develop Covid-19 secure safe operating procedures ("SOPs") in preparation for the return to work. The intention from operational teams was to return to a safe workplace as soon as possible in order to protect the business and the workforce's livelihood.

Return to work commenced towards the end of April on a phased basis as new SOPs were implemented. At this stage, some operations were expected to be scaled back with two sites not scheduled to achieve full capacity until all restrictions were lifted. It was not long, however, before development of systems and structures allowed full capacity to be achieved at all plants.

The closure of operations meant that the Group lost output of 9.5 million units. Strenuous efforts were made to recover lost units and by the end of December 2020, the Group's UK output was only 6.5 million units behind the level of output achieved in the whole of 2019. Following the return to operations in April 2020, the business experienced minimal Covid-19 related absence for the remainder of the period thanks in no small part to the commitment of employees in following the SOPs. There was, however, a spike in Covid-19 infections and isolations at the beginning of 2021 following the Christmas break, affecting a small number of employees relatively severely. The absences have reduced significantly in recent weeks and overall have not had a dramatic effect on operations. The business continues to operate under the established SOPs and deep-cleaning routines.

The impact of Covid-19 on deliveries to customers was greater than on manufacturing output as elements of the market were slower to re-open operations. At the low point, UK despatch volumes were down by 14 million units, however there was pent-up demand in a buoyant construction sector that was released through the second half of the year. By the close of the year, units despatched were only 7.4 million units less than in 2019, in itself a very successful year.

The Group met the objectives set at the half year by converting the strong order book into sales throughout H2, managing down our debt and returning to a progressive dividend stream.

Energy costs in 2020 were relatively benign as world energy markets were depressed. This compensated for some additional health and safety and cleaning costs related to Covid-19. Despite lower volumes in what is a business with heavy fixed costs, gross margins were slightly ahead of the levels seen in 2019. The UK results also benefitted from a strong rebound in performance from Carlton Brick after disruptions in 2019 brought on by integration of new investment in plant.

During the course of 2020, the Group completed the supply to several inspiring schemes which achieved BREEAM "excellent" sustainability ratings. Other notable projects included Hobb House Court in London, Victoria House in Leeds, Clockworks in Manchester and University College London Hospital to name but a few. The Group strategy of ensuring a well-balanced forward order book continues from previous years into 2021 and Q1 order intake remains robust.

Despite the disruption from Covid-19 and with many staff homeworking, the Group was able to build momentum through H2 on a number of key initiatives. The Group's newly formed Sustainability Steering Committee successfully implemented a Net Zero road map and the IT department went live with the implementation of the new Salesforce software. We are the first brick manufacturer to partner the industry's Supply Chain Sustainability School. We also met our Pledge 100 target of donating 100k bricks to key NVQ colleges around the UK to help train our future bricklayers.

As we look around at the UK vernacular we see many examples of brick applications, proudly standing after hundreds of years. We know that our products are natural, thermally efficient, durable and can be recycled, boasting huge longevity with a minimal environmental footprint. In this context it is clear that the overall carbon emissions spread through every year of the brick's service life is extremely low. With a lifecycle at least two and half times that of environmental product declarations (60 years), zero in-use emissions due to no maintenance, brick is by far the most sustainable, long term choice. As Britain's Brick Specialists, we will continue to inspire beautiful, comfortable, safe and sustainable architecture that will enhance our built environment for generations to come.

Floren

Belgium has suffered the impact of Covid-19 more than most and their recovery is likely to lag behind the UK. Despite this, Floren has performed very well with output in the year similar to 2019. Despite a slight reduction in turnover as markets were affected, net contribution to the Group improved for the year after only contributing 10 months post acquisition in 2019. The business has undergone an extended winter shutdown in which new investment has been made to improve efficiency and reduce risk of breakdown.

The vendors of Floren remained in place as general managers post acquisition by Michelmersh in February 2019 and helped deliver two years of above expected contribution. They have now moved on to new ventures and we thank them for their contribution and wish them well. After notifying us that they intended to leave the business, a new general manager was recruited and has been in place since the autumn and a new management team has been developed. We look forward to continued progress from our Belgian business.

Staff development

During the year, the role of the intermediate management board of Associate Directors was broadened with new members and a wider remit. As the Group develops, this forum extends responsibilities, rewards key individuals and strengthens the management structure of the Group. This board includes expertise from a range of disciplines that controls and directs day-to-day operations.

