

9 April 2019

## Billington Holdings Plc

(“Billington” or the “Company”)

### Results for the year ended 31 December 2018

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, is pleased to announce its audited results for the year ended 31 December 2018.

	<b>31 December 2018</b>	31 December 2017	Percentage Change
Revenue	<b>£77.3m</b>	£73.5m	5.2%
EBITDA*	<b>£6.5m</b>	£6.1m	6.6%
Profit before tax	<b>£4.9m</b>	£4.4m	11.4%
Cash and cash equivalents	<b>£9.3m</b>	£8.1m	14.8%
Earnings per share from continuing operations	<b>33.6p</b>	29.1p	15.5%
Dividend	<b>13.0p</b>	11.5p	13.0%

#### Highlights

- Revenue increased 5.2 per cent to a record £77.3 million for the Billington Group (2017: £73.5 million)
- Profit before tax increased 11.4 per cent to £4.9 million (2017: £4.4 million)
- Dividend increased 13.0 per cent to 13.0 pence a share – covered 2.58 times by earnings
- Cash balance of £9.3 million (2017: £8.1 million), providing a solid platform for further growth
- Strong start to 2019 with robust forward order book and solid pipeline of potential new orders

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

*“We are delighted at the progress which has been made across all our Group companies during 2018 and this has helped Billington deliver a record performance.”*

*“The level of secured work Billington takes forward into 2019 is unprecedented and ensures that we can look to the future with optimism. Undoubtedly 2019 will present its challenges, however, we are confident it will be another successful and progressive year for the Group.”*

*“Billington continues to monitor both the challenges and opportunities which may result from the UK’s exit from the European Union. To date we have seen no discernible impact on trading or enquiry levels.”*

*“2018 has been a successful year for Billington further cementing its position as one of the leading structural steelwork companies in the UK. Consistent, managed growth over recent years provides the*

\* Earnings before interest, tax, depreciation and amortisation.

*Group with a solid platform to further enable it to progress and develop. The Group's strong financial position will ensure that as opportunities for development arise, we are able to capitalise and ensure further success."*

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**About Billington Holdings Plc**

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, is a UK based group of companies focused on its structural steel and engineering activities throughout the UK and European markets. Group companies pride themselves on the provision of high technical and professional standards of service to niche markets with emphasis on building strong, trusting and long standing associations with partner clients.

## **Chairman's Statement**

I am pleased to provide my first statement as Chairman of the Company, having been appointed on 1 October 2018.

Billington has achieved another impressive performance with good progress across all our divisions. Revenue has increased 5.2 per cent to £77.3 million (2017: £73.5 million) and profit before tax has increased 11.4 per cent to £4.9 million (2017: £4.4 million) – both are record numbers for the Billington Group. The overall Earnings Per Share (EPS) for the year amounted to 33.6 pence compared with 29.1 pence in 2017, a 15.5 per cent increase. Our balance sheet remains strong with Net Assets of £23.5 million, underpinned by a strong gross cash balance of £9.3 million (2017: £8.1 million), providing a platform for further growth.

During the year our structural steel businesses, Billington Structures and Shafton Steel Services operated at near optimum output. Improved production techniques and contribution from the in house manufacture of products combined with an enviable orderbook leaves the businesses well placed to deliver another successful year in 2019.

Peter Marshall Steel Stairs achieved another record performance due to an increased sales effort and a focus on securing larger contracts with our partner clients. We continue to invest in the business and the order book is currently strong and ahead of the same period last year.

The easi-edge perimeter edge protection and fall prevention business had a very good year with further investment in its core product, improved utilisation and new customer wins. A significant capital expenditure programme has been underway which should help drive future growth.

hoard-it, which had a change of management in 2017, has reaped the benefits of new initiatives and recorded their best performance to date. With an excellent market position and plans to introduce new products, we expect another strong result this year.

