

18 September 2018

Billington Holdings Plc

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

Interim Results

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, today announces its Interim Results for the six months ended 30 June 2018.

	Unaudited six months to 30 June 2018	Unaudited six months to 30 June 2017	Percentage Movement
Revenue	£39.39m	£34.29m	14.9%
EBITDA	£2.54m	£2.90m	(12.4%)
Profit before tax	£1.94m	£2.24m	(13.4%)
Cash and cash equivalents	£7.56m	£6.81m	11.0%
Earnings per share from continuing operations	12.80p	14.90p	(14.1%)
Dividend paid in the period	11.50p	10.00p	15.0%

Overview:

- The Group has experienced a busy first half of the year with revenues increasing 14.9 per cent to £39.39 million compared to the first half of 2017.
- All Group companies have performed well over the period, with Peter Marshall Steel Stairs and hoard-it having a particularly positive first six months of the year.
- The macro-economic environment and movements in raw material prices led to pressures on margins in the first half.
- A strong forward order book and contract visibility into early 2019 indicates a positive performance in the second half of the year and Billington expects to meet market expectations for the full year.
- Good progress continues to be made at the Shafton site and its planned adaptation programme is delivering capacity and efficiency benefits.

Mark Smith, Chief Executive, commented:

"I am pleased to deliver this solid set of Interim Results. Overall, the Group has experienced an extremely busy first half of the year, which is reflected in an increase in revenue to £39.39 million. Group companies have seen an increase in productivity, continued expansion and have carried out a diverse range and scope of projects during the period.

“The investment and adaptation programme for Shafton, which is part of Billington’s growth strategy, is progressing well. The programme will continue to enable Billington to increase the capacity and efficiency of its structural steel division and provide the opportunity for the Company to diversify into complimentary processes, which is an exciting proposition.

“During the period, the Company was subject to movements in steel prices and a tightening of profit margins. However, Billington currently has a good forward order book and has secured a number of large, high quality projects to be undertaken in the second half of 2018, as well as exciting prospects for early 2019. This, together with continued market improvements, puts Billington in a robust position for the rest of 2018 and the Company expects to meet its full year forecast.”

For further information please contact:

Billington Holdings Plc

Tel: 01226 340 666

Mark Smith, Chief Executive
Trevor Taylor, Finance Director

Blytheweigh

Tel: 020 7138 3204

Tim Blythe
Megan Ray
Rachael Brooks

W H Ireland Limited

Tel: 0161 819 8875

Katy Mitchell
Ed Allsopp

Chief Executive Statement

Introduction

All Group companies at Billington have experienced a busy start to the year and it has been a solid first half for the Company, with a high number of projects being undertaken and revenues increasing by 14.9 per cent to £39.39 million.

At the start of 2018, and in line with industry trends, Billington encountered increased levels of competition, which accompanied by movements in raw material prices, sterling exchange rates and uncertainties surrounding Brexit, resulted in increased pressure on margins. However, the Board is pleased with the Group’s performance to date and is encouraged by the continued signs of growth within the industry; this is supported by industry data that indicates that the outlook for the UK construction market remains positive in the medium term.

For the remainder of 2018 Billington has strong order books across all Group companies. Therefore, the Company expects to see a more profitable second half of 2018 and a positive start to 2019.

The Group has also made great progress with its refurbishment and adaptation programme at the Shafton facility,

which will continue to increase its capacity, efficiencies and diversity.

Group Companies

Billington Structures and Shafton Steel Services

Billington Structures is a nationally recognised, award-winning steelwork contractor with over 70 years' experience. With three sites in Barnsley and Bristol, the company designs, fabricates and erects structural steel across all sectors of the UK market.

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 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.

As a result of an increase in the number of tenders secured, Billington Structures has had a very busy period with high levels of activity, which has seen all sites operating at almost full capacity. This has led to an element of outsourcing to achieve work timelines. However, Billington is now three years into its five-year expansion programme to deliver increased capacity at the Shafton facility.

