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Michelmersh Brick Holdings PLC
25 March 2025

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Michelmersh Brick Holdings PLC

("MBH", the "Company", or the "Group")

Preliminary results for the year ended 31 December 2024

Resilient performance; well positioned for market recovery

Michelmersh Brick Holdings Plc (AIM: MBH), the specialist brick manufacturer, reports its preliminary results for the year ended 31 December 2024.

Financial Highlights:

	31 Dec 2024	31 Dec 2023	Change
Statutory results			
Revenue	**£70.1m**	£77.3m	*(9.3%)*
Gross margin	**35.8%**	38.9%	*(3.1%)*
Operating profit	**£8.2m**	£12.3m	*(33.3%)*
Profit before tax	**£8.0m**	£12.5m	*(36.0%)*
Basic earnings per share	**6.59p**	10.44p	*(36.9%)*
Cash from operations	**£10.2m**	£13.6m	*(25.0%)*
Net cash	**£6.0m**	£11.0m	(45.5%)
Dividend per share	**4.60p**	4.50p	2.2%
Adjusted results*			
Adjusted EBITDA[1]	**£14.0m**	£17.8m	*(21.3%)*
Adjusted operating profit	**£10.1m**	£13.7m	*(26.3%)*
Adjusted profit before tax	**£9.9m**	£13.8m	*(28.3%)*
Adjusted earnings per share	**8.18p**	11.91p	*(31.3%)*

Strategic and Operational Highlights:

- Resilient performance in 2024, with revenue down 9.3%, reflective of product mix and a highly competitive pricing environment
- Despatch volumes broadly stable over the last 12 months and in line with management expectations
- Stable market share from FY23 demonstrating the quality and customer reach of our products
- Core and consistent discipline of maintaining a quality forward order book supported by order intake running ahead of full manufacturing capacity throughout the year
- Continued focus on appropriate portfolio pricing with our customers
- Proactive approach to our sustainability initiatives with £5.6 million of capex invested in efficiency improvements across our manufacturing base, ahead of normalised run-rate
- Active management of input costs on a risk-based approach with a more balanced energy hedging policy
- Strong balance sheet in challenging markets with cash of £6.0 million and an undrawn £20 million borrowing facility, underpins our financial resilience to deliver against our capital allocation framework
- Final dividend per share of 3.00p resulting in full year dividend of 4.60p, up 2.2% on 2023, demonstrating commitment to our dividend policy and confidence in our outlook

Outlook

- Positive momentum in our order intake from 2024 continued into Q1 2025
- Focus on maintaining a well-balanced forward order book, with well communicated and collaborative mid-single digit

price increase at the end of Q1 2025 to offset increases in our cost base, expected to support demand across our diverse end market customer base

- Medium-term fundamental market drivers are encouraging and the business is well positioned, but cautious customer sentiment regarding affordability including the elevated interest rate environment continues to impact the expected timing of a market recovery

Commenting on the results, Tony Morris, Chair of Michelmersh Brick Holdings PLC, said:

"The Group has been able to deliver a resilient performance once again this year. This is despite the long trough in activity levels in the wider construction industry, measured by the impact on brick despatch volumes, which have declined by over 30% since the end of 2022. Michelmersh's outperformance of this broader industry decline has been achieved by growing market share in 2023 and then maintaining those levels in 2024. The team has remained focused on ensuring the continuity of supply of our high-quality portfolio, active management of input costs, alongside delivering a year of significant capital improvement programmes.

"We expect the fundamental resilience of our business model to support performance going forward, as we continue to trade in challenging market conditions. Against a backdrop of customer concerns about affordability and the elevated interest rate environment, the expected timeline for market recovery continues to face delays. However, with the strength of our balance sheet and the significant investments made in our facilities during the year, we are well positioned for 2025 and beyond."

* *The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional costs associated with acquisitions and aborted corporate transactions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results below.*

[1] *EBITDA is defined as earnings before interest, tax, depreciation and amortisation.*

An analyst briefing will be held virtually at 09:30am today. To attend, please email michelmersh@yellowjerseypr.com.

The Company also notes that it will be hosting an online presentation to retail investors on Friday, 28 March at 10:00am. Those wishing to join the presentation are requested to register via the following link: https://engageinvestor.news/MBH_IP25.