2020 was a year that saw companies across the world face challenges that could never have been imagined or foreseen a year before. The impact, not just on businesses, but on individuals and their wellbeing, cannot be underestimated. As a company we felt it was of paramount importance that our staff continued to feel safe and supported throughout the pandemic. Following the reopening of all our sites, and adhering to all government guidelines, we engaged an external company to provide deep cleaning of all our offices and public areas every week and have continued this throughout the lockdown.

We organised a mental health and wellbeing awareness week for all staff raising the importance of having recognised breaks and stepping away from our work stations and taking time for ourselves. During this week, regular emails and bulletins were sent out with tips and advice on how to help improve our wellbeing and mental health. All staff also had the option of completing an online survey enabling them to provide feedback on how they felt the Group could improve wellbeing within the workplace.

Our commitment to ensure our core values are upheld and adhered to remains unwavering and we will continue to model this at all levels to ensure all our staff are treated with integrity and respect. Despite the unprecedented challenges faced as a Group last year we believe we have shown that we live out our values and not only support our staff practically but also recognise and appreciate them and reward where possible. It was pleasing to note that eight members of staff celebrated between 25-50 years' service with the business during 2020.

We would also like to take this opportunity to thank both Stephen Morgan and Bob Carlton-Porter for their commitment and hard work over the years. Their input and dedication have been hugely appreciated. We look forward to welcoming our new CFO Ryan Mahoney to the Board and, with Stephen's assistance, we will ensure a smooth transition as we progress with our strategic aims for H2 and beyond 2021.

Land Assets

During the year, preparations were completed that enabled the Group to commence construction of the road that bisects the quarry at Telford. Contractors broke ground late in 2020 and are expected to complete the project in summer 2021. The existing public road prevents access to the remaining clay mineral on the site that supports brick manufacturing for decades to come. A long-term, detailed extraction and land remediation plan is in place that delivers mineral to the brick manufacturing business and releases land for alternative use.

In January 2021, the option agreement for mineral in land adjacent to the Michelmersh brickworks at Romsey was exercised securing minerals for at least 15 years brickmaking on the site.

Plant and machinery

As with other aspects of the business, Covid-19 impacted our approach in the year. Investment in plant was deferred initially in order to preserve cash resources, and once operations recommenced after the shutdown, concentration was directed towards recovery of output and health and safety measures.

The business will now turn its attention to projects that address our goals of expansion of capacity, reduction in labour and energy input costs and de-risking processes. The recent budget provides an incentive to invest surplus cash if the project returns are attractive.

Charity
Our commitment to our Corporate and Social Responsibility (CSR) is never seen as just a 'tick box' exercise. It is an area of our business that we believe in strongly, as mirrored in our Company core values. During 2020 we once again contributed to charities across the country donating funds, food products, children's toys, resources and a wealth of clay products to various charities and institutions across the UK.

Due to the huge impact the pandemic has had on so many people some of the charities we consistently donated money to were MIND's emergency COVID crisis fund, NHS Sussex to help support the amazing work of our NHS and The Trussell Trust which runs local foodbanks across the UK.

At the end of 2020 we introduced a new initiative to be launched in 2021 where staff can nominate two charities that will be Michelmersh's key charities for the year and we will not only donate funds but also look to raise the profile of the chosen charities through our social media platforms.

Outlook
We remain well placed in a market that is both performing well and has positive, longer-term fundamentals. Challenges over imports and reduced UK manufacturing capacity suggest that demand for our products will remain strong and the first quarter of 2021 has been encouraging with a strong order intake and KPIs ahead of expectations despite some poor weather.

A new range of challenges presents itself in 2021 alongside some traditional ones. The manner in which the staff responded positively in the face of Covid-19 gives us confidence that all challenges will be met with the same ingenuity and commitment. We remain resolute and excited about the prospects for the Group for the remainder of 2021 and beyond.

Frank Hanna, Peter Sharp
Joint Chief Executives
30 March 2021

Consolidated Income Statement
For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Revenue	52,044	53,523
Cost of sales	(30,525)	(31,618)
Gross profit	21,519	21,905
Administrative expenses	(12,840)	(11,754)
Amortisation of intangibles	(1,170)	(1,166)
	(14,010)	(12,920)
Other income	75	224
Exceptional item – Bargain purchase[1]	-	2,422
– acquisition costs[2]	-	(566)
Operating profit	7,584	11,065
Finance costs	(713)	(698)
Profit before taxation	6,871	10,367
Taxation	(1,938)	(1,763)
Profit for the financial year	4,933	8,604
Basic earnings per share	5.27 p	9.41 p
Diluted earnings per share	4.95 p	9.19 p