The company successfully undertook a number of projects in the first half of the year, performing particularly well in the regions including Birmingham, Manchester, Leeds, Bristol and Cambridge as well as in London. Moving forward the company continues to see good prospects in these areas. Projects carried out in the period include Coventry Leisure Centre, two distribution projects for Aldi in Sawley and Darlington, and a prestigious project for the London School of Economics.

The second half of the year promises similar levels of output as that experienced in the first half, however management anticipates that the level of margin on projects the company will be completing in the second half of the year to show some progression. Billington Structures has a solid order book through to the end of 2018, as well as a number of exciting opportunities spanning into 2019.

Shafton has had an encouraging start to the year, completing work for its own clients and offering capacity to the high volume of work at Billington Structures. Over the period, the company has been able to facilitate contracts of a higher specification, which in turn have the ability to help drive improvements in the Group's financial performance.

At Shafton, the new state-of-the-art machinery is now commissioned and fully operational. In order to complete Billington's planned adaptation programme by 2020, the company continues to make further investments into refurbishments and renovations to optimise the facility and improve the quality of the site. The Group also continues to investigate additional opportunities that are expected to further increase capacity and efficiencies, as well as provide the ability to diversify into complementary processes.

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.

The company has had an exceptional start to the year, carrying out a diverse range and scope of projects for a number of high profile clients. Projects carried out in the period included a large multistorey structure in Liverpool Street, London and continued work for Westfield at a number of their retail shopping sites.

During the period, Peter Marshall Steel Stairs underwent an office refurbishment programme that will enable the company to increase its resources and flexibility as prospects develop for projects in 2019. Following this profitable first six months, the company expects to replicate this success in the second half with a solid workload.

easi-edge

easi-edge is a leading safety solutions provider that primarily supplies perimeter edge protection and fall prevention systems to the Main Contractor and Fabricator markets.

easi-edge has maintained and further improved its product utilisation since the start of the year and has shown a consistent improvement in its level of hire. The company expects this higher volume of work to continue throughout the second half of the year, consequently delivering a busier and stronger period.

The company's programme to refurbish its barrier fleet remains ongoing with high levels of stock utilisation. Due to increasing demand, the company will continue to expand the current fleet of barriers and as a result, expects capital expenditure to exceed initial estimates. Moving forward, the company maintains its ambition to diversify its portfolio of products and develop complimentary services to easi-edge.

hoard-it

hoard-it, which provides reusable and eco-friendly site hoarding solutions on a hire and sale basis, has had a very positive start to the year. Following the restructure of the management team and its renewed focus on sales and client development, the company is enjoying an outstanding level of activity that has resulted in record sales over recent months. hoard-it has a strong order book that will see the second half of the year continue to deliver throughout the remainder of 2018. Consequently, a rise in capital expenditure is expected due to this achievement.

Results

Revenue and Profit Before Tax

Group revenue increased by 14.9 per cent over the period to £39.39 million, exceeding the Company's estimated performance target for the six months ended 30 June 2018 by over five per cent. This increase has been a result of the high levels of work delivered across all Group companies. Billington expects to achieve a similar output in the second half of the year, supported by the Group's strong order book and an increasing number of opportunities in the pipeline.

Despite this increase in revenue, Billington's profit before tax for the period was £1.94 million compared to £2.24 million for the same period of 2017. Although the Group has had a busy first six months, due to the macro-economic environment and with increasing levels of competition, which together with the added capacity in the industry following increasing investments in automation, has had a short-term impact on tender pricing. Consistent sustained increases in the price of raw materials have added to margin pressures. However, positive developments in the industry were seen towards the end of the first quarter and into the second half of the year, with margin levels improving. With large, prestigious contracts in the pipeline, Billington expects there to be an increase in profits for the second half of the year.

Group Operating Profit

The Group operating profit for the six months ended 30 June 2018 was £1.96 million compared to £2.27 million in 2017. This is, again due to tighter margins at the beginning of the year. Since the first quarter of 2018, the Group has seen a bounce back in market indices, an increase in industry sentiment, improved margins and expects confidence within the market to grow over the second half of 2018.

Earnings per Share

Earnings per share for continued operations for the first half of the year was 12.80 pence (2017: 14.90 pence).