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About Michelmersh Brick Holdings PLC:

Michelmersh Brick Holdings PLC is a business with seven market leading brands: Blockleys, Carlton, FabSpeed, Freshfield Lane, Michelmersh, Floren.be and Hathern Terra Cotta. These divisions operate within a fully integrated business, combining the production of premium, precision-made bricks, pavers, special shaped bricks, bespoke Terra Cotta products and prefabricated brick components. 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 122 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, www.bimbricks.com and www.sustainablebrick.com

Chief Executive Officer's Statement

I am pleased to report on a resilient performance for our 2024 financial year and provide details on our progress against our strategic objectives. It has been a year of resilience for the Group despite the construction industry remaining in a challenging environment, it now marks over a 24 month period since our industry high point for brick despatches in 2022, which remains a key barometer for our sector activity levels. The overall sentiment for consumers remains dampened by the relative affordability of borrowing costs given the higher level of prevailing interest rates acting as a significant drag on demand across our key markets. Despite these market challenges, the Board remains enduringly grateful to all of our people who continue to support the Group, particularly through this year as we have managed to deliver a significant capital improvement programme across multiple sites, whilst ensuring there is a continuity of supply of our premium product portfolio to our customers.

The core of our strategy is the belief that sustainable growth is best supported through maintaining a broad range of end customers who cover the fullest spectrum of applications and channels within the construction industry. Despite a 30% decline in brick despatches since the end of 2022, we have achieved a resilient performance due to this strategic approach. Focusing our portfolio on diverse end markets, each with different supply and demand fundamentals, has created a business that has grown market share since the end of 2022 to facilitate the outperformance of the broader market declines in activity. This grown market share since the end of 2022 to facilitate the outperformance of the broader market declines in activity. This performance would not be possible without our customers and we remain very grateful for the longevity and depth of these relationships. Our focus remains on providing excellent products and services alongside balancing the needs of all our stakeholders.

Despite the uncertainty in the construction sector, the fundamentals in our end markets remain positive with a critical shortage of both new residential and social housing and a significant legacy housing inventory constructed with brick façades, underpinning future Repairs, Maintenance and Improvement ("RMI") demand with continued requirements for brick cladding remedial solutions. Following the July election, the new Government has intensified its verbal efforts to prioritise growth with a cornerstone of this strategy being increasing the supply of new homes in the UK. The rhetoric surrounding improvements to the planning process and removal of some of the barriers and red tape, which accompany planning applications, can only further improve the dynamics for the construction industry and our own end markets.

Our fundamental core competency remains our significant strength in the premium end of the brick market in the UK and Benelux regions. We view the long-term fundamentals of these markets as positive, with brick continuing to be the façade material of choice due to its longevity, sustainable and energy efficiency qualities, low-cost base and broad aesthetic appeal. Demand for bricks across the sector has declined over the last 24 months in line with the consumer environment. In response, across the industry, manufacturing capacity of approximately 25% has been mothballed or permanently closed in the UK over this period with uncertainty at the point the market will return to 2022 levels. However, our ability to address the market's broad spectrum allowed us to grow our market share over that period as we have outperformed the broader level of decline in despatch volumes.

The Group's track record and fundamental inherent characteristics to deliver operational cash generation has supported the Board in providing more clarity around codifying the capital allocation framework priorities for the Group. Central to this framework is the support for continued investment in projects that address our strategic objectives to improve the innovation and sustainability of both our product portfolio and our manufacturing operations, together with supporting ongoing improvements in production efficiency. We are committed to regular returns to our shareholders, through our dividend policy linked to our adjusted earnings per share metric, and the proposal of a final 3.00p per share dividend underlines our confidence in the outlook for the business. Alongside, we will also look to supplement dividends with share buybacks where the Board determines that it is appropriate to do so to deliver value for shareholders and represents an attractive investment opportunity for the Company. Balancing the returns for our shareholders through dividends and buybacks alongside ensuring we maintain well invested manufacturing sites are central to the Group's capital allocation priorities. Alongside the articulation of the capital allocation framework the Board has reviewed the associated required level of advisor support and has taken the decision to focus on a single Corporate Broker arrangement with Canaccord Genuity Limited who has supported the Group with advisory support since 2018. Whilst the timing of any further acquisitions is now more uncertain given the availability of opportunities in our core markets, the Board will consider any opportunities where it believes it would deliver shareholder value. However, we will prioritise maintaining a strong balance sheet to support the overall business plans and returns to shareholders. This strategy leaves us well-positioned to deliver further progress and shareholder value in 2025 and beyond.

Board changes

Martin Warner retired as Chair at the AGM in May 2024. Martin was succeeded by Tony Morris who was previously a Non-Executive Director. Martin was appointed Chair in 2016, having previously been joint founder and Chief Executive Officer. He oversaw transformational growth over that period supporting the Group on its progressive journey to becoming a leading premium brick manufacturer and brick prefabrication specialist across the UK and Belgium. On a personal note, I would like to thank Martin for his valued support and guidance over many years. With Tony as Chair we look to the future with confidence and the business is in a strong position to continue to deliver against our strategy.

