

23 September 2019

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, is pleased to announce its unaudited interim results for the six months ended 30 June 2019.

	Unaudited six months to 30 June 2019	Unaudited six months to 30 June 2018	Percentage Movement
Revenue	£47.15m	£39.39m	19.7%
EBITDA	£3.55m	£2.54m	39.8%
Profit before tax	£2.68m	£1.94m	38.1%
Cash and cash equivalents	£10.01m	£7.56m	32.4%
Earnings per share (EPS) from continuing operations	17.80p	12.80p	39.1%

Highlights

- Record revenue, with an increase of 19.7 per cent to £47.15 million (H1 2018: £39.39 million)
- Profit before tax increased 38.1 per cent to £2.68 million (H1 2018: £1.94 million)
- EPS increased 39.1 per cent to 17.80 pence
- Further positive cash growth
- Continued investment in the safety solutions businesses
- All Group companies have performed well over the period, with momentum from 2018 continuing into the current year
- Continued, successful delivery of large European project with prospect for future works
- Billington Structures was awarded two contracts with a combined value of £30 million in June 2019 ensuring production volumes are likely to remain at similar levels

Mark Smith, Chief Executive of Billington, commented:

“I am very pleased with the Group performance in the first half of the year, continuing the strong momentum from 2018. We started the year with a record order book and consequently the first half has been a very busy period for the Group across all our businesses. We have continued to build our order book with further significant contracts secured.

“Whilst the overall market continues to be uncertain, the outlook for Billington remains positive, particularly given the Group’s ability to target a diverse range of projects insulating us, in part, from any temporary slowdowns in the market. I look forward to the remainder of the year and beyond with cautious optimism.”

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Chief Executive Statement

Introduction

All the Group companies have experienced a strong start to the year and it has been a good first half for the Company. A number of large projects have been undertaken, resulting in revenues increasing by 19.7 per cent to £47.15 million for the period.

For the remainder of 2019 the Group has a very strong order book and we anticipate further progress in the second half, whilst mindful of the continuing uncertainty in our markets as a result of the UK's impending exit from the European Union.

Group Companies

Billington Structures and Shafton Steel Services

Billington Structures is one of the UK's leading structural steelwork contractors with a highly experienced workforce capable of delivering projects from simple building frames to complex structures in excess of 11,000 tonnes. With facilities in Barnsley and Bristol and a heritage dating back over 70 years, the business is well recognised and respected in the industry with the capacity of processing over 35,000 tonnes of steel per annum.

The Shafton facility was acquired in 2015 and has been fully integrated into Group operations. Alongside the successful integration, two separate business areas have been developed on the site. The first undertakes activities for Billington Structures and has continued to enjoy a strong performance driven by high production volumes. The second, Shafton Steel Services, offers a complete range of steel profiling services to a large number of diverse external engineering and construction companies, providing further opportunities to increase the capacity of the current business units as well as allowing for the development of new, value added, complementary products and services to enhance the comprehensive offering of the Group.

During the first half of the year the business has traded very strongly, particularly through the execution of the £41 million of contracts announced in November 2018. This momentum is continuing into the second half as these and other contracts move towards completion, with a further £30 million of large contracts secured in June 2019. Billington Structures has a substantially full order book for the remainder of the year and the focus will be on both the successful completion of existing contracts and the securing of new business for 2020 and beyond.

Peter Marshall Steel Stairs

Based in Leeds, Peter Marshall Steel Stairs is a specialist designer, fabricator and installer of bespoke steel staircases, balustrade systems and secondary steelwork. It has the capability to deliver stair structures for the largest construction projects and operates in sectors spanning retail, commercial offices, education, healthcare, rail and many more.

In the first half of 2019 the business delivered another good performance, fulfilling a smaller number of larger contracts for principal contractors, Billington and other steelwork companies.

easi-edge

easi-edge is a leading site safety solutions provider of perimeter edge protection and fall prevention systems for hire within the construction industry. Health and safety is at the core of the business which operates in a legislation driven market.

In the first half the business delivered another strong performance, carrying on from the progress made in 2017 and 2018. This is expected to continue in the second half as easi-edge continues to benefit from a strong order book.

