

27 March 2018

## Billington Holdings Plc

(‘Billington’, ‘the Group’ or ‘the Company’)

### Full Year Results

Billington Holdings Plc (AIM: BILN), one of the UK’s leading structural steel and construction safety solutions specialists, today announces its full year results for the year ended 31 December 2017.

	<b>31 December 2017</b>	31 December 2016	Percentage change
Revenue	<b>£73.5m</b>	£63.3m	16.1%
EBITDA	<b>£6.1m</b>	£5.1m	19.6%
Profit before tax	<b>£4.4m</b>	£3.8m	15.8%
Cash and cash equivalents	<b>£8.1m</b>	£6.0m	35.0%
Earnings per share from continuing operations	<b>29.1p</b>	25.4p	14.6%
Dividend	<b>11.5p</b>	10.0p	15.0%

### Highlights

- Record revenue for the Group’s structural steel division on a like for like basis
- Material fabricated and processed increased to in excess of 30,000 tonnes
- Profit before tax increased by 15.8 per cent and earnings per share by 14.6 per cent in the year
- Dividend increased by 15.0 per cent to 11.5 pence
- Focus on maintaining and strengthening client relationships and improving efficiencies where possible
- Good start to 2018 with a robust forward order book moving into the year

### Mark Smith, Chief Executive Officer, commented:

*“A strong performance from all Group companies throughout the year has significantly contributed to this solid set of results, thanks to a number of divisions operating at near to full capacity. This, coupled with a good pipeline of projects, positions Billington encouragingly for the coming year.*

*“We are continuing to see the success of the expansion strategy at the Shafton facility, now two years in to the five year adaptation programme initiated in 2015. This has allowed the Group to increase its capacity and expand its processing and fabrication production to over 30,000 tonnes of steel this year.*

*“The UK construction industry has experienced a number of developments since the beginning of the year. The UK structural steel demand is forecast to remain stable throughout 2018 and 2019 and the Board will continue to closely monitor further developments in the industry in the year ahead, along with any potential impact these may have on the Group. The expansion strategy at the Shafton facility is continuing and Billington is well positioned to adapt to changes in the wider industry, which combined with our dedication to client relationships, should help us in achieving another solid performance in the current financial year.”*

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## **Chairman's Statement**

### **Introduction**

I am pleased to report another successful year for Billington in 2017, a year in which revenue increased by 16.1 per cent, profit before tax by 15.8 per cent and earnings per share of 14.6 per cent, in line with market expectations that had been upgraded during the course of the year.

The structural steel business has been working at, or near, capacity across all sites for the majority of the year, which has resulted in a record level of output and an increase in turnover and profit. In addition, margins were maintained despite market pressures on both selling prices and input costs. The development of the Shafton facility has continued with the new and upgraded machinery becoming fully operational in the latter part of the year. This has already enabled the Company to bring work in-house and offer alternative and enhanced solutions for its clients.

Peter Marshall Steel Stairs has built on the result achieved in 2016 with a continued focus on higher value contracts which, together with efficiencies achieved in the production process, has resulted in improved margins. The operating efficiencies have been aided by the investment in the new saw and drill line that became fully operational in the early part of 2017. This has resulted in the company achieving its best result since joining the Group in 2010.

The easi-edge safety barrier division has continued to operate at high levels of activity for much of the year. There have been continuing developments during the year to improve the maintenance and refurbishment processes for the existing barrier fleet and work continues to improve the barrier design.

hoard-it, which underwent a change in management during the year, has made positive progress with a renewed emphasis on building and developing client relationships. The team has also expanded the products and services on offer to the construction market.

### **Results**

The profit after tax for the year from continuing operations was £3.5 million on revenue of £73.5 million, compared with a profit of £3.0 million on revenue of £63.3 million in the previous year.

The overall earnings per share for the year amounted to 29.1p compared with 25.4p in 2016.

### **Dividend**

I am pleased to announce that the Board is proposing a dividend of 11.5 pence per share. This represents an increase of 15.0 per cent compared to the previous year but maintains the dividend cover at a similar level.

### **Liquidity and Capital Resources**

There has been a net cash inflow of £2.1 million during the year resulting in gross cash balances of £8.1 million at the year-end which, together with the bank facilities, will provide adequate funds to cover projected working capital requirements.