Frank Hanna left the business in April 2024 to take up the position of CEO of the Brickability Group. Frank and I were appointed Joint Chief Executive Officers ("JCEO") in January 2016 and since then I am very proud of the significant growth and success the Company has achieved. Since 2016, the Group's annual brick output has increased from 70 million to over 120 million, the portfolio has broadened to include brick-fabricated products and the Company has entered the European market with Floren. Frank has been associated with the Group for 32 years, joining officially in 2010, when as a shareholder of Freshfield Lane it was acquired by Michelmersh. Frank was an excellent JCEO of Michelmersh and a highly valued colleague and member of the Board and he left with our sincere thanks for his immense contribution in building a business with strong fundamentals underpinned by the longevity and depth of our customer relationships.

In December 2024 I also announced my intention to retire from the Board during 2025 to move to a part-time position in the Company as an industry adviser. I have worked in the Group for over 20 years with the last nine of these on the Board as JCEO and CEO. I am therefore delighted to continue my support of the Company with my industry knowledge and experience. As part of the Group's ongoing succession planning, and following a third-party-led recruitment process involving both internal and external candidates, the Board was pleased to announce that Ryan Mahoney will succeed me as CEO. Ryan has been with Michelmersh since 2021 as Chief Financial Officer ("CFO") and has worked closely with me as part of the Executive Team, accumulating a thorough and detailed understanding of the Company's operations and plays a key role in developing and executing the Group's strategy; a formal search process for a new CFO is well underway.

Rob Fenwick, who joined the Board in 2023, stepped down from his position as Non-Executive Director of the Group in July and we would like to thank Rob for his efforts during his time with the Board.

With these changes, both this year and as we look into 2025, we believe that the Board has the appropriate balance of skills and experience to support the Group as we continue to deliver against our strategic objectives.

Sustainability

Sustainability and Innovation are two of the four pillars of our core company values which remain at the forefront of our responsibility as a good corporate citizen and drives our ambition to lead the ceramic product manufacturing sector. Our focus for incremental positive and proactive sustainable change to our business is testament to the trust and confidence our customers place with our Company. The Group continued to report and track progress against seventeen non-financial KPI disclosures in alignment with our goal to reach net zero by 2050.

The Group continues to demonstrate reductions in potable water, virgin wood, plastic and waste. We are close to achieving our end of year 2025 target for 10% reduction of energy, measured by kWh per tonne, as we continue to progressively work on our decarbonisation project roadmap targets for 2030.

The Group invests in projects which will enhance our environmental profile, optimise and increase the energy efficiency of our operations and lower the consumption of raw materials. In the period we completed scrubber upgrades to our Floren plant in Belgium, which complement the portfolio of investments this year. Continuing this approach, the Group was the first brick manufacturer to make a commitment to reduce non-essential plastics and has furthered this initiative by investing in carbon negative bio-plastics produced from sugar cane which we are rolling out across our sites.

The Group's products continue to be utilised in the facades of multiple award-winning projects and proudly featured on five RIBA regional award-winning buildings in 2024. Fulfilling our commitment to sustainability and innovation, we were proud to achieve success at the Brick Awards specifically in the Innovation and Sustainability categories. In the sustainability category, five of the seven shortlisted projects specified our products, including the HyBrick display, made from our World first green hydrogen brick firing trials, which was unveiled at the Science Museum in London earlier this year in a decade long exhibition and reinforces our dedication for decarbonisation.

Awards and recognition

We were delighted that our high-quality product portfolio was once again recognised in 2024 through our successes at the Brick Development Association ("BDA") industry awards. The 48th BDA awards saw the Group win nine awards, which is a record year for the Group with this total being over half of the total number of the sixteen awards available. This recognition is also testament to the dedication of our many partners, the fantastic architects we are delighted to work with and the craftsmanship and quality brickwork installed by so many dedicated contractors.

The awards included category wins in the areas of: Sustainability, Refurbishment, Innovation, Commercial, Urban Regeneration, multiple housing categories and most importantly we were delighted to win the Supreme Winner award. The importance of these awards is that fundamentally it provides a showcase of the Group's range of clay brick which are the ideal choice for specifiers and architects. Seeing clay brick celebrated as the façade product of choice amongst a wide range of architectural vernacular helps to validate the industry's strengths in promoting clay brick which offers the best value, excellent longevity and inspiring sustainable credentials.

Among our awards was recognition for the Norton Folgate project which deservedly won Supreme Winner at the BDA awards with its transformative and diverse range of architectural approaches and styles. Norton Folgate successfully re-energised this fringe gateway between the City of London and Shoreditch and it highlights the merits and aesthetics of clay brick.

Further success came with Gort Scott winning the Medium Housing Scheme Award at Forest Road which is an affordable housing project for first-time buyers with 90 one-bedroom homes. The triangular site is distinctively modern and uses a beautiful blend of Floren's Vecchio and Tartufo bricks.

