

# Billington Holdings Plc

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('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 2015.

|   | <b>Unaudited six months to 30 June 2015</b> | Unaudited six months to 30 June 2014 | Percentage increase |
|---|---|--------------------------------------|---------------------|
| Revenue                                       | <b>£24.55m</b>                              | £21.31m                              | 15.20%              |
| EBITDA <sup>1</sup>                           | <b>£2.15m</b>                               | £1.18m                               | 82.20%              |
| Profit before tax <sup>1</sup>                | <b>£1.70m</b>                               | £0.79m                               | 115.19%             |
| Cash and cash equivalents                     | <b>£6.36m</b>                               | £2.80m                               | 127.14%             |
| Earnings per share from continuing operations | <b>11.4p</b>                                | 4.9p                                 | 132.65%             |

<sup>1</sup> Adjusted for redundancy costs

### Highlights

- Results released ahead of original market expectations, now trading in line with current market expectations
  - market conditions continued to improve in 2015
- Encouraging performance across all divisions
  - Including contract win to provide 5,000 tonnes of structural steel for a Next warehouse.
- Strong order book moving forward
- Robust cash position further strengthened, leaving Group well placed for further development

### Mark Smith, Chief Executive Officer, said,

*"I am pleased to deliver a strong set of interim results, which have exceeded market expectations. I would like to thank all divisions of the Group for contributing positively to this. We are experiencing growing demand in the sector and Billington remains well placed to capitalise on these increased opportunities."*

*"The Group's strong cash position underpins our financial strength and ensures that the Company is well placed for further growth."*

*"The Board is confident that further progress will be achieved and that the Company is well placed to deliver strong full year results, in order to generate the best return for our shareholders"*

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## **Chief Executive's Statement**

### **Introduction**

I am pleased to report that Billington has posted a strong set of results for the six months to 30 June 2015, with revenues up over 15 per cent and profit before tax increasing more than 115 per cent from the same period in 2014. The Group continues to take advantage of the gradual recovery of the construction industry as well as benefiting from the actions taken by management in 2012 to streamline the business and make it more flexible and able to capitalise on fluctuating workloads.

### **Results**

Profit before tax for the six months to 30 June 2015 is £1.70 million.

Group revenue for the period is £24.55 million (2014: £21.31 million), largely attributable to the delivery of a number of large anchor projects, which include collective Group company interests and the successful settlement of some legacy contracts.

### **Businesses**

#### *Structural Steel*

Based in Barnsley and Bristol, Billington Structures' primary activity is the design, fabrication and erection of structural steelwork for a wide variety of sectors, mostly to the UK construction industry. In the first half of 2015, we have successfully delivered projects into a broad range of market sectors. 2015 has seen the re-emergence of the distribution warehouse sector and Billington has benefitted from the successful delivery of two of the largest in the UK with prestigious clients.

Tubecon, our specialist tubular and complex steelwork division, has recently completed a major project in South London and is now in negotiation with our secure supply chain for new contracts whilst complementing our conventional product range.

Following a management re-structure, the first half of 2015 has seen a major upturn in business for our Leeds based Peter Marshall Steel Stairs division and work has been secured spanning to the end of 2015.

### *Safety Solutions*

Based in Tuxford, North Nottinghamshire, Easi-edge's main business is to hire out our patented safety barriers to the UK steel, timber frame and construction industries. Again, profiting from the gradual recovery of the construction sector, the start of 2015 has proved profitable with steady increase in utilisation secured to the end of the year. A change in senior management should see further efficiency improvements from the fourth quarter. Work continues to grow within the timber frame and concrete sectors and term contracts have recently been secured with main contractors which will benefit from repeat business.

Our hoardings division, Hoard-it, headquartered in Barnsley, is now well established and can boast a client base of all tier one main contractors. Long term contracts have been secured across the UK. New products have now been developed to diversify the division's activities within the sector, which should see an increase in business from the fourth quarter.

### **Earnings per Share**

Earnings per share from continuing operations stood at 11.4 pence in the period, compared with earnings per share of 4.9 pence for the corresponding period in 2014.

### **Liquidity and Capital Resources**

The Group had a cash balance of £6.36 million at 30 June 2015 (2014: £2.81 million). The net cash flow from operating activities during the period amounted to an inflow of £2.48 million (2014: inflow of £0.2 million). Capital expenditure was £0.52 million in the period (2014: £0.46 million).

With the recovery of the construction sector and the economy as a whole, the Board considers that having a strong balance sheet with adequate available cash resources and funding facilities enables the Group to consider capital expenditure projects with the confidence of a secured advance order book.