Liquidity and Capital Resources

The Group's gross cash and cash equivalents increased 11.0 per cent during the period to £7.56 million from £6.81 million in 2017. Billington expects higher cash generation in the second half of the year, reinforced by a solid order book that should maintain high levels of business.

Dividend

At the end of the previous reporting year, the Group once again increased its annual dividend to 11.50 pence as a result of another very busy and successful year. This was duly paid in the period.

Awards

Over the period, Billington has been recognised for its efforts in delivering high quality projects. Its work on the Coventry Leisure Centre and Water Park development won two awards at the UK Tekla Awards: Sports and Recreation Project category and the Public Vote. Additionally, the Company won Insider Media's Made in Yorkshire Awards for Manufacturing Apprenticeship/Training Scheme.

At the start of the second half of the year, Billington Structures was shortlisted within the top ten of the Construction Enquirer Awards for both Best Specialist Contractor to Work With and Best Specialist Contractor to Work For (over £25 million). In addition, Billington Structures has been listed as a finalist in the Building Awards 2018 for Specialist Contractor of the Year, and the Company's work on the Greenwich Peninsula Energy Centre has been shortlisted for the 2018 Structural Steel Design Awards. The results for all these awards will be announced later this year.

Board and Employees

The Group has maintained a strong workforce across its companies and continues in its efforts to invest in its people, their skills and knowledge.

The Company is proud to be an advocate of promoting careers within the structural steel industry, especially as a tight labour force remains a concern in the sector. It provides successful training and apprenticeship programmes and offers opportunities to its staff, as well as partnering and sponsoring local schools, colleges and universities in order to help maintain a highly skilled and proficient workforce.

Prospects and Outlook

Billington has had a good start to the year and the Company has a strong outlook for the rest of 2018. The Company has an increased number of larger, higher quality projects in the order book, as well as many good prospects in the pipeline moving into 2019. Additionally, the Group expects to experience a more profitable second half of the year and therefore will meet the markets' full year expectations.

Over the period, there was still caution in the industry, especially due to ongoing uncertainties surrounding the UK's departure from the European Union. Fluctuations in the price of the primary raw materials used to produce steel continue to have an impact on the Group. The Company continues to monitor developments with trade tariffs and other influencing factors impacting the market price of the Company's raw materials and aims to mitigate these wherever possible. Billington prides itself on strong partner relationships with its supply chain, and these relationships have enabled the Company to manage turbulent raw material input prices by using forward pricing instruments, thus providing an increased degree of certainty for projects the Group will be completing in the second half of the year.

2017 saw the total construction market output increase seven per cent from 2016 with the level of output in 2017 being approximately 12 per cent higher than the pre-recession level noted in 2007. The first quarter of this year saw a slowdown in output, however, it is important to note that the Company has still been extremely busy and has performed well over the period. More recently, market sentiment, activity levels and related market data have shown signs of improvement and the outlook for the construction market remains positive in the medium term. Therefore, Billington is optimistic on delivering a positive second half, with additional growth expected to be seen within the structural steelwork industry in 2019 through to 2022.

Billington remains on track with its growth strategy and adaptation programme at the Shafton facility, having reached the halfway point of its projected timeline. The refurbishments and renovations will provide the Group with the added capacity to deliver market demand and improve efficiencies, as well as providing the opportunity for Billington to diversify into complimentary processes.

Finally, I would like to take the chance to thank Billington's Board, employees, shareholders and stakeholders for their continued and strong support, and I look forward to a busy and bright second half of the year.