It is pleasing that the Group continues to note a further improvement in the operating margin to 6.5 per cent (2017: 6.0 per cent). We continue to seek cost savings and enhanced utilisation where appropriate, and believe our current margins are sustainable. Margin pressures remain in the structural steel market, but expectations point to further growth in the years ahead driven by increasing demand.

## **Pension Scheme**

The defined benefit pension (which was closed to future accrual in 2011) has performed satisfactorily in the period against a backdrop of a difficult equity market. At the year end a surplus of £1,630,000 along with a corresponding deferred tax liability of £277,000 has resulted in a net recognised surplus of £1,353,000.

## **Dividend**

Due to the strong performance of the Group and our belief that the company is well positioned for continued sustainable growth, I am pleased to report that the Board is proposing a final dividend of 13.0 pence per share. This represents an increase of 13.0 per cent and is covered 2.58 times by earnings.

## **Liquidity and capital reserves**

There has been a net cash inflow of £1.2 million during the year resulting in gross cash balances of £9.3 million at the year end. This will provide sufficient funds to cover projected working capital requirements for the Group as well as to fund future opportunities as they arise. Capital expenditure for 2019 is expected to show a modest level of increase as we continue to invest in our factories and on our sites ensuring that we continually improve on our operational performance.

## **Board movements and Our People**

On behalf of myself and all my colleagues at Billington, I would like to extend our sincere thanks to Peter Hems who I succeeded in the role of Non-Executive Chairman on 1 October 2018. Peter has been associated with Billington for a significant length of time and we wish him the very best in his retirement.

On 14 January 2019, following the retirement of Steve Fareham, we were pleased to announce the appointment of Stephen Wardell as a new Non-Executive Director; his background as a senior audit partner at KPMG will be invaluable as we continue to ensure corporate governance best practice and comply with all financial reporting obligations. I would like to extend my thanks to Steve Fareham for his long and dedicated service to the Group and wish him well in his retirement.

Though I have only been in the post for a relatively short time, I am extremely impressed with the dedication and commitment shown by our people. We look forward to the year ahead and I would like to thank all of our workforce in advance of what we hope will be another year of progression for the Billington Group.

## **Economic Outlook**

The UK's impending departure from the European Union (EU) and the associated uncertainty that this has demonstrated has undoubtedly presented, and continues to present, challenges for the business.

The Group sources some products from Europe, either directly or indirectly via its network of suppliers and subcontractors. Pricing pressures along with the uncertainty of continued, uninterrupted supply of these products, are evident, and measures to mitigate the associated risks have been implemented wherever possible.

The Company is currently undertaking a large project in Belgium that is expected to be completed towards the end of 2019. A strategy to ensure the successful delivery of the project has been implemented to assist in reducing the risks of construction delay, input cost fluctuation and uncertainty of timing and quantum of sales revenues.

The Company remains alert to the constantly evolving political and economic uncertainties. Advice is sought where possible to assist in the development and execution of appropriate measures to both identify and address the risks this presents to all aspects of the business.

## **Current trading and outlook**

Billington has a very proud heritage and tradition that is held in high regard in the steel and wider construction industry. I am delighted with the progress achieved in 2018 and also to report that trading in the current year has got off to a very positive start, with all divisions enjoying strong order books and we are seeing a robust pipeline of potential new work and opportunities.

The steel industry is not without its challenges and remains competitive, but we are in a strong position, with a good balance sheet. The quality of our forward order book and the skills and capacity within our business means we are well placed to continue on our sustainable growth trajectory.

**Ian Lawson**

**Non-Executive Chairman**

**8 April 2019**

## **Operational Review**

Billington Holdings has enjoyed a record year with strong growth across all our subsidiaries. I am delighted to report full year 2018 revenues are up 5.2 per cent at £77.3 million and profit before tax has further increased 11.4 per cent to £4.9 million. Earnings Per Share (EPS) grew 15.5 per cent to 33.6 pence and our gross cash balance increased 14.8 per cent to £9.3 million. This exceptional performance is a real credit to the tireless dedication of our employees and I would like to thank them all for their efforts.