### **Prospects**

The first half of 2015 has seen continued signs of improvement in the structural sector and our specialist divisions. All signs indicate that this will continue into the second half of the year and into

2016. Wider issues within the global economy still provide some uncertainty as to the long term growth prospects of the UK economy.

Looking ahead, the Board is confident of further progress in the Company's trading performance; we believe that the strength of the Company's balance sheet, our strategy and our proven track record make Billington well positioned to benefit from improving market conditions and the new opportunities therein.

### **Group Operating Profit**

The ratio of Group profit to turnover continues to improve. The ratio achieved in the period was 6.9 per cent as compared to 3.6 per cent for the same period in 2014 and 4.2 per cent for the 2014 year. Profit progression in the period has been aided through a time of significant activity and resultant overhead recovery along with a small number of one off favorable final account settlements in the period.

It is pleasing to note that our short term target of achieving a five per cent return on our work has been achieved.

### **Dividends**

Following the continued improvements in trading performance of the Company and the long standing support of our shareholders throughout the protracted recession, it is pleasing to note a return to the payment of a dividend. The Board was pleased to announce the reintroduction of a dividend on the back of the 2014 results and a dividend of 3.0 pence per share was duly paid in July. As explained in the 2014 Financial Statements it is not intended to move to a two stage dividend policy until it is commercially prudent to do so and accordingly there will be no interim dividend paid in respect of this period.

### **Board and Employees**

The conclusion of 2014 noted the retirement of Steve Fareham and the appointment of myself as the CEO. The Board would like to express its thanks to Steve for his loyal service over his significant tenure. Steve's long established knowledge of the Company and the industry has been retained as he has pleasingly accepted a position as a Non-Executive Director.

Finally, I would like to thank my colleagues on the Board, all of our loyal employees and stakeholders for their continued support and dedication. We look forward with promise to the future and continuation of a prosperous 2015 and beyond.

Mark Smith  
Chief Executive Officer  
21 September 2015

## Condensed consolidated interim income statement

Six months ended 30th June 2015

|  | <b>Unaudited<br/>Six months<br/>to 30th<br/>June<br/>2015<br/>£000</b> | Unaudited<br>Six months<br>to 30th<br>June<br>2014<br>£000 | Audited<br>Twelve months<br>to 31st<br>December<br>2014<br>£000 |
|--|--|--|---|
| <b>Continuing operations</b>   |  |  |   |
| Revenue, excluding movements in work in progress   | 24,650   | 23,200   | 44,517  |
| (Decrease)/increase in work in progress  | <u>(101)</u>   | <u>(1,886)</u>   | <u>586</u>  |
| <b>Revenue</b>   | <b><u>24,549</u></b>   | <b><u>21,314</u></b>                                       | <b><u>45,103</u></b>  |
| Raw material and consumables   | 14,848   | 13,212   | 27,619  |
| Other external charges   | 1,679  | 1,458  | 3,165   |
| Staff costs  | 5,239  | 4,952  | 10,356  |
| Redundancy   | 4  | 27   | 20  |
| Depreciation   | 450  | 384  | 771   |
| Other operating charges  | <u>630</u>   | <u>515</u>   | <u>1,273</u>  |
|  | <b><u>22,850</u></b>   | <b><u>20,548</u></b>                                       | <b><u>43,204</u></b>  |
| <b>Group operating profit</b>  | <b>1,699</b>   | 766  | 1,899   |
| Share of post tax profit in joint ventures   | <u>0</u>   | <u>0</u>   | <u>0</u>  |
| <b>Total operating profit</b>  | <b>1,699</b>   | 766  | 1,899   |
| Net finance (expense)/income   | <u>(4)</u>   | <u>(7)</u>   | <u>23</u>   |
| <b>Profit before tax</b>   | <b>1,695</b>   | 759  | 1,922   |
| Tax  | <u>(373)</u>   | <u>(190)</u>   | <u>(477)</u>  |
| <b>Profit for the period from continuing operations and attributable to equity holders of the parent company</b> | <b><u>1,322</u></b>  | <b><u>569</u></b>  | <b><u>1,445</u></b>   |
| <br>   |  |  |   |
| <b>Earnings per share (basic and diluted) from continuing operations</b>   | <b><u>11.4 p</u></b>   | <b><u>4.9 p</u></b>  | <b><u>12.5 p</u></b>  |
| <br>   |  |  |   |
| <b>Dividends per share</b>   | <b><u>3.00 p</u></b>   | <b><u>0.00 p</u></b>                                       | <b><u>0.00 p</u></b>  |

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 11,579,708. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 11,580,808 for the period to 30 June 2014 and 11,580,808 for the year ended 31 December 2014.