Mark Smith

Chief Executive

17 September 2018

Condensed consolidated interim income statement

Six months ended 30 June 2018

	Unaudited Six months to 30 June 2018 £'000	Unaudited Six months to 30 June 2017 £'000	Audited Twelve months to 31 December 2017 £'000
Continuing operations			
Revenue, excluding movements in work in progress	39,229	34,686	72,156
Increase/(Decrease) in work in progress	<u>160</u>	<u>(397)</u>	<u>1,362</u>
Revenue	<u>39,389</u>	<u>34,289</u>	<u>73,518</u>
Raw material and consumables	26,413	21,664	47,324
Other external charges	1,819	2,242	3,212
Staff costs	7,512	6,871	14,168
Depreciation	586	635	1,631
Other operating charges	<u>1,103</u>	<u>610</u>	<u>2,755</u>
	<u>37,433</u>	<u>32,022</u>	<u>69,090</u>
Group operating profit	1,956	2,267	4,428
Share of post tax profit in joint ventures	<u>-</u>	<u>-</u>	<u>-</u>
Total operating profit	1,956	2,267	4,428
Net finance expense	<u>(17)</u>	<u>(24)</u>	<u>(17)</u>
Profit before tax	1,939	2,243	4,411
Tax	<u>(395)</u>	<u>(448)</u>	<u>(907)</u>
Profit for the period from continuing operations and attributable to equity holders of the parent company	<u>1,544</u>	<u>1,795</u>	<u>3,504</u>
Earnings per share (basic and diluted) from continuing operations	<u>12.8 p</u>	<u>14.9 p</u>	<u>29.1 p</u>
Dividend per share - Paid	<u>11.5 p</u>	<u>10.0 p</u>	<u>10.0 p</u>

Earnings per ordinary share has been calculated on the basis of the result for the period after tax, divided by the weighted average number of ordinary shares in issue in the period, excluding those held in the ESOP Trust, of 12,040,608. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 12,048,408 for the period to 30 June 2017 and 12,040,608 for the year ended 31 December 2017.

**Condensed consolidated
interim balance sheet**

As at 30 June 2018

	Unaudited 30 June 2018 £'000	Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
Assets			
Non current assets			
Property, plant and equipment	13,571	13,230	13,591
Pension asset	2,198	1,146	2,198
Investment in joint ventures	-	-	-
Deferred tax asset	121	27	-
Total non current assets	15,890	14,403	15,789
Current assets			
Inventories and work in progress	11,115	9,374	11,012
Trade and other receivables	8,302	7,970	5,700
Cash and cash equivalents	7,562	6,812	8,063
Total current assets	26,979	24,156	24,775
Total assets	42,869	38,559	40,564
Liabilities			
Current liabilities			
Current portion of long term borrowings	250	218	254
Trade and other payables	18,037	16,262	15,954
Current tax payable	498	565	462
Total current liabilities	18,785	17,045	16,670
Non current liabilities			
Long term borrowings	1,627	2,125	1,750
Deferred tax liabilities	287	-	168
Total non current liabilities	1,914	2,125	1,918
Total liabilities	20,699	19,170	18,588
Net assets	22,170	19,389	21,976
Equity			
Share capital	1,293	1,293	1,293
Share premium	1,864	1,864	1,864
Capital redemption reserve	132	132	132
Other reserve	(844)	(825)	(844)
Accumulated profits	19,725	16,925	19,531
Total equity	22,170	19,389	21,976

Condensed consolidated interim statement of changes in equity

(Unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2017	1,293	1,864	132	(825)	16,335	18,799
Equity dividends	-	-	-	-	(1,205)	(1,205)
Transactions with owners	-	-	-	-	(1,205)	(1,205)
Profit for the six months to 30 June 2017	-	-	-	-	1,795	1,795
Total comprehensive income for the period	-	-	-	-	1,795	1,795
At 30 June 2017	1,293	1,864	132	(825)	16,925	19,389
At 1 July 2017	1,293	1,864	132	(825)	16,925	19,389
Credit related to equity-settled share based payments	-	-	-	-	73	73
ESOP movement in period	-	-	-	(19)	-	(19)
Transactions with owners	-	-	-	(19)	73	54
Profit for the six months to 31 December 2017	-	-	-	-	1,709	1,709
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	991	991
Income tax relating to components of other comprehensive income	-	-	-	-	(167)	(167)
Total comprehensive income for the period	-	-	-	-	2,533	2,533
At 31 December 2017	1,293	1,864	132	(844)	19,531	21,976
At 1 January 2018	1,293	1,864	132	(844)	19,531	21,976
Equity dividends	-	-	-	-	(1,385)	(1,385)
Credit related to equity-settled share based payments	-	-	-	-	35	35
Transactions with owners	-	-	-	-	(1,350)	(1,350)
Profit for the six months to 30 June 2018	-	-	-	-	1,544	1,544
Total comprehensive income for the period	-	-	-	-	1,544	1,544
At 30 June 2018	1,293	1,864	132	(844)	19,725	22,170

Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2018

	Unaudited	Unaudited	Audited
	Six months	Six	Twelve
	to 30 June	months	months
	2018	to 30	to 31
	£'000	June	December
		2017	2017
		£'000	£'000
Profit for the period	1,544	1,795	3,504
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	991
Movement on deferred tax relating to pension liability	-	-	(179)
Current tax relating to pension liability	-	-	12
Other comprehensive income, net of tax	-	-	824
Total comprehensive income for the period attributable to equity holders of the parent company	1,544	1,795	4,328

Condensed consolidated interim cash flow statement
Six months ended 30 June 2018

	Unaudited Six months to 30 June 2018 £'000	Unaudited Six months to 30 June 2017 £'000	Audited Twelve months to 31 December 2017 £'000
Cash flows from operating activities			
Group profit after tax	1,544	1,795	3,504
Taxation paid	(360)	(452)	(986)
Interest received	-	-	3
Depreciation on property, plant and equipment	586	635	1,631
Difference between pension charge and cash contributions	-	(31)	(31)
Share based payment charge	35	-	73
Profit on sale of property, plant and equipment	(150)	(79)	(216)
Taxation charge recognised in income statement	395	448	907
Net finance expense	17	24	17
(Increase)/Decrease in inventories and work in progress	(103)	491	(1,147)
Increase in trade and other receivables	(2,602)	(2,358)	(119)
Increase in trade and other payables	<u>2,083</u>	<u>2,322</u>	<u>2,014</u>
Net cash flow from operating activities	<u>1,445</u>	<u>2,795</u>	<u>5,650</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(573)	(753)	(2,112)
Proceeds from sale of property, plant and equipment	<u>156</u>	<u>115</u>	<u>254</u>
Net cash flow from investing activities	<u>(417)</u>	<u>(638)</u>	<u>(1,858)</u>
Cash flows from financing activities			
Interest paid	(17)	(24)	(50)
Repayment of bank and other loans	(127)	(149)	(484)
Equity dividends paid	(1,385)	(1,205)	(1,205)
Capital element of hire purchase payments	-	-	(4)
Employee Share Ownership Plan share purchases	-	-	(19)
Employee Share Ownership Plan share sales	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flow from financing activities	<u>(1,529)</u>	<u>(1,378)</u>	<u>(1,762)</u>
Net increase in cash and cash equivalents	(501)	779	2,030
Cash and cash equivalents at beginning of period	<u>8,063</u>	<u>6,033</u>	<u>6,033</u>
Cash and cash equivalents at end of period	<u><u>7,562</u></u>	<u><u>6,812</u></u>	<u><u>8,063</u></u>

Notes to the interim accounts - as at 30 June 2018

Segmental Reporting

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, Peter Marshall Steel Stairs Limited, hoard-it Limited and Billington Fleet Management 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 within Structural Steel. All assets of the Group reside in the UK.

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2018. They have been prepared with regard to the requirements of IFRS. The financial information set out in these consolidated interim financial statements does not constitute statutory accounts as defined in S434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under S498 of the Companies Act 2006.

These consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

New Standards adopted as at 1 January 2018

The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' and the related 'Clarifications to IFRS 15 Revenue from Contracts with Customers' (hereinafter referred to as 'IFRS 15') replace IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new Standard has been applied retrospectively although there has been no impact on the numbers previously published and therefore no restatement or opening balance adjustment has been required.

Whilst this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group in any year.

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2018 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

Dividends

In the first half of 2018 Billington Holdings Plc declared a final dividend of 11.5 pence per share amounting to £1,385,000 (2017: 10.0 pence, £1,205,000) to its equity shareholders. No interim dividend for 2018 has been declared (2017: nil).

These results were approved by the Board of Directors on 17 September 2018.