Winning the Large Development Housing Award, Feilden Clegg Bradley Studios & Grant Associates, designed a new neighbourhood skirting the edge of Bristol. Brabazon uses a host of Freshfield Lane's Selected Dark and Selected Light bricks in the 303 newly built homes. The project works towards the goal of bringing communities together while the site's layout inspires a more active lifestyle.

The recognition through our industry awards reaffirms our role as leaders in producing quality clay products that inspire sustainable architecture, where projects are crafted with a view to the present and the future. We are excited to continue shaping spaces that are not only functional and forward thinking but also reflect the beauty and richness of British and European architecture.

Charity

Our commitment to being a socially engaged and responsible employer remains unchanged as we continued our focus on charitable commitments in 2024. We increased our overall charitable contributions as well as the provision of support to a wider pool of charities that included not just nationally recognised charities but also smaller and more local community projects. As part of our decision-making process in selecting charities to support, we invite all staff to put forward nominations for the following financial year. We continued the process for this year and the charities we supported were all nominated by our people. Due to the increased focus on local and community projects we selected one charity from the nominations to be our main recognised charity for 2024 and this was The Lighthouse Construction Project.

The Lighthouse Construction charity carries out incredible work in the breadth of the support they provide to workers and their families in the construction industry. In addition to the annual staff nominations, we also supported numerous community events local to our manufacturing facilities as well as donating to individual staff charity fundraisers throughout the year.

Supporting education

We have been proud supporters of colleges for many years, which was cemented by the Group with the official launch of 'Pledge 100' in 2020 to encourage youth training in skill-based occupations and those embarking on careers in the construction industry. The industry continues to face a very well-publicised shortage of skilled bricklayers, with gaps in funded support across all sectors of construction and we believe this additional assistance is vital to encourage the next generation to apply for construction-focused employment as the country faces the challenge of meeting the critical shortage of both new houses alongside the importance of well-maintained older housing stock.

We have once again supported this commitment to training the next generation of bricklayers by donating over 120,000 bricks through our "Pledge 100" initiative, ahead of the 100,000 we achieved annually since 2020. Supporting industry education and training, including bricklayers and architectural design courses, remains one of our core commitments.

Throughout 2024 we supported 14 institutions across the UK through the provision of bricks they need to ensure students can learn the appropriate skills necessary to fulfil their training as bricklayers of the future. With the additional bricks this year we also supported five community and charity led projects that support local communities surrounding our factories.

In addition to offering products for students to learn with in practical lessons, we also continued to supply hundreds of copies of the "Guide to Successful Brickwork" to vocational training courses.

Group Results

Financial Highlights

	Year ended 31 Dec 2024	Year ended 31 Dec 2023	Change
Revenue	**£70.1m**	£77.3m	*(9.3%)*
Gross margin	**35.8%**	38.9%	*(3.1%)*
Adjusted* EBITDA[1]	**£14.0m**	£17.8m	*(21.3%)*
Adjusted* operating profit	**£10.1m**	£13.7m	*(26.3%)*

Operating profit	**£8.2m**	£12.3m	*(33.3%)*
Adjusted* profit before tax	**£9.9m**	£13.8m	*(28.3%)*
Profit before tax	**£8.0m**	£12.5m	*(36.0%)*
Adjusted* basic earnings per share	**8.18p**	11.91p	*(31.3%)*
Basic earnings per share	**6.59p**	10.44p	*(36.9%)*
Dividend per share	**4.60p**	4.50p	*2.2%*

**The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional costs associated with acquisitions and aborted corporate transactions and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with statutory results in the Chief Executive Officer's Statement below.*

1 EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The ongoing challenges in the broader construction market have affected the trading performance in the business during the year, and compared to our record financial performance in 2023, with the Group being impacted across almost all of our financial metrics.

Revenue for the year reduced by 9.3% to £70.1 million over the equivalent comparable year in 2023 (2023: £77.3 million). This performance over the year was predominantly impacted by the highly competitive pricing dynamics in our sector with a broad 8% reduction in pricing in conjunction with the impact from product and end-customer mix dynamics during the year. Alongside, there was also a modest fall in despatches which was largely as a result of the timing impact of a shortfall in some of our on-hand inventory of available finished products at our Carlton plant following our two-month shutdown for capital improvement works in Q4. Importantly, this resilient performance in a challenging sector was due to our close relationships with our supportive customers and the collaborative approach to portfolio pricing during the year which helped maintain the diversity in our forward order book with order intake running ahead of our manufacturing capacity throughout the year.