**Condensed consolidated interim balance sheet**

As at 30th June 2015

|   | <b>Unaudited</b> | Unaudited | Audited  |
|---|------------------|-----------|----------|
|   | <b>30th June</b> | 30th June | 31st     |
|   | <b>2015</b>      | 2014      | December |
|   | <b>£000</b>      | £000      | £000     |
| <b>Assets</b>                           |                  |           |          |
| <b>Non current assets</b>               |                  |           |          |
| Property, plant and equipment           | 8,226            | 7,698     | 8,161    |
| Pension assets                          | 878              | 653       | 878      |
| Investment in joint ventures            | 0                | 0         | 0        |
| Deferred tax asset                      | 272              | 621       | 272      |
| <b>Total non current assets</b>         | <b>9,376</b>     | 8,972     | 9,311    |
| <b>Current assets</b>                   |                  |           |          |
| Inventories and work in progress        | 8,364            | 6,034     | 8,472    |
| Trade and other receivables             | 4,225            | 5,785     | 5,080    |
| Cash and cash equivalents               | 6,355            | 2,809     | 3,872    |
| <b>Total current assets</b>             | <b>18,944</b>    | 14,628    | 17,424   |
| <b>Total assets</b>                     | <b>28,320</b>    | 23,600    | 26,735   |
| <b>Liabilities</b>                      |                  |           |          |
| <b>Current liabilities</b>              |                  |           |          |
| Current portion of long term borrowings | 45               | 346       | 45       |
| Trade and other payables                | 11,919           | 9,570     | 12,007   |
| Dividends payable                       | 388              | 0         | 0        |
| Current tax payable                     | 473              | 229       | 100      |
| <b>Total current liabilities</b>        | <b>12,825</b>    | 10,145    | 12,152   |
| <b>Non current liabilities</b>          |                  |           |          |
| Long term borrowings                    | 257              | 0         | 279      |
| <b>Total non current liabilities</b>    | <b>257</b>       | 0         | 279      |
| <b>Total liabilities</b>                | <b>13,082</b>    | 10,145    | 12,431   |
| <b>Net assets</b>                       | <b>15,238</b>    | 13,455    | 14,304   |

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

|   | Share capital | Share premium account | Capital redemption reserve | Other reserve ESOP | Accumulated profits | Total equity |
|---|---------------|-----------------------|----------------------------|--------------------|---------------------|--------------|
|   | £000          | £000                  | £000                       | £000               | £000                | £000         |
| <b>At 1st January 2014</b>                                      | 1,293         | 1,864                 | 132                        | (909)              | 10,506              | 12,886       |
| <b>Transactions with owners</b>                                 | 0             | 0                     | 0                          | 0                  | 0                   | 0            |
| Profit for the six months to 30th June 2014                     | 0             | 0                     | 0                          | 0                  | 569                 | 569          |
| <b>Total comprehensive income for the period</b>                | 0             | 0                     | 0                          | 0                  | 569                 | 569          |
| <b>At 30th June 2014</b>  | 1,293         | 1,864                 | 132                        | (909)              | 11,075              | 13,455       |
| <b>At 1st July 2014</b>   | 1,293         | 1,864                 | 132                        | (909)              | 11,075              | 13,455       |
| <b>Transactions with owners</b>                                 |               |                       |                            |                    |                     |              |
| ESOP movement in period   | 0             | 0                     | 0                          | (1)                | 0                   | (1)          |
| <b>Transactions with owners</b>                                 | 0             | 0                     | 0                          | (1)                | 0                   | (1)          |
| Profit for the six months to 31st December 2014                 | 0             | 0                     | 0                          | 0                  | 876                 | 876          |
| <b>Other comprehensive income</b>                               |               |                       |                            |                    |                     |              |
| Actuarial gain recognised in the pension scheme                 | 0             | 0                     | 0                          | 0                  | (54)                | (54)         |
| Income tax relating to components of other comprehensive income | 0             | 0                     | 0                          | 0                  | 28                  | 28           |
| <b>Total comprehensive income for the period</b>                | 0             | 0                     | 0                          | 0                  | 850                 | 850          |
| <b>At 31st December 2014</b>                                    | 1,293         | 1,864                 | 132                        | (910)              | 11,925              | 14,304       |
| <b>At 1st January 2015</b>                                      | 1,293         | 1,864                 | 132                        | (910)              | 11,925              | 14,304       |
| Equity dividends declared                                       | 0             | 0                     | 0                          | 0                  | (388)               | (388)        |
| <b>Transactions with owners</b>                                 | 0             | 0                     | 0                          | 0                  | (388)               | (388)        |
| Profit for the six months to 30th June 2015                     | 0             | 0                     | 0                          | 0                  | 1,322               | 1,322        |
| <b>Total comprehensive income for the period</b>                | 0             | 0                     | 0                          | 0                  | 1,322               | 1,322        |
| <b>At 30th June 2015</b>  | 1,293         | 1,864                 | 132                        | (910)              | 12,859              | 15,238       |