Billington has delivered a diverse range of projects across a wide number of sectors, including education, high end residential, commercial, distribution, sport and leisure. The performance across all our divisions has been very pleasing with record order books and an encouraging future pipeline of new business opportunities.

We have continued to strengthen our market position against a competitive trading environment. Continued fluctuations in raw material prices for steel manufacturers remain evident and as volumes throughout the Group continue to increase, we remain constantly aware of the need to ensure short term volatility of input prices is mitigated wherever possible.

### **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 7,000 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 enjoyed a strong year driven by a solid order book. The second, Shafton Steel Services, offers a complete range of steel profiling services to a diverse and wide number of external engineering companies. Manufacturing efficiencies have been greatly enhanced across both business areas.

The Shafton facility provides 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 Billington Group.

Buoyed by a solid order book, 2018 was a successful year for both divisions. Shortly before the year end the Company secured a number of large contracts, including the Company's largest contract to date, a data facility in Belgium. The value of Sterling against the Euro is expected to further generate opportunities in Europe and this is an area of growth the Company continues to actively pursue.

Billington Structures delivered a number of prestigious projects throughout 2018:

- Pinewood Studios, Buckinghamshire
- Aldi Distribution Centre, Darlington
- 125 Deansgate Commercial Development, Manchester

- Amazon Fulfilment Centre, Avonmouth
- London School of Economics (LSE), London
- Boeing Manufacturing Facility, Sheffield
- 7/8 Wellington Place, Leeds

Billington Structures was proud to be recognised for a number of national awards including the Structural Steel Design Awards 2018, Commendation for Greenwich Peninsula Energy Centre as well as the UK Tekla Awards 2018, Winner of Public Vote and Winner of Sports & Recreation Category for Coventry Leisure Centre & Water Park. Other highly respected accolades included being shortlisted for: Construction Enquirer Awards 2018; Top 10 Best Specialist Contractor to work with, and the Building Magazine Awards Specialist Contractor of the Year.

We are now in the fourth year of a five-year plan at Billington and as we evolve, so too will our aspirations for the future. Shafton operates on a 25-acre site offering the capacity to expand existing operations alongside opportunities to develop new processes. One such area which is being explored is to develop and introduce complementary and added value services, which have previously been subcontracted. This will enable the Group to offer a more comprehensive range of products and services ensuring a high standard of quality, control and will lead to enhanced margin opportunities.

### **Peter Marshall Steel Stairs**

Based in Leeds, Peter Marshall Steel Stairs is a specialist design, fabrication 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. Following on from the robust performance delivered in 2017, the business achieved another record result – this was largely due to increased sales efforts, improved operational performance and a focus on larger contracts and partnership clients.

Using the latest design and 3D modelling software, Peter Marshall's is able to deliver a fully integrated solution and has benefited from cross-selling initiatives across the Group. In a move which has aided capacity and enhanced workflow, we have significantly invested in the refurbishment of the office and reorganisation of the factory. We anticipate another strong year for the business in 2019, driven by a solid order book and a strong level of quality enquiries.

### **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.

Throughout 2018, the business has delivered another strong performance thanks to a positive trading environment, its ability to win new customers and by maintaining a good utilisation rate of its products. Following on from the progress made in 2017, easi-edge has invested a further £0.9 million in expanding its fleet of barriers, the company's core product, to ensure that it is able to accommodate its clients' requirements, further strengthening its market leading position.

As the industry moves towards taller barrier products, easi-edge have ensured they remain up-to-date with market standards by investing in this capability. It remains a continued focus to investigate, develop and introduce new products to the Company's portfolio. Current trading is good with enquiries at encouraging levels.

### **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 new leadership the Company continues to thrive, and significant progress has been made in the year to establish the product as the number one choice for main contractors and developers in the construction industry.