We continue to trade in a very challenging environment which has seen sector wide UK brick despatches falling over 30% from the recent peak in 2022. However, we have not seen this level of decline across the Group and are pleased to report that we have increased our market share in this current environment. We see this as an important indicator reflecting the overall resilience of our business model. This approach is evidenced by our important commercial indicator of order intake which is ahead of our normalised manufacturing capacity throughout the year, reflecting the benefits of our product portfolio's broad reach and the strong customer loyalty and distributor relationships we have across our end markets. This visibility supported our decision to maintain our production volumes alongside our planned capital improvement programmes as we targeted delivering the maximum operational leverage from our manufacturing base.

As a result of the lower revenue, adjusted operating profit of £10.1 million was down 26.3% on the comparative 2023 year (2023: £13.7 million) and adjusted profit before tax of £9.9 million was down 28.3% (2023: £13.8 million). The mix of our product sales impacted our ability to offset the increases in our cost base, which whilst stabilising, were still reflective of inflationary legacy pressures and led to our profit metrics performing below our relative revenue performance. We operated with the stability of having secured the price for 80% of our energy requirements across 2024. Looking forward, we have energy contracts in place for c. 60% of our expected requirements in 2025 with further contracts into 2026 and 2027 in line with our managed approach. Whilst remaining watchful of the impact of global macro factors, on balance we see utility pricing performing more consistently and as such feel it is appropriate to enter 2025 with lower hedging than 2023 given the relative weighting of forward contract pricing to network pricing. We believe that our resilient financial performance is as a result of the strategy of managing our operational efficiency to maximise our financial returns, whilst importantly maintaining a close relationship with our loyal customers through our ability to deliver a greater degree of pricing visibility.

Adjusted EBITDA of £14.0 million is lower by 21.3% against 2023 (2023: £17.8 million). Our EBITDA margin of 20.0% (2023: 23.0%), a reduction of 300 basis points on the prior year, was in line with management expectations and represents a resilient performance given the pricing dynamics and cost increases during the year. Our 2024 margin performance is reflective of our medium term expectations given the additional costs forecast in the business as a result of the increases in payroll costs following the changes announced in the October budget in the UK.

On a reported basis, the results include the impact of the amortisation of acquired intangibles and some exceptional items we incurred over the last 12 months. The adjustment of £1.3 million for the amortisation of intangibles is in line with 2023 with the one-off impact this year of the net exceptional costs of £0.5 million, being £1.0 million incurred in relation to an aborted corporate transaction, which we communicated in our interim results; offset by the impact of the removal of £0.5 million associated with our FabSpeed acquisition from November 2022, related to the release of £0.8m non-cash deferred consideration and £0.3m of non-recurring costs. As a result, operating profit of £8.2 million was 33.3% below 2023 with profit before tax reflecting the same performance also down 36.0% at £8.0 million.

After a tax charge of £1.9 million (2023: £2.8 million), the Group recorded a profit for the year after tax of £6.1 million (2023: £9.7 million). The tax rate of 22.5% (2023: 22.4%) reflects our effective Group tax rate for the full year and which is broadly in line with 2023.

Basic earnings per share decreased by 36.9% to 6.59p (2023: 10.44p) reflective of the drop through of our revenue reductions and cost increases during the year.

The table below (Adjusted Performance Measures) provides a clear reconciliation of the adjusted performance to the reported numbers.

Adjusted performance measures:

	Year ended 31 Dec 2024 £000	Year ended 31 Dec 2023 £000	Change
Operating profit	**8,171**	12,338	(33.3%)
Adjustments:			
Exceptional costs	**543**	-	
Amortisation of acquired intangibles	**1,372**	1,370	
Adjusted operating profit	**10,086**	13,708	(26.3%)
Depreciation	**3,924**	4,105	
Adjusted EBITDA	**14,010**	17,813	(21.3%)
Finance income/(expense)	**(211)**	119	
Depreciation	**(3,924)**	(4,105)	
Adjusted profit before taxation	**9,875**	13,827	(28.3%)
Basic earnings per share	**6.59p**	10.44p	(36.9%)
Adjusted basic earnings per share [a]	**8.18p**	11.91p	(31.3%)

[a] *Includes adjustments to exclude amortisation of acquired intangibles and exceptional costs*

Group Cash and Working Capital

Cash generated from operations for the year was £10.2 million, compared to £13.6 million for the same period in 2023. Operating cash conversion from adjusted EBITDA was 72.9% compared to 76.4% in 2023, below our usual levels of +90%. This was largely the result of investing in our inventory across all of our manufacturing locations during the year which we continue to view as appropriate as we target supporting our commercial teams with the right product flexibility. This approach also underpinned the opportunity to bring forward planned capex improvement works at our Carlton facility in the fourth quarter with a two month shutdown ensuring that there were as minimal interruptions as possible in the product supply for our customers.