**Condensed consolidated interim statement of comprehensive income**

Six months ended 30th June 2015

|   | <b>Unaudited<br/>Six months<br/>to 30th June<br/>2015<br/>£000</b> | Unaudited<br>Six months<br>to 30th<br>June<br>2014<br>£000 | Audited<br>Twelve months<br>to 31st<br>December<br>2014<br>£000 |
|---|--|--|---|
| <b>Profit for the period</b>  | <b>1,322</b>   | 569  | 1,445   |
| <b>Other comprehensive income</b>   |  |  |   |
| Remeasurement of net defined benefit surplus  | 0  | 0  | (54)  |
| Movement on deferred tax relating to pension liability  | 0  | 0  | (32)  |
| Current tax relating to pension liability   | <u>0</u>   | <u>0</u>   | <u>60</u>   |
| <b>Other comprehensive income, net of tax</b>   | <u>0</u>   | <u>0</u>   | <u>(26)</u>   |
| <b>Total comprehensive income for the period attributable to equity holders of the parent company</b> | <b><u>1,322</u></b>  | <b><u>569</u></b>  | <b><u>1,419</u></b>   |



**Condensed consolidated interim cash flow statement**

Six months ended 30th June 2015

|  | <b>Unaudited<br/>Six months<br/>to 30th<br/>June<br/>2015<br/>£000</b> | Unaudited<br>Six months<br>to 30th<br>June<br>2014<br>£000 | Audited<br>Twelve months<br>to 31st<br>December<br>2014<br>£000 |
|--|--|--|---|
| <b>Cash flows from operating activities</b>              |  |  |   |
| Group profit after tax                                   | 1,322  | 569  | 1,445   |
| Taxation paid  | 0  | 0  | (39)  |
| Depreciation on property, plant and equipment            | 450  | 384  | 771   |
| Difference between pension charge and cash contributions | (61)   | (133)  | (244)   |
| Profit on sale of property, plant and equipment          | (56)   | (32)   | (86)  |
| Taxation charge recognised in income statement           | 373  | 190  | 477   |
| Net finance expense/(income)                             | 4  | 7  | (23)  |
| Decrease/(increase) in inventories and work in progress  | 108  | 1,881  | (557)   |
| Decrease/(increase) in trade and other receivables       | 916  | (1,241)  | (669)   |
| (Decrease)/increase in trade and other payables          | (88)   | (942)  | 1,494   |
| <b>Net cash flow from operating activities</b>           | <b>2,968</b>   | <b>683</b>   | <b>2,569</b>  |
| <b>Cash flows from investing activities</b>              |  |  |   |
| Purchase of property, plant and equipment                | (521)  | (455)  | (1,308)   |
| Proceeds from sale of property, plant and equipment      | 62   | 34   | 91  |
| <b>Net cash flow from investing activities</b>           | <b>(459)</b>   | <b>(421)</b>   | <b>(1,217)</b>  |
| <b>Cash flows from financing activities</b>              |  |  |   |
| Interest paid  | (4)  | (7)  | (12)  |
| Repayment of bank and other loans                        | (22)   | (22)   | (44)  |
| <b>Net cash flow from financing activities</b>           | <b>(26)</b>  | <b>(29)</b>  | <b>(56)</b>   |
| <b>Net increase in cash and cash equivalents</b>         | <b>2,483</b>   | <b>233</b>   | <b>1,296</b>  |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>3,872</b>   | <b>2,576</b>   | <b>2,576</b>  |
| <b>Cash and cash equivalents at end of period</b>        | <b>6,355</b>   | <b>2,809</b>   | <b>3,872</b>  |

## **Notes to the interim accounts - as at 30th June 2015**

### **Segmental Reporting**

The continuing operations of Billington Holdings plc operate only in Structural Steel. The Structural Steel segment includes the activities of Billington Structures Limited, Peter Marshall Steel Stairs Limited and easi-edge 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 2015. 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 2014 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.

### **Dividends**

In the first half of 2015 Billington Holdings Plc declared a final dividend of 3.0 pence per share amounting to £388,030 (2014: nil) to its equity shareholders. No interim dividend for 2015 has been declared (2014: nil).

These results were approved by the Board of Directors on 21 September 2015.