We will look to continue its expansion by investing in additional products and targeting complementary construction market sectors. The business has started the year with encouraging momentum and a solid order book.

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

Billington remains committed to health, safety, sustainability, quality and the environment. Across the Group we continue to be actively involved in a number of initiatives both locally and nationwide. Following the introduction of the 'Be Selfish Be Safe' programme the accident record in the steel industry has shown good signs of improvement.

The safety and welfare of our employees and subcontractors is of paramount importance and is at the centre of all operations across the Group. Further strengthening of the Health and Safety department in the year will ensure that continued progress can be achieved in further enhancing working practices and improving safety culture at all facilities and our on site activities.

It is disappointing that there were two lost time reportable accidents in the year. Measures have been implemented to prevent reoccurrence of these isolated incidents.

### **Charity**

Billington continues to be a huge advocate and supporter of both local and national charities and in 2017 established the Billington Charity Foundation in order to focus its efforts. Billington has actively supported many charity programs for social innovation, the fight against cancer, education and aiding sports facilities.

Throughout 2018 Billington has donated to the likes of Brain Tumour Research, Weston Park Cancer Charity, Macmillan Coffee Morning and the Alzheimer's Society. The Company has recently renewed its annual sponsorship of the RSPB Old Moor and sponsored a number of local sports clubs. Billington continued their efforts through sponsoring the Barnsley College Student Awards and University of Sheffield Engineering Department.



Billington actively supports a diverse range of charitable and social causes its employees are involved with. The Group encourages involvement in initiatives intended to improve the local areas in which our people live.

## **Our People**

Our workforce is at the heart and drive of everything we do, and we continue to strive to make Billington the best employer. During the year the Group increased its workforce by 5 per cent to 379 as we continue to expand our product and service offering. In the months ahead we anticipate the employment of additional labour at our Shafton facility as we continue to invest in its capabilities and increase the range of activities performed on the site.

Attracting sufficient, experienced, quality people remains a challenge across the industry and the Group has instigated a number of training initiatives to assist in overcoming this issue. Billington maintains close relationships with local education providers, sponsoring both Barnsley College and the University of Sheffield Engineering Department. Billington regularly attends educational career days, hosts school visits to its sites and seeks to develop talent from a young age with its range of internal training programmes across all departments of the business.

Wage pressures continue to be an issue in the industry as companies compete for talent in a limited pool. To help mitigate against this Billington continues to actively promote its apprentice scheme, which is particularly focused on fabricator welders and technical staff. These apprenticeship programmes are geared to help the business maintain necessary skills and expertise to meet both its current and future requirements.

Billington is an advocate, promotor and contributor to the British Constructional Steelwork Association's CRAFT apprentice programme. The scheme has become the default path for the Company to train, educate and progress structural steelwork fabricators. The scheme ensures that the Company possesses the necessary and appropriate skills to enable it to deliver for its clients and be at the forefront of new processes and techniques, driving manufacturing efficiencies.

In recognition of our efforts to promote apprenticeships we were delighted to win the Made in Yorkshire Award for the best Manufacturing Apprenticeship/Training Scheme - an award the Company is particularly proud of.

## **Steel Industry**

The British Constructional Steelwork Association ("BCSA"), the industry's representative body to which Billington is a leading contributor, reports that the overall UK consumption of structural steelwork increased 0.1 per cent in 2018 to 895,000 tonnes, compared to a period of decline the previous year. Expectations point to growth to 920,000 tonnes by 2021 with particular opportunities in the power and infrastructure sectors – both areas in which Billington is active.

The Group has a significant requirement for a wide range of steel products. Steel is sourced from a variety of steel producers and local stockholders. The Group ensures that strong relationships are maintained with its partner suppliers to ensure its products are of the highest quality and the service the Group receives is consistent with the requirements of the individual businesses. It is encouraging that we continue to note investment in the UK steel manufacturing sector to ensure the continued supply of the sectors products to the UK and worldwide markets.