## **Shafton**

During 2017, Billington has continued to upgrade the Shafton site and good progress has been made throughout the year.

As planned, one of the tenants vacated the site at the end of the first quarter, which has enabled the Group to increase the amount of factory space it occupies. This has enabled Billington to expand the services and operations available at Shafton, with the installation and commission of new specialist machinery. A use for the remaining additional space is currently being assessed, and the Company is looking into a number of possibilities to best utilise the space in order to benefit the Billington Group.

## **Pension Schemes**

The Group operates a defined contribution pension scheme for all current employees.

The defined benefit pension scheme, which closed to future accrual in 2011, has recently been through a triennial valuation. This latest valuation shows assets of £8.2 million with liabilities of £6.9 million resulting in a surplus of £1.3 million, which compares with a deficit of £0.4 million in 2014. The figures reflected in the Company's balance sheet represent the position of the pension scheme on an accounting basis, in accordance with IAS 19. The surplus included within the balance sheet at the year end, net of deferred tax, was £1.8 million as compared with £1.0 million in 2016.

## **Management and Workforce**

Over the year we have welcomed a number of new employees to the Billington Holdings Group, especially at our Shafton facility. I should like to express my thanks to all the directors and employees for their efforts and assistance over the last 12 months and I look forward to a successful 2018.

Peter Hems

Non Executive Chairman

26 March 2018

## **Operational Review**

Billington Holdings has had another successful year. I am pleased to report full year 2017 revenues of £73.5 million, a 16.1 per cent increase from that achieved in 2016 and profit before tax of £4.4 million, which demonstrates that the Company has been able to increase revenue and remain efficient. This strong set of results is testament to the hard work of its employees and supply chain throughout the year.

All Group companies have performed well over the period. Billington Structures, in particular, has had a very successful year. The structural steel division of the Company, which includes Billington Structures and its trading division Shafton Steel Services, processed and fabricated over 30,000 tonnes of steel in 2017.

In addition, the full year 2017 revenues relating to structural steel activities are at a record level. This, we believe, highlights the efforts made by all involved in transitioning Billington to become a leader in its field and ensuring that it is at the forefront of technical innovations in the steelwork engineering and construction markets. Additionally, other divisions are working at near to full capacity and have substantially contributed to the Group's success.

The structural steel market continues to show signs of stability. However, during the period under review the Company has seen an escalation in the raw material prices for steel manufacturers, resulting in consistent increases in steel prices. The cost of structural steel sections, the Company's primary raw material, has increased by some 40 per cent during the two years to March 2018. Consequently, this presents a challenge to the wider structural steel market to remain competitive with alternative forms of construction.

Although the Group has had an excellent year, the directors acknowledge wider market developments and pressures which may influence Billington in 2018. However, the Group's size and capabilities mean it is well positioned to adjust to changes, as they occur in the construction industry.

### **Billington Structures and Shafton Steel Services**

Billington Structures, with facilities in Barnsley and Bristol, designs, fabricates and erects structural steel across all sectors. It is a nationally recognised and award winning steelwork contractor with over 70 years' experience.

The Shafton facility, acquired in 2015, is located in Barnsley and separated into two business areas. The first carries out activities for Billington Structures and has experienced an increase in employed resources and related capacity in the year. The second, Shafton Steel Services, offers a wide range of steel processing and profiling services to a comprehensive and diverse range of external engineering companies.

2017 was an extremely successful year with both divisions continuing to show signs of steady, consistent growth and margin improvement. Billington Structures, combined with Shafton Steel Services, processed and fabricated over 30,000 tonnes of steel throughout the year as a result of the added capacity from the Shafton site, a positive market and strong client relationships.

During the period Billington Structures was awarded its largest contract to date, a large distribution centre in the South West of England, which represents a positive milestone for the Company. The project was successfully delivered ahead of schedule, with complete satisfaction of the client. This further cements and demonstrates the Company's ability to deliver the most challenging of projects.