Exceptional Items

[1] *Bargain purchase; represents the excess of the fair value of assets less liabilities acquired over the consideration payable for the acquisition of Floren in February 2019.*

[2] *Costs relating to the acquisition of Floren.*

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	2020	2019
	£'000	£'000
Profit for the financial year	**4,933**	**8,604**
Other comprehensive income/(expense)		
Items which may subsequently be classified to profit and loss		
Currency movements	**66**	**67**
Items which will not subsequently be classified to profit and loss		
Revaluation surplus of property, plant and equipment	**1,571**	**801**
Revaluation deficit of property, plant and equipment	**(3,710)**	**(10)**
Deferred tax on movement	**280**	**(134)**
	(1,793)	**724**
Total comprehensive income for the year	**3,140**	**9,328**

Consolidated Balance Sheet
As at 31 December 2020

	2020 £'000	2019 £'000
Assets		
Non-current assets		
Intangible assets	21,420	22,590
Property, plant and equipment	60,948	65,348
	82,368	87,938
Current assets		
Inventories	10,046	9,761
Trade and other receivables	11,189	8,567
Cash and cash equivalents	12,243	15,140
Total current assets	33,478	33,468
Total assets	115,846	121,406
Liabilities		
Current liabilities		
Trade and other payables	12,049	9,889
Lease liabilities	530	542
Interest bearing borrowings	986	3,414
Corporation tax payable	240	882
Total current liabilities	13,805	14,727
Non-current liabilities		
Interest bearing borrowings	10,487	18,036
Lease liabilities	240	673
Deferred tax liabilities	11,663	11,866
	22,390	30,575
Total liabilities	36,195	45,303
Net assets	79,651	76,103
Equity attributable to equity holders		
Share capital	18,789	18,498
Share premium account	15,827	15,545
Other reserves	21,581	23,192
Retained earnings	23,454	18,868
Total equity	79,651	76,103

Consolidated Statement of changes in equity
For the year ended 31 December 2020

	Share Capital £'000	Other reserves £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2019	**17,297**	**21,788**	**11,643**	**13,066**	**63,794**
Profit for the year	-	-	-	8,604	**8,604**
Revaluation deficit	-	(10)	-	-	**(10)**
Revaluation surplus	-	801	-	-	**801**
Deferred taxation on revaluation	-	(134)	-	-	**(134)**
Currency difference	-	-	-	67	**67**
Total comprehensive income	-	657	-	8,671	**9,328**
Share based payment	-	765	-	-	**765**
Shares issued during the year	1,201	-	3,902	-	**5,103**
Transfer to retained earnings	-	(18)	-	18	**-**
Dividend paid	-	-	-	(2,887)	**(2,887)**
At 31 December 2019	**18,498**	**23,192**	**15,545**	**18,868**	**76,103**
Profit for the year	-	-	-	4,933	**4,933**
Revaluation deficit	-	(3,710)	-	-	**(3,710)**
Revaluation surplus	-	1,571	-	-	**1,571**
Deferred taxation on revaluation	-	280	-	-	**280**
Currency difference	-	66	-	-	**66**
Total comprehensive income	-	(1,793)	-	4,933	**3,140**
Transfer between reserves	-	67	-	(67)	**-**
Share based payment	-	1,099	-	-	**1,099**
Shares issued during the year	44	-	86	-	**129**
Released on maturity of options	200	(983)	-	783	**-**
Dividend paid	47	-	196	(1,064)	**(821)**
At 31 December 2020	**18,789**	**21,581**	**15,827**	**23,454**	**79,651**

Consolidated Statement of cash flows
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Profit before taxation	6,871	10,368
Loss/ (profit) on disposal of fixed assets	119	247
Finance expense	713	698
Depreciation	3,544	3,313
Amortisation	1,170	1,165
Bargain purchase	-	(2,422)
Share based payment charge	899	765
Cash flow from operations before changes in working capital	13,316	14,134
(Increase) / decrease in inventories	(234)	822
(Increase) / decrease in receivables	(2,422)	37
Increase in payables	2,223	1,629
Net cash generated by operations	12,883	16,622
Taxation paid	(2,501)	(2,105)
Net cash generated by operating activities	10,382	14,517
Cash flows from investing activities		
Purchase of subsidiary undertaking net of cash acquired	-	(6,202)
Purchase of property, plant and equipment	(1,241)	(2,412)
Net cash used in investing activities	(1,241)	(8,614)
Cash flows from financing activities		
Proceeds of loan drawdown	3,000	5,100
Adjustment in respect of IFRS16	(656)	(646)
Repayment of interest bearing liabilities	(12,977)	(1,990)
Interest paid	(713)	(698)
Proceeds of share issue	129	4,704
Dividend paid	(821)	(2,488)
Net cash (used in)/generated by financing activities	(12,038)	3,982
Net (decrease)/increase/ in cash and cash equivalents	(2,897)	9,885
Cash and cash equivalents at the beginning of the year	15,140	5,255
Cash and cash equivalents at the end of the year	12,243	15,140
Cash and cash equivalents comprise:		
Cash at bank and in hand	12,243	15,140
Bank overdraft	-	-
	12,243	15,140