As a result of these investment decisions and our historic ability to turn inventory to cash we remain very confident in the underlying fundamental cash-generating ability of the business and we expect operating cash conversion to return to our targeted levels as we look into 2025 and beyond.

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Net cash generated from operations	**£10.2m**	£13.6m
Tax paid	**(£2.3m)**	(£2.8m)
Interest paid/(received)	**(£0.2m)**	£0.1m
Purchase of property, plant and equipment	**(£5.6m)**	(£3.1m)
Aborted corporate transaction costs	**(£1.0m)**	-
Proceeds from sale of land	**-**	£1.1m
Own shares acquired	**-**	(£1.9m)
Settlement for cancelled share options	**-**	(£1.8m)
Settlement for exercised share options	**(£1.0m)**	-
Lease payments	**(£0.8m)**	(£0.9m)
Dividend paid	**(£4.2m)**	(£4.0m)
Other	**(£0.1m)**	£0.1m
Net (decrease)/increase in cash and cash equivalents	**(£5.0m)**	£0.4m
Net cash	**£6.0m**	£11.0m

At the year end the Group had cash of £6.0 million (2023: £11.0 million).

Our operating cash generation, Group cash position and undrawn Sterling and Euro denominated bank facility of £20 million provides the Group with considerable financial resilience and flexibility to pursue our clear and codified capital allocation framework discussed above.

Property, plant and equipment

Our capital expenditure across the financial year highlights our continued focus on proactive delivery of sustainability improvements alongside maintaining well invested and efficient manufacturing facilities. The principal expenditure over the year was focused on Floren and Carlton where we brought forward and completed a significant plant improvement programmes. At Floren, the production was offline for sixteen weeks in two separate tranches across the year to ensure we were successful in fulfilling our customers' despatch requirements in amongst the improvement works. The improvement works included the installation of a new exhaust scrubber system to improve the environmental efficiency of our manufacturing process but also to facilitate changes in our input materials mix to extend the life of our mineral reserves. Separately, we also undertook a full capital enhancement programme of the equipment utilised in the end-to-end process from clay preparation through brick making to take advantage of the timescales afforded by these planned longer shutdowns.

Following the successful improvements at Floren we also took the decision to bring forward planned capex at Carlton. A significant kiln refurbishment project and key equipment upgrades originally scheduled for 2025 were completed in November and December and through the start of 2025. Again, as with Floren, working with our customers and targeting our inventory build leading up to this scheduled gap in production we were largely successful in continuing to supply all our customers' requirements.

Continuing our planned expansion of our FabSpeed brand we completed the installation of a new facility at our Carlton site to move our existing Stanley operations and to add brick cutting capacity, and we subsequently closed that previously leased site. Alongside, we continued our programme of planned rollouts to electrify our fork-lift fleet which during the year focused on Carlton.

Settlement of share options exercised

We continue to prioritise the future expected returns of shareholders by focusing on the volume of our issued share capital. Accordingly, following the departure of Frank Hanna as Joint Chief Executive in April 2024, 0.85 million of his 2019 LTIP Tranche options issued under the legacy 2017 LTIP were exercised having met the full vesting criteria and cash settled. The cash settlement value of £1.0 million was paid in the year which included all associated employment tax obligations.

Dividend

The Board is pleased to continue to commit to a dividend policy reflecting a balanced approach to generating and returning value to our shareholders, and as such, the Board is recommending a final dividend of 3.00 pence per share (2023: 3.00 pence per share), which, together with the 1.60 pence per share interim dividend (2023: 1.50 pence per share), gives a total dividend of 4.60 pence per share (2023: 4.50 pence per share), up 2.2% on last year. The proposed dividend will be paid on 9 July 2025 to members on the register on 6 June 2025 with shares being marked ex-div on 5 June 2025.

Outlook

The resilience of our business model continues to be examined by the above 30% decline in sector wide UK brick despatches since the end of 2022 which has in turn led to significant fluctuations in the competitive landscape of brick pricing in our end markets. Our approach has remained consistent through focusing on our core competencies by continuing to invest in well-maintained and efficient operations that manufacture the highest quality premium brick products for our customers. We have a resolute belief in the fundamentals of our business which is underpinned by the quality of our product portfolio and the strength of our customer and distributor relationships. Despite the challenge in our markets, the last two years of resilient trading have largely been achieved through maintaining a well-balanced forward order book covering a broad range of end markets which is essential as we look to make further strategic progress into 2025.