Further investments have been made in the business, adding to the stock available for hire, reflecting the market demand for easi-edge's solutions, one of the higher margin segments for the Group.

hoard-it

hoard-it produces a unique range of re-usable temporary hoarding solutions which are environmentally sustainable and available on both a hire and sale basis tailored to the requirements of its customers.

Under the new leadership introduced last year the business continues to thrive and the momentum gained in 2018 has continued in the first half. Significant progress continues to be made to establish the product as the number one choice for main contractors and developers in the construction industry. There has been a particular focus on growing the business in the residential construction market, where hoard-it's range of printed boards and panels are proving attractive to developers looking for a professional and promotional site image.

Financial Results

Revenue and Profit Before Tax

Group revenue increased by 19.7 per cent over the period to £47.15 million (H1 2018: £39.39 million). This increase has been as a result of growth across all of the Group's businesses, in particular aided by the £41 million of new contract awards in November 2018.

Billington's profit before tax for the period was £2.68 million (H1 2018: £1.94 million), an increase of 38.1 per cent.

Earnings per Share

Earnings per share for continued operations for the first half of the year increased by 39.1 per cent to 17.80 pence (H1 2018: 12.80 pence).

Liquidity and Capital Resources

The Group's gross cash and cash equivalents as at 30 June 2019 was £10.01 million, an increase of 7.5 per cent on the balance as at 31 December 2018. The Company expects that its operations will remain cash generative in the second half further reinforcing its solid cash position.

Capital expenditure

The Group continued to invest across all its sites and business areas and capital expenditure modestly increased in the first half compared to the same period in 2018. The Group has in place long-term capital equipment replacement programmes and aims to be at the forefront of technological advances where they can add value.

A number of key items of machinery have been identified for replacement over the medium term and therefore a modest level of increase in the current level of capital expenditure is expected. Continuous investment in the Group's capital assets will ensure that the products the Company produces are produced efficiently and of a quality our clients demand.

Dividend

In the first half of 2019 Billington Holdings Plc declared a final dividend of 13.0 pence per share amounting to £1,565,000 (2018: 11.5 pence, £1,385,000) to its equity shareholders. No interim dividend for 2019 has been declared (2018: nil).

Market and Economic Outlook

The markets in which Billington operates remain unsettled, with a mixed environment for the main construction contractors. I am pleased to report that the Group has limited exposure to the more troubled larger contractors and we continue to assess the risks associated with individual projects on a case by case basis. To date we have been able to secure credit insurance on acceptable terms for all our significant projects.

Should the UK leave the European Union on 31 October 2019, the Group has plans in place to mitigate, as far as possible, the effects of any short-term disruption to supply and the fulfilment of European orders.

We continue to monitor the situation at British Steel with interest. It is currently envisaged that a successful sale will be completed imminently and this will assist in returning stability to the UK steel supply market. However, the Group continues to keep its steel supply options under review. The Group's requirements for a wide range of steel products are sourced from a variety of worldwide producers and local stockholders to mitigate the associated risk.

Prospects and Outlook

The Group has had a very busy and successful first half of the year. Whilst the overall market continues to be uncertain, the outlook for Billington remains positive, particularly given the Group's ability to target both the largest and medium contracts, insulating us, in part, from any temporary disruption in the market.

The Group has gained further large contracts during the first half that will be executed in the second half and into 2020. Our order book remains at strong levels and we continue to see a number of significant prospects and coupled with a healthy balance sheet we are well positioned for the future and remain cautiously optimistic.

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

Mark Smith

Chief Executive

20 September 2019

Condensed consolidated interim income statement

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
<i>Continuing operations</i>			
Revenue, excluding movements in work in progress	48,352	39,229	76,462
(Decrease)/Increase in work in progress	(1,204)	160	804
Revenue	47,148	39,389	77,266
Raw material and consumables	31,855	26,413	49,826
Other external charges	2,489	1,819	3,296
Staff costs	8,304	7,512	15,258
Depreciation	862	586	1,502
Other operating charges	953	1,103	2,383
	44,463	37,433	72,265
Group operating profit	2,685	1,956	5,001
Share of post tax profit in joint ventures	-	-	-
Total operating profit	2,685	1,956	5,001
Net finance expense	(6)	(17)	(58)
Profit before tax	2,679	1,939	4,943
Tax	(531)	(395)	(894)
Profit for the period from continuing operations and attributable to equity holders of the parent company	2,148	1,544	4,049
Earnings per share (basic and diluted) from continuing operations	17.8 p	12.8 p	33.6 p

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 12,048,608 for the period to 30 June 2018 and 12,040,608 for the year ended 31 December 2018.

Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
Profit for the period	2,148	1,544	4,049
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	(532)
Movement on deferred tax relating to pension liability	-	-	97
Current tax relating to pension liability	-	-	(7)
Cash flow hedging - current year profit/(loss)	514	-	(831)
Other comprehensive income, net of tax	514	-	(1,273)
Total comprehensive income for the period attributable to equity holders of the parent company	2,662	1,544	2,776

Condensed consolidated interim balance sheet

As at 30 June 2019

	Unaudited 30 June 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Assets			
<i>Non current assets</i>			
Property, plant and equipment	14,109	13,571	14,042
Pension asset	1,630	2,198	1,630
Investment in joint ventures	-	-	-
Deferred tax asset	41	121	39
Total non current assets	15,780	15,890	15,711
<i>Current assets</i>			
Inventories and work in progress	10,755	11,115	12,011
Trade and other receivables	13,821	8,302	7,527
Cash and cash equivalents	10,008	7,562	9,311
Total current assets	34,584	26,979	28,849
Total assets	50,364	42,869	44,560
Liabilities			
<i>Current liabilities</i>			
Current portion of long term borrowings	250	250	250
Trade and other payables	23,292	18,037	18,732
Current tax payable	785	498	627
Total current liabilities	24,327	18,785	19,609
<i>Non current liabilities</i>			
Long term borrowings	1,375	1,627	1,500
Deferred tax liabilities	-	287	-
Total non current liabilities	1,375	1,914	1,500
Total liabilities	25,702	20,699	21,109
Net assets	24,662	22,170	23,451
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	(1,161)	(844)	(1,675)
Accumulated profits	22,534	19,725	21,837
Total equity	24,662	22,170	23,451

**Condensed consolidated interim statement
of changes in equity**
(Unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other components of equity £'000	Accumulated profits £'000	Total equity £'000
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
At 1 July 2018	1,293	1,864	132	(844)	19,725	22,170
Credit related to equity-settled share based payments	-	-	-	-	49	49
ESOP movement in period	-	-	-	-	-	-
Transactions with owners	-	-	-	-	49	49
Profit for the six months to 31 December 2018	-	-	-	-	2,505	2,505
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	(532)	(532)
Income tax relating to components of other comprehensive income	-	-	-	-	90	90
Financial instruments	-	-	-	(831)	-	(831)
Total comprehensive income for the period	-	-	-	(831)	2,063	1,232
At 31 December 2018	1,293	1,864	132	(1,675)	21,837	23,451
At 1 January 2019	1,293	1,864	132	(1,675)	21,837	23,451
Equity dividends	-	-	-	-	(1,565)	(1,565)
Credit related to equity-settled share based payments	-	-	-	-	114	114
Transactions with owners	-	-	-	-	(1,451)	(1,451)

Profit for the six months to 30 June 2019	-	-	-	-	2,148	2,148
Other comprehensive income						
Actuarial loss recognised in the pension schemes	-	-	-	-	-	-
Financial instruments	-	-	-	514	-	514
Total comprehensive income for the period	-	-	-	514	2,148	2,662
At 30 June 2019	1,293	1,864	132	(1,161)	22,534	24,662