Billington Structures also undertook a number of other significant projects which included:

- IKEA, Sheffield
- London School of Economics (LSE), London
- Coventry Leisure Centre, Coventry
- 50-60 Station Road, Cambridge
- Lime Street Student Accommodation, Liverpool

In addition, Billington Structures was recognised in various national awards, including the 2017 Structural Steel Design Awards, where the company received a Commendation and Merit for its work on the Hurlingham Club Racquet Centre in London and RAF Brize Norton aircraft hangar in Oxfordshire, respectively. Project Beagle, Interserve's new office in Birmingham, won the public vote at the UK Tekla Awards, and Billington was shortlisted for the 2018 Made in Yorkshire Awards for the Supply Chain Award, Manufacturer of the Year (over £25m) Award and Manufacturing Apprenticeship and Training Award. Shortly after the year end the Company was the proud winner of the Manufacturing, Apprenticeship and Training Award, a credit to all involved.

In 2017, Billington continued to progress with its programme of refurbishment, adaption and enhancement at the Shafton facility, following the vacation of tenants earlier in the year. The Group invested in installing new, state of the art machinery including a saw and drill line, plate girder and plate profiling machines.

The capabilities of the Shafton facility, along with the recent investments in state of the art machinery, have enabled the Company to better service the requirements of its clients and produce and deliver the most complex of projects. The Company's capabilities are diverse and opportunities in the infrastructure and rail industries remain attractive, with investment in these areas forecast to increase as HS2 and other related projects commence.

Shafton Steel Services made positive progress during the year, processing 5,000 tonnes of steel and rationalising its customer base to ensure it is servicing its clients appropriately.

Moving into 2018, the year has started well and Billington Structures has a healthy order book and numerous positive prospects in the pipeline.

### **Peter Marshall Steel Stairs**

Peter Marshall Steel Stairs is a specialist company engaged in the design, fabrication and installation of highly engineered steelwork, staircases and balustrade systems both for Billington and the wider fabricator and engineering markets.

The company has had another encouraging year, following the success of 2016. Over the period under review, Peter Marshall Steel Stairs executed a steady stream of contracts which resulted in the highest level of profit since the acquisition of the company in 2010. The company expects to see the same consistency of work during this year, with a strong order book being carried over.

During the period, Mr K Ganley was promoted to a statutory director of the business and has overseen the positive progress made during the year, with Peter Marshall Steel Stairs maintaining high levels of work efficiency and further building upon its excellent customer relationships.

The coming year will see the business continue to invest in its facilities and it will undertake an office refurbishment programme to increase capacity and improve the overall facilities for its staff.

### **easi-edge**

easi-edge is a leading safety solutions provider which primarily supplies perimeter edge protection and fall prevention systems to both Group and non-Group companies. The company has positioned itself at the fore-front of the market and, therefore, has become the number one choice for safety solutions for many large construction firms.

2017 was another busy year for the company. During the period, easi-edge introduced a programme to refurbish its current barrier fleet in order to maintain its quality image and preserve the company's high standard of customer service. Development of the existing barrier has continued throughout the year and additions to the current fleet of over 90,000 linear meters will occur as demand dictates.

Following the success of 2017, management has seen positive levels of trading since the start of 2018 which they believe will continue throughout the year. During 2018 there will also be a focus on diversification, with easi-edge assessing and developing complementary services to contribute to the company's existing portfolio of products.

### **hoard-it**

hoard-it, which provides reusable and eco-friendly site hoarding solutions on a hire and sale basis has experienced a period of transition this year as a result of the restructure of its management team and review of its products and processes.

Nevertheless, 2017 was a good year, which saw the company retain its strong market position and develop its customer base, following a renewed focus on sales and new product development. 2018 has also started well and the company is in a good position to enhance its offering and continue to successfully contribute to the Group.

January 2018 has seen Carillion, historically an important customer for the business, enter into voluntary liquidation. The level of debt outstanding at the year-end was provided for in full, and although this has adversely impacted the level of result for the hoard-it business for 2017 it was not material for the Group. The Group has a policy of insuring its customers' balances where practically possible and when appropriate cover is commercially available.

The forward outlook for the company remains positive and the company looks to the future with optimism as it continues to enhance its market share and build upon its excellent customer relationships.

### **Health, Safety, Sustainability, Quality and the Environment**

Billington is committed to health, safety, sustainability, quality and the environment, which remain at the core of all business divisions. The Group continues to have active involvement in a variety of initiatives, both locally and nationwide and is proud of the numerous awards received by its onsite teams during the period for their dedication to health and safety practices.