Throughout 2024 our order intake ran ahead of our manufacturing capacity which contributed to a high quality opening forward order book to start our new financial year. This order intake momentum has continued into the first quarter of 2025 and this is despite the timing of a consistent recovery in construction activity levels remaining uncertain. The contraction in sector demand and our strong balance sheet continue to provide an opportunity to flex our production planning, evidenced by well-planned capex shutdowns at Floren and Carlton, and Michelmersh for the first two months of 2025, ensuring inventory volumes of core products are available to ensure near term order opportunity fulfilment. We are focused on continuing to diversify across RMI, housing, commercial, social and specification projects and this whole market strategy continues to underpin our resilient outlook.

Despite consumer demand remaining dampened by the combination of market sentiment and the associated elevated mortgage rate environment, we remain well placed at the premium end of the brick market in the UK and Benelux markets. The UK Government continues to highlight its commitment to improving the planning process and reducing the impact of special interest groups as it looks to deliver on its clear commitment to supporting growth in the UK. These Government statements indicate that the medium-term fundamentals of our markets have positive momentum and alongside the inherent characteristics of our portfolio are hugely supportive with brick continuing to be the façade material of choice due to its longevity, sustainability and energy efficient qualities in use, low cost and broad aesthetic appeal. We believe our investment in our facilities throughout 2024, which is ahead of our normal run-rate, significantly contributes to being well-positioned operationally to benefit from an improvement in wider market conditions, including a more favourable interest rate environment

Our active risk management of our cost base has supported our ability to maintain balanced price stability for our customers over the last two years, and with the focus on partnerships and collaboration with our customers we have implemented low single digit price increases form the end of the first quarter in 2025 as we work to support and prioritise forward demand.

Our ability to deliver sustainable operational cash generation underpins our liquidity position at the start of the new year. Combining this with our £20 million undrawn borrowing facility provides the Group with both considerable financial resilience and flexibility to pursue our clear capital allocation framework as we focus on delivering further value for our shareholders.

The Group continues to operate on the basis of maintaining a well-balanced forward order book, diverse and loyal customer and distributor relationships supported by a robust demand from the specification, housing, RMI and commercial sectors. The medium term fundamental market drivers for our business are encouraging and we are very well positioned. There are ongoing challenges in our sector with the timing of any reductions in the interest rate environment remaining uncertain. Importantly, we believe our broad brick and brick-fabrication portfolio supports our ability to address the full breadth of our end markets and it is these quality fundamentals in our business that provide resilience and underpin our outlook and as a result give us confidence to continue to deliver against our strategic priorities as we look into 2025 and beyond.

Peter Sharp
Chief Executive Officer

Consolidated Income Statement

for the years ended 31 December 2024 and 2023

	2024	2023
	£'000	£'000
Revenue	70,107	77,338
Cost of sales	(44,981)	(47,279)
Gross profit	25,126	30,059
Administrative expenses	(15,618)	(16,421)
Amortisation of intangibles	(1,372)	(1,370)
	(16,990)	(17,791)
Other income	35	70
Operating profit	8,171	12,338
Finance income/(expense)	(211)	119
Profit before taxation	7,960	12,457
Taxation	(1,856)	(2,795)
Profit for the financial year	6,104	9,662
Basic earnings per share attributable to the equity holders of the company	6.59p	10.44p
Diluted earnings per share attributable to the equity holders of the company	6.46p	10.09p

Consolidated Statement of Comprehensive Income

for the years ended 31 December 2024 and 2023

	2024	2023
	£'000	£'000
Profit for the financial year	6,104	9,662
Other comprehensive income/(expense)		
Items which may subsequently be reclassified to profit or loss		
Currency movements	(65)	41
Items which will not subsequently be reclassified to profit or loss		
Revaluation deficit of property, plant and equipment	(2,325)	(2,692)
Revaluation surplus of property, plant and equipment	5,187	1,199
Tax credit on exercise of options	-	26
Deferred tax on revaluation movement	(969)	383
	1,828	(1,043)
Total comprehensive income for the year	7,932	8,619

Consolidated Balance Sheet
as at 31 December 2024 and 2023

	2024 £'000	2023 £'000
Assets		
Non-current assets		
Intangible assets	22,587	23,951
Property, plant and equipment	69,387	63,366
	91,974	87,317
Current assets		
Inventories	19,212	16,462
Trade and other receivables	9,772	9,241
Cash and cash equivalents	6,004	10,958
Total current assets	34,988	36,661
Total assets	126,962	123,978
Liabilities		
Current liabilities		
Trade and other payables	11,437	12,803
Lease liabilities	689	698
Corporation tax payable	1,061	1,528
Total current liabilities	13,187	15,029
Non-current liabilities		
Lease liabilities	1,575	743
Deferred tax liabilities	16,269	15,362
	17,844	16,105
Total liabilities	31,031	31,134
Net assets	95,931	92,844
Equity attributable to equity holders		
Share capital	19,181	19,181
Share premium account	16,724	16,724
Reserves	22,764	21,615
Retained earnings	37,262	35,324
Total equity	95,931	92,844