Condensed consolidated interim cash flow statement

Six months ended 30 June 2019

	Unaudited Six months to 30 June 2019 £'000	Unaudited Six months to 30 June 2018 £'000	Audited Twelve months to 31 December 2018 £'000
Cash flows from operating activities			
Group profit after tax	2,149	1,544	4,049
Taxation paid	(376)	(360)	(843)
Interest received	-	-	23
Depreciation on property, plant and equipment	862	586	1,502
Share based payment charge	114	35	84
Profit on sale of property, plant and equipment	(112)	(150)	(274)
Taxation charge recognised in income statement	531	395	894
Net finance expense	6	17	58
Decrease/(Increase) in inventories and work in progress	1,256	(103)	(999)
Increase in trade and other receivables	(6,294)	(2,602)	(1,827)
Increase in trade and other payables	4,803	2,083	1,944
Net cash flow from operating activities	2,953	1,445	4,611
Cash flows from investing activities			
Purchase of property, plant and equipment	(657)	(573)	(1,962)
Proceeds from sale of property, plant and equipment	112	156	283
Net cash flow from investing activities	(545)	(417)	(1,679)
Cash flows from financing activities			
Interest paid	(21)	(17)	(45)
Repayment of bank and other loans	(125)	(127)	(250)
Equity dividends paid	(1,565)	(1,385)	(1,385)
Capital element of hire purchase payments	-	-	(4)
Net cash flow from financing activities	(1,711)	(1,529)	(1,684)
Net increase in cash and cash equivalents	697	(501)	1,248
Cash and cash equivalents at beginning of period	9,311	8,063	8,063
Cash and cash equivalents at end of period	10,008	7,562	9,311

Notes to the interim accounts - as at 30 June 2019

Segmental Reporting

The Group trading operations of Billington Holdings plc are in Structural Steel and Safety Solutions, and all are continuing. The Structural Steel segment includes the activities of Billington Structures Limited and Peter Marshall Steel Stairs Limited, and the Safety Solutions segment includes the activities of easi-edge Limited and hoard-it Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are shown in Other. All assets of the Group reside in the UK.

From 31 December 2018 the Company apportioned its activities between two operating segments, Structural Steel and Safety Solutions. The segmental reporting has been restated for the comparative period of 30 June 2018.

	Unaudited Six months to 30 June 2019 £000	Unaudited Six months to 30 June 2018 £000	Audited Twelve months to 31 December 2018 £000
Analysis of revenue (including movement in WIP)			
Structural Steel	43,351	36,207	70,164
Safety Solutions	3,797	3,182	7,102
Other	0	0	0
Consolidated total	47,148	39,389	77,266
Analysis of Group operating profit before finance cost			
Structural Steel	1,966	1,277	3,631
Safety Solutions	733	599	1,368
Other	(14)	80	2
Consolidated total	2,685	1,956	5,001

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2019. 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 2018 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 2019

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

IFRS 16 'Leases'

IFRS 16 Leases replaces IAS 17 Leases along with three Interpretations (IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard is mandatory for reporting periods beginning on or after 1 January 2019. Under the new standard, an asset (the right-of-use asset) and a financial liability are recognised. The only exceptions are short term and low value leases.

Billington Holdings Plc has applied the modified retrospective approach to the transition to IFRS 16, recognising the cumulative effect at the date of initial application (1 January 2019) as an adjustment to the opening balance of retained earnings for the current period. The adjustment amounted to £nil. Prior periods have not been restated. On transition, for leases previously accounted as operating leases with a lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions in the standard to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16. The Group also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16 and has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases. The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.5%.

The impact of the adoption of this standard and the new accounting policy was as follows:

Recognition of Right of Use Assets	282
Recognition of Lease liabilities	(282)
Reduction in operating lease costs	(86)
Additional depreciation	84
Additional interest charges	4

Operating lease commitments disclosed at 31 Dec 18:

Land & Buildings	128,000
Other	233,000

Lease commitments discounted using the incremental borrowing rate:

Land & Buildings	125,000
Other - recognised under IFRS 16	157,000

Opening lease liability under IFRS 16	282,000
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Other - not recognised as small or short

Other pronouncements	72,000
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Other accounting pronouncements which have become effective from 1 January 2019 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 2019 Billington Holdings Plc declared a final dividend of 13.0 pence per share amounting to £1,565,000 (2018: 11.5 pence, £1,385,000) to its equity shareholders. No interim dividend for 2019 has been declared (2018: nil).

These results were approved by the Board of Directors on 20 September 2019.