It is disappointing that the Company incurred one reportable accident in the year. Measures have been implemented to further improve the culture and working practices at all facilities and on each construction site the Company conducts its activities. The Health and Safety team, that provides services across the Group, has also been further strengthened in the year.

### **Charity**

The Group is proud of its dedication to support local and national charities, and last year established a foundation in which to direct all charitable donations.

Throughout the year Billington organised and hosted a number of activities, including a local charity bike ride, the annual hog roast for staff members and their families, coffee mornings and raffles, raising over £6,500 for Yorkshire Air Ambulance, Macmillan, The Grand Appeal, Muscular Dystrophy UK and Mind.

In conjunction with the Group's charity foundation, Billington donates funds to support its local community, sponsoring local sports teams and other worthwhile causes that have a positive influence on the local communities in which the Company operates.

### **People**

Billington is committed to maintaining a highly skilled and knowledgeable workforce and continued investment in its people is key to the growth and success of the Company.

During the period, the Group increased its workforce by six per cent from 340 to 360 people, with the majority of new employees being based at the Shafton facility. However, despite this employee growth, there remains a skills shortage within the wider industry. Billington aims to mitigate the impact of this on the business by adopting various strategies focused on training and recruitment. The Company employs and trains apprentices throughout the Group, supports local colleges and encourages the development of, and provides opportunities to, existing employees.

The Group goes to great lengths to inform and educate local school, college and university students as to the wider steel industry and the array of diverse opportunities it is able to offer individuals, in order to, as far as possible, encourage people to progress a career in this exciting industry.

Nevertheless, due to this skills shortage and the growth experienced in the industry in the past few years, the Group is beginning to witness wage pressures with increasing competition between industry players to recruit and retain an experienced workforce. Billington will therefore strive to continue its successful training and apprenticeship programmes to reduce the impact of this on business operations.

### **Steel Industry**

Billington continues to have a strong working relationship with British Steel, from whom it sources a significant proportion of its steel sections supply.

Throughout the period, fluctuations in the price of coking coal, iron ore and steel scrap values, the raw materials used to produce steel, has led to a sustained and consistent increase in the price of the Company's primary raw material. Therefore, Billington continues to investigate the measures in which it is able to mitigate raw material price escalation and long term volatility. However, more recently, steel prices appear to have stabilised and the Group hopes this stability will continue.

## Prospects and Outlook

2017 was a positive and successful year for the Group and we enter 2018 with good visibility at this early stage in the year.

Output in the wider UK construction market peaked in March 2017, reaching a level that was 31 per cent higher than the lowest point of the last five years, January 2013. However, since then, data for the wider market has recorded a reduction in output. In addition, it has been widely reported in the media that some of the industry's main contractors are facing troubles, an example of this being Carillion, which went into voluntary liquidation at the beginning of 2018. The immediate effect of this was to see an impact on credit insurers and financial institutions seeking to minimise their exposure, as well as previous suppliers to Carillion seeking work with alternative contractors to maintain their order books and therefore leading to increased competition for some contracts. Consequently, these developments, along with Brexit uncertainty, have led to some caution within the industry and we continue to monitor forward indicators closely.

Despite these wider industry issues, forecasts indicate that, for the next two years, structural steel consumption in the UK will remain at the levels seen in 2017, which is positive for the Company. Additionally, a small number of projects were completed in Europe during 2017 and the number of enquiries received for steelwork projects in these territories has increased, therefore providing further opportunities outside of the core UK market.

Billington's size and capabilities mean it is well positioned to successfully adjust to changes in the construction industry, which is highlighted by the fact that all Group companies have strong forward order books. The Company will continue to work towards improving efficiencies and maintaining and strengthening its client relationships as it strives to deliver a successful 2018.

Finally, I would like to take this opportunity to thank everyone at Billington for contributing to an excellent year and for their continued hard work as we progress into 2018.

Mark Smith

Chief Executive Officer

26 March 2018

## Financial Review

### Consolidated Income Statement

	2017	2016
	£'000	£'000
Revenue	73,518	63,334
Operating profit	4,428	3,825
Profit before tax	4,411	3,803
Profit after tax	3,504	2,971

Profit for shareholders	3,504	2,971
Operating profit margin	6.0%	6.0%
Earnings per share (basic and diluted)	29.1p	25.4p

Revenue has increased 16 per cent year on year primarily as a result of Billington Structures increasing its output, particularly in relation to its traditional structural steelwork activities. The Group has seen revenue increase 30 per cent since 2015 and, is well placed within its markets to deliver further growth over the medium term.