Consolidated Statement of Changes in Equity

for the years ended 31 December 2024 and 2023

	Share capital	Other reserves	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 January 2023	19,181	21,435	16,724	31,629	88,969
Profit for the year	-	-	-	9,662	9,662
Revaluation deficit	-	(2,692)	-	-	(2,692)
Revaluation surplus	-	1,199	-	-	1,199
Tax credit on exercise of options	-	26	-	-	26
Deferred tax on revaluation	-	383	-	-	383
Currency difference	-	41	-	-	41
Total comprehensive income/(expense)	-	(1,043)	-	9,662	8,619
Share based payment	-	1,258	-	-	1,258
Purchase of own shares	-	-	-	(1,974)	(1,974)
Shareplan purchase	-	67	-	-	67
Deferred tax on share options	-	(102)	-	-	(102)
Dividend paid	-	-	-	(3,993)	(3,993)
As at 31 December 2023	**19,181**	**21,615**	**16,724**	**35,324**	**92,844**
Profit for the year	-	-	-	6,104	6,104
Revaluation deficit	-	(2,325)	-	-	(2,325)
Revaluation surplus	-	5,187	-	-	5,187
Deferred tax on revaluation	-	(969)	-	-	(969)
Currency difference	-	(65)	-	-	(65)
Total comprehensive income/(expense)	-	1,828	-	6,104	7,932
Share based payment	-	426	-	-	426
Released on exercise of options	-	(960)	-	-	(960)
Deferred tax on share options	-	(104)	-	-	(104)
Shareplan purchase	-	(41)	-	-	(41)
Dividend paid	-	-	-	(4,166)	(4,166)
As at 31 December 2024	**19,181**	**22,764**	**16,724**	**37,262**	**95,931**

Consolidated Statement of Cash Flows

for the years ended 31 December 2024 and 2023

	2024	2023
	£'000	£'000
Cash flows from operating activities		
Profit before taxation	7,960	12,457
(Loss)/profit on sale of fixed assets	(6)	(15)
Finance (income)/expense	211	(119)
Depreciation	3,924	4,105
Amortisation	1,372	1,370
Share based payment charge	426	1,258
Cash flows from operations before changes in working capital	13,887	19,056
Decrease/(increase) in inventories	(2,750)	(6,777)
Decrease/(increase) in receivables	(531)	2,560
(Decrease)/increase in payables	(420)	(1,219)
Net cash generated by operations	10,186	13,620
Taxation paid	(2,323)	(2,790)
Net cash generated by operating activities	7,863	10,830
Cash flows from investing activities		

Purchase of property, plant and equipment	(5,600)	(3,085)
Proceeds from sale of fixed assets	6	-
Proceeds from sale of land	-	1,101
Investment in intangible assets	(8)	(30)
Net cash used in investing activities	(5,602)	(2,014)
Cash flows from financing activities		
Lease payments	(821)	(885)
Interest received/(paid)	(211)	119
Aborted corporate transaction costs	(958)	-
Settlement of cancellation of options	-	(1,798)
Settlement for exercise of options	(960)	-
Own shares acquired	(41)	(1,941)
Dividend paid	(4,166)	(3,993)
Net cash used in financing activities	(7,157)	(8,498)
Net (decrease)/increase in cash and cash equivalents	(4,896)	319
Cash and cash equivalents at the beginning of the year	10,958	10,598
Foreign exchange differences	(58)	41
Cash and cash equivalents at the end of the year	6,004	10,958
Cash and cash equivalents comprise:		
Cash at bank and in hand	6,004	10,958
Bank overdraft	-	-
	6,004	10,958

NOTES TO GROUP PRELIMINARY STATEMENT

1. Accounting Policies

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under accounting standards as adopted for use in the UK.

The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand ("£000") except where otherwise indicated.

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 2024 or 2023. The financial information has been extracted from the Group's statutory financial statements for the years ended 31 December 2024 and 2023. 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 2024 will be filed with the Registrar of Companies following the Company's Annual General Meeting. The statutory accounts for the year ended 31 December 2023 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was also unqualified, and also did not contain a statement under section 498(2) or (3) of the Act.

3. Earnings Per Share

Basic

The calculation of earnings per share from continuing operations based upon the profit for the year of £6,104,000 (2023: £9,662,000) and 92,601,027 (2023: 92,535,734) 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 £6,104,000 (2023: £9,662,000) and 95,547,490 (2023: 95,482,319) weighted average number of ordinary shares.

4. Dividend

The Board has recommended a final dividend for the year of 3.00 pence per share, to be paid on 9 July 2025 to shareholders whose names appear of the register of members at the close of business on 6 June 2025.

5. Annual Report and 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.

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