Coking Coal, Iron Ore and 'scrap steel', steel manufacturing's primary input costs have continued to note volatility over the year. Billington employs a range of measures to enable the Company to reduce its short term exposure to fluctuations in steel prices.

Responsible sourcing as well as sustainable supply chains continue to be high on the agenda as we continue to push for and be advocates of sustainable procurement.

## **Prospects and Outlook**

We are delighted with the progress we have achieved over the last five years. We are excited for the future and remain committed to implementing our continued programme of product development and enhanced service offering to our clients.

The level of secured work Billington takes forward into 2019 is unprecedented and ensures that we can look to the future with optimism. Undoubtedly 2019 will present its challenges, however, we are confident it will be another successful and progressive year for the Group.

Billington operates across a wide number of sectors to allow short term fluctuations in work volumes, to be mitigated. The exceptional and diverse range of skills that exist within the business allow us to deliver a quality service for our clients in delivering some of the most technically challenging projects across the UK.

2018 saw the Company secure its largest project to date, in Europe. We are confident of delivering the project successfully and we remain optimistic that further opportunities within Europe can be secured as we maintain a focus in this area.

Billington continues to monitor both the challenges and opportunities which may result from the UK's exit from the European Union. To date we have seen no discernible impact on trading or enquiry levels.

2018 has been a successful year for Billington further cementing its position as one of the leading structural steelwork companies in the UK. Consistent, managed growth over recent years provides the Group with a solid platform to further enable it to progress and develop. The Group's strong financial position will ensure that as opportunities for development arise, we are able to capitalise and ensure further success.

**Mark Smith**

**Chief Executive Officer**

**8 April 2019**

## Financial Review

### Consolidated Income Statement

	2018	2017
	£'000	£'000
Revenue	77,266	73,518
Operating profit	5,001	4,428
Profit before tax	4,943	4,411
Profit after tax	4,049	3,504
Profit for shareholders	4,049	3,504
Operating profit margin	6.50%	6.00%
Return on capital employed	35.2%	31.4%
Earnings per share (basic)	33.6p	29.1p

Revenue has increased 5.2 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 96 per cent during the five year period from 2013 as a result of consistent investment, and an improving market environment 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 remained consistent at 895,000 tonnes. Projections indicate that consumption will increase by 0.5 per cent to 900,000 tonnes in 2019 and a further 2.3 per cent to 920,000 tonnes in 2020 allowing the Group to continue to look forward with optimism.

Operating margins have improved to 6.5 per cent in the year. Margins have steadily improved from 1.9% over the five year period to 2018. Capacity within the wider structural steel market has been increasing with significant investment in capital resources continues to be noted in the year across the industry. With the increase in market capacity it is anticipated that operating margins will remain at or around current levels.

Earnings per share improved from 29.1 pence in 2017 to 33.6 pence in 2018 representing an increase in the result for shareholders of 15.5 per cent.

Staff numbers as at December have increased 5 per cent, from the same period last year, to 379 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, with the secondary building 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

	2018	2017
	£'000	£'000
Non current assets	15,711	15,789
Current assets	28,849	24,775
Current liabilities	(19,609)	(16,670)
Non current liabilities	(1,500)	(1,918)
Total equity	<u>23,451</u>	<u>21,976</u>

Capital expenditure remained consistent with the prior year at £1,962,000 (2017: £2,112,000). 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.

Significant investments were made in the year relating to increasing and renewing the hire fleets at easi-edge and hoard-it, this accounted for £1,432,000 of the additions in the period.

From 2018 the Group has reverted from leasing its vehicles from an external third party to purchasing them through Billington Fleet Management and leasing them to the respective entity within the Group. During the year £133,000 of the capital additions related to Billington Fleet Management and it is anticipated that this will increase by circa £300,000 in 2019.

Capital expenditure is anticipated to have a