Forecasts indicate that the consumption of structural steelwork within the UK decreased by four per cent in 2017 to 896,000 tonnes. Projections indicate that consumption will remain at or around this level for the next two years, allowing the Group to continue to look forward with optimism.

Operating margins have been consistent at six per cent. Margins have steadily improved from their low in 2011 of minus four per cent to six per cent in both 2016 and 2017. Capacity within the wider structural steel market has been increasing with significant investment in capital resources being noted in the year. With the increase in market capacity it is anticipated that operating margins will remain at or around this level for the foreseeable future.

January 2018 sadly saw Carillion enter voluntary liquidation. Trading in recent years with Carillion was restricted to hoard-it. The balance outstanding at the year end was £106,000, this has been provided for in full in these results. The Group has a policy of insuring its customer balances when commercially viable and appropriate insurance cover is available.

Earnings per share improved from 25.4 pence in 2016 to 29.1 pence in 2017 representing an increase in the result for shareholders of 15 per cent.

Staff numbers as at December have increased six per cent, from the same period last year, to 360 as the Group continues to increase its activities across all divisions. Employment of additional labour, as the newly acquired Shafton facility is adapted for optimal use, is anticipated over the short to medium term.

The Shafton facility consists of two primary buildings, the secondary building was rented out to a tenant until May 2017. The future use of the secondary building remains under review and provides the Group with flexibility as to its possible future use.

## Consolidated Balance Sheet

	<u>2017</u>	<u>2016</u>
	£'000	£'000
Non current assets	15,789	14,321
Current assets	24,775	21,479
Current liabilities	(16,670)	(14,996)
Non current liabilities	<u>(1,918)</u>	<u>(2,005)</u>
Total equity	<u>21,976</u>	<u>18,799</u>

Capital expenditure increased in the year to £2,112,000 from £1,277,000 in 2016, primarily as a result of the investment in new machinery at the Shafton facility. The Group aims to continually ensure that capital expenditure is maintained at a level appropriate for the business and to ensure it remains at the forefront of technical advancements in its industry.



Capital expenditure is anticipated to revert back to historic norms in 2018 with anticipated levels being between £1,000,000 and £1,500,000. There is no programmed expenditure in respect of some aged machinery although it is noted that replacement parts are largely obsolete for these and, which, if required may necessitate replacement.

Within non-current assets, property, plant and equipment increased by £443,000, represented by capital additions of £2,112,000, depreciation charges of £1,631,000 and net disposals of £38,000.

The defined benefit pension scheme has performed well in the period. At the year end, a surplus of £2,198,000 along with a corresponding deferred tax liability of £374,000 has resulted in a net recognised surplus of £1,824,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £168,000 (2016: £27,000 asset), being a deferred tax asset of £206,000 (2016: £222,000) related to temporary timing differences net of a deferred tax liability of £374,000 (2016: £195,000) related to the defined benefit pension scheme surplus.

The increase of £3,296,000 in current assets included an increase of £1,147,000 in inventories and work in progress, an increase of £119,000 in trade and other receivables, and an increase in the cash balance of £2,030,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £2,540,000 (2016: £1,998,000) as a result of higher work volumes. It is anticipated that £1,679,000 will be received within one year and £861,000 in greater than one year.

The total rise of £1,674,000 in current liabilities principally comprised an increase in trade and other payables of £2,014,000 as the businesses enjoyed increased activity levels towards the latter part of the year. Combined with the increase in trade and other payables, there were decreases in the short term borrowing liability and tax payable of £233,000 and £107,000 respectively.

A property loan of £469,000 was taken out in 2011 to purchase the trading premises of Peter Marshall Steel Stairs, repayments made against the balance in the year were £234,000 and the balance is now satisfied. A mortgage of £2,500,000 was taken over 10 years in 2015 to purchase the land and buildings at Shafton, £250,000 is reflected in current liabilities with £1,750,000 disclosed in non-current liabilities.

Total equity increased by £3,177,000 in the year to £21,976,000. The financial position of the Group at the end of the year remains robust and provides a platform from which the Group can further increase shareholder value.