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. There have been no changes to the accounting policies adopted since the last consolidated financial statements were published.

2. FINANCIAL INFORMATION

The financial information set out in this Preliminary Announcement does not constitute the Group's statutory financial statements for the years ended 31 December 2020 or 2019. The financial information has been extracted from the Group's statutory financial statements for the years ended 31 December 2020 and 2019. The auditors have reported on those financial statements; their report was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 December 2020 will be filed with the Registrar of Companies following the Company's Annual General Meeting. The report of the auditors on those statutory accounts was unqualified, did not include references to any matters on which the auditors drew attention by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, and did not contain a statement under section 498(2) or (3) of the Act. The Report did draw attention to the accounting policy in the financial statements concerning the Group's ability to continue as a going concern connected with the declaration of Covid-19 as a pandemic by the World Health Organisation noting this as a material uncertainty.

The financial information is presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

3. EARNINGS PER SHARE

Basic

The calculation of earnings per share from continuing operations based upon the profit for the year of £4,933,000 (2019: £8,604,000) and 93,680,537 (2019: 91,463,549) weighted average number of ordinary shares.

Diluted

The calculation of diluted earnings per share from continuing operations based upon the profit for the year of £4,933,000 (2019: £8,604,000) and 99,368,224 (2019: 93,632,839) weighted average number of ordinary shares.

4. Alternative performance measure reconciliation

Income Statement

		Year ended	Year ended	
	notes	31-Dec-20	31-Dec-19	2020/ 2019
		£000	£000	
Turnover		52,044	53,523	*-2.8%*
Reported Gross Profit		21,519	21,905	*-1.8%*
Reported Gross Margin		*41.3%*	*40.9%*	
Cost of sales adjustment re Floren brick stocks	*1*	-	52	
Underlying Gross Profit		**21,519**	**21,957**	***-2.0%***
		41.3%	*41.0%*	*0.3%*
Reported Operating profit		**7,584**	**11,065**	***-31.5%***
Exclude exceptional treatment of Floren acquisition	*2*	-	(1,856)	
Treat Planbaten as Exceptional	*3*	-	(103)	
Cost of sales adjustment re Floren brick stocks	*1*	-	52	
Amortisation of intangibles	*4*	1,170	1,166	
'Underlying' operating profit	*2*	**8,755**	**10,324**	***-15.2%***
Finance costs – reported		(713)	(698)	
'Underlying' profit before taxation	*2*	**8,041**	**9,626**	***-16.5%***
'Underlying' operating profit (as above)		**8,755**	**10,324**	***-15.2%***
Depreciation		**3,544**	**3,313**	
'Underlying' EBITDA		**12,298**	**13,637**	***-9.8%***
Reported underlying Basic EPS		5.27p	9.41 p	
'Underlying' Basic EPS		6.28p	8.41 p	*-25.3%*
Net cash generated by operations		12,885	16,622	*-22.5%*

Notes:

1. Cost of sales adjustment re Floren brick stocks were made under acquisition treatment and to reflect Group accounting policy adjustments in the year of acquisition.
2. The bargain purchase and costs of acquisition relating to Floren are excluded from this analysis as they are non-recurring.
3. Floren received an exceptional credit as a result in change of regulatory treatment of land taxes which is non-recurring.
4. Amortisation of intangible assets is commonly excluded to display Operating Profit as a financial metric.

5. DIVIDEND

The Board has recommended a final dividend for the year of 2.5 pence per share, to be paid on 9 July 2021 to shareholders whose names appear of the register of members at the close of business on 4 June 2021.

6. REPORT & ACCOUNTS

Copies of this announcement are available and the Annual Report will be available in due course on the Group's website www.mbhplc.co.uk and from the Company's registered office at Freshfield Lane, Danehill, Haywards Heath, West Sussex RH17 7HH.