## Consolidated Cash Flow Statement

	2017	2016
	£'000	£'000
Result for shareholders	3,504	2,971
Depreciation	1,631	1,254
Capital expenditure	(2,112)	(1,277)
Tax paid	(986)	(376)
Tax per income statement	907	832
(Increase)/decrease in working capital	748	1,033
Additional pension contributions	(31)	(123)
Dividends	(1,205)	(738)
Net property loan movement	(484)	(295)
Others	58	141
Net cash inflow/(outflow)	2,030	3,422
Cash at beginning of year	6,033	2,611
Cash at end of year	8,063	6,033

Dividends were paid in the year at a cash cost of £1,205,000 (2016: £738,000), representing 10 pence (2016: six pence) per share. The ability of the Group to convert profits into cash has been encouraging and provides the Group with cash balances with which to increase working capital associated with increased activity levels if required.

The Group remains committed to treating its suppliers and subcontractors fairly and to paying them in line with their agreed payment terms. It is the Group's policy not to withhold retentions from members of its valued supply chain.

Working capital was as shown below:

	<u>2017</u>	<u>2016</u>
	£'000	£'000
Inventories and work in progress	11,012	9,865
Accounts receivable	5,700	5,581
Accounts payable	<u>(15,954)</u>	<u>(13,940)</u>
Working capital at end of year	<u>758</u>	<u>1,506</u>

Cash balances at the year end totalled £8,063,000 and there were property and hire purchase loans outstanding of £2,004,000 representing a net cash position of £6,059,000. It is pleasing to note the satisfactory cash position of the Group. Consistent and positive trading performance, combined with effective working capital management, will ensure that cash balances are further maintained and improved while providing due reward to the Group's shareholders.

Business volumes are forecast to remain high and, with the programme of planned capital expenditure across the Group, a robust cash position in combination with adequate, agreed banking facilities will allow these objectives to be realised.

### **Pension Scheme**

	<u>2017</u>	<u>2016</u>
	£'000	£'000
Scheme assets	8,515	7,976
Scheme liabilities	<u>(6,317)</u>	<u>(6,830)</u>
Surplus	<u>2,198</u>	<u>1,146</u>
Other finance income	<u>30</u>	<u>38</u>
Contributions to defined benefit scheme	<u>31</u>	<u>123</u>

To limit the Group's exposure to future potential pension liabilities the decision was taken to close the remaining Billington defined benefit pension scheme to future accrual from 1 July 2011. It is encouraging to note that the position of the scheme as at the year end continues to show signs of improvement. Investments have performed well in the period and this, combined with the further contributions from the Company made in the year, leaves the scheme well placed to remain self sufficient moving forward.

The scheme's triennial valuation for the period ended 31 March 2017 was completed on 8 January 2018. The position of the scheme as at the date of the valuation was an asset position of £8,207,000 and a liability position of £6,944,000 resulting in a surplus of £1,263,000 as compared to a deficit of £445,000 in the previous valuation dated 31 March 2014.

### **Employee Share Option Plan (ESOP)**

During 2016, the Group implemented a new ESOP using shares that were contained in a previous trust that had laid dormant for a number of years. Options were issued across the Group to allow employees to share in the future continued success of the Group, promote productivity and provide further incentives to recruit and retain employees.

Shortly after the year end the remaining number of shares (7,800) were transferred from the old ESOP to the new ESOT. The old ESOP is to be formally closed in 2018.

Options were issued based on seniority and length of service across all parts of the Group.

The charge included within the accounts in respect of issued options is £73,000 (2016: £71,000).

Trevor Taylor

Finance Director

26 March 2018

### Consolidated income statement for the year ended 31 December 2017

	2017		2016	
	£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress		72,156		64,291
Increase/(decrease) in work in progress		<u>1,362</u>		<u>(957)</u>
<b>Revenue</b>		73,518		63,334
Raw materials and consumables	47,324		39,005	
Other external charges	3,212		3,614	
Staff costs	14,168		12,903	
Depreciation	1,631		1,254	
Other operating charges	<u>2,755</u>		<u>2,733</u>	
		<u>(69,090)</u>		<u>(59,509)</u>
<b>Group operating profit</b>		4,428		3,825
Share of post tax profit in joint ventures		<u>-</u>		<u>-</u>
<b>Total operating profit</b>		4,428		3,825
Net finance expense		<u>(17)</u>		<u>(22)</u>
<b>Profit before tax</b>		4,411		3,803
Tax		<u>(907)</u>		<u>(832)</u>
<b>Profit for the year</b>		<u><u>3,504</u></u>		<u><u>2,971</u></u>
<b>Profit for the year attributable to equity holders of the parent company</b>		<u><u>3,504</u></u>		<u><u>2,971</u></u>

<b>Earnings per share (basic and diluted)</b>	3	<u>29.1 p</u>	<u>25.4 p</u>
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All results arose from continuing operations.

### Consolidated statement of comprehensive income for the year ended 31 December 2017

	<u>2017</u>	<u>2016</u>
	£'000	£'000
<b>Profit for the year</b>	3,504	2,971
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of net defined benefit surplus	991	17
Movement on deferred tax relating to pension liability	(179)	(1)
Current tax relating to pension liability	<u>12</u>	<u>32</u>
<b>Other comprehensive income, net of tax</b>	<u>824</u>	<u>48</u>
<b>Total comprehensive income for the year attributable to equity holders of the parent company</b>	<u><u>4,328</u></u>	<u><u>3,019</u></u>

### Consolidated balance sheet as at 31 December 2017

	<u>2017</u>		<u>2016</u>	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non current assets</b>				

Property, plant and equipment	13,591	13,148
Pension asset	2,198	1,146
Investments in joint ventures	-	-
Deferred tax asset	-	27
<b>Total non current assets</b>	<u>15,789</u>	<u>14,321</u>
<b>Current assets</b>		
Inventories and work in progress	11,012	9,865
Trade and other receivables	5,700	5,581
Cash and cash equivalents	<u>8,063</u>	<u>6,033</u>
<b>Total current assets</b>	<u>24,775</u>	<u>21,479</u>
<b>Total assets</b>	<u>40,564</u>	<u>35,800</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of long term borrowings	254	487
Trade and other payables	15,954	13,940
Current tax payable	<u>462</u>	<u>569</u>
<b>Total current liabilities</b>	16,670	14,996
<b>Non current liabilities</b>		
Long term borrowings	1,750	2,005
Deferred tax liabilities	<u>168</u>	<u>-</u>
<b>Total non current liabilities</b>	<u>1,918</u>	<u>2,005</u>
<b>Total liabilities</b>	<u>18,588</u>	<u>17,001</u>
<b>Net assets</b>	<u>21,976</u>	<u>18,799</u>
<b>Equity</b>		
Share capital	1,293	1,293
Share premium	1,864	1,864
Capital redemption reserve	132	132
Other reserve	(844)	(825)
Accumulated profits	<u>19,531</u>	<u>16,335</u>
<b>Total equity</b>	<u>21,976</u>	<u>18,799</u>

The Group financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018.

P.K. HEMS

Chairman

T.M. TAYLOR

Finance Director

## Consolidated cash flow statement for the year ended 31 December 2017

	<u>2017</u>	<u>2016</u>
	£'000	£'000
<b>Cash flows from operating activities</b>		
Group profit after tax	3,504	2,971
Taxation paid	(986)	(376)
Interest received	3	-
Depreciation on property, plant and equipment	1,631	1,254
Difference between pension charge and cash contributions	(31)	(123)
Share based payment charge	73	71
Profit on sale of property, plant and equipment	(216)	(228)
Taxation charge recognised in income statement	907	832
Net finance expense	17	22
(Increase)/decrease in inventories and work in progress	(1,147)	703
Increase in trade and other receivables	(119)	(266)
Increase in trade and other payables	2,014	596
<b>Net cash flow from operating activities</b>	<u>5,650</u>	<u>5,456</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,112)	(1,277)
Proceeds from sale of property, plant and equipment	254	263
<b>Net cash flow from investing activities</b>	<u>(1,858)</u>	<u>(1,014)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(50)	(60)
Repayment of bank and other loans	(484)	(295)
Capital element of hire purchase payments	(4)	(6)
Dividends paid	(1,205)	(738)
Employee Share Ownership Plan share purchases	(19)	(37)
Employee Share Ownership Plan share sales	-	116
<b>Net cash flow from financing activities</b>	<u>(1,762)</u>	<u>(1,020)</u>
<b>Net increase in cash and cash equivalents</b>	2,030	3,422
<b>Cash and cash equivalents at beginning of period</b>	<u>6,033</u>	<u>2,611</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>8,063</u></u>	<u><u>6,033</u></u>

## Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2016</b>	1,293	1,864	132	(904)	13,983	16,368
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(738)	(738)
Credit relating to equity-settled share based payments	-	-	-	-	71	71
ESOP movement in year	-	-	-	79	-	79
<b>Transactions with owners</b>	-	-	-	79	(667)	(588)
Profit for the financial year	-	-	-	-	2,971	2,971
<b>Other comprehensive income</b>						
Actuarial gain recognised in the pension scheme	-	-	-	-	17	17
Income tax relating to components of other comprehensive income	-	-	-	-	31	31
<b>Total comprehensive income for the year</b>	-	-	-	-	3,019	3,019
<b>At 31 December 2016</b>	1,293	1,864	132	(825)	16,335	18,799
	Share capital	Share premium account	Capital redemption reserve	Other reserve - ESOP	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2017</b>	1,293	1,864	132	(825)	16,335	18,799
<b>Transactions with owners</b>						
Dividends	-	-	-	-	(1,205)	(1,205)
Credit relating to equity-settled share based payments	-	-	-	-	73	73
ESOP movement in year	-	-	-	(19)	-	(19)
<b>Transactions with owners</b>	-	-	-	(19)	(1,132)	(1,151)
Profit for the financial year	-	-	-	-	3,504	3,504
<b>Other comprehensive income</b>						

Actuarial gain recognised in the pension scheme	-	-	-	-	991	991
Income tax relating to components of other comprehensive income	-	-	-	-	(167)	(167)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>4,328</b>	<b>4,328</b>
<b>At 31 December 2017</b>	<b>1,293</b>	<b>1,864</b>	<b>132</b>	<b>(844)</b>	<b>19,531</b>	<b>21,976</b>

## Notes (audited)

### Full year results for the year ended 31 December 2017

#### 1. Basis of preparation

The financial information in this preliminary announcement has been prepared in accordance with accounting policies which are based on the International Financial Reporting Standards (IFRSs) as adopted by the European Union and in issue and in effect at 31 December 2017.

#### 2. Accounts

The summary accounts set out above do not constitute statutory accounts as defined by Section 434 of the UK Companies Act 2006. The summarised consolidated balance sheet at 31 December 2017, the summarised consolidated income statement, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated cash flow statement for the year then ended have been extracted from the Group's 2017 statutory financial statements upon which the auditor's opinion is unqualified and did not contain a statement under either sections 498(2) or 498(3) of the Companies Act 2006. The audit report for the year ended 31 December 2016 did not contain statements under sections 498(2) or 498(3) of the Companies Act 2006. The statutory financial statements for the year ended 31 December 2016 have been delivered to the Registrar of Companies. The 31 December 2017 accounts were approved by the directors on 26 March 2018, but have not yet been delivered to the Registrar of Companies.

#### 3. Earnings per share

Earnings per share is calculated by dividing the profit for the year of £3,504,000 (2016 - profit - £2,971,000) by 12,040,608 (2016 - 11,715,526) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOP Trust.

There is no impact on a full dilution of the earnings per share calculation as there are no potential dilutive ordinary shares other than those within the ESOP.

#### 4. Report and accounts and AGM



The Annual Report and Accounts for the year ended 31 December 2017 will be available on the Company's website: [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk), from no later than 27 April 2018.

The Annual General Meeting will be held on Monday 4 June 2018 at 2pm at Billington Holdings Plc, Steel House, Barnsley Road, Wombwell, South Yorkshire S73 8DS.

#### 5. Segmental information

The Group trading operations of Billington Holdings Plc are only in Structural Steel, and all are continuing. This includes the activities of Billington Structures Limited, easi-edge Limited, hoard-it Limited and Peter Marshall Steel Stairs Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed with Structural Steel. All assets of the Group reside in the UK.

#### 6. Dividend

The Board proposes to pay a dividend of 11.5 pence per share on 6 July 2018 to shareholders on the register on 8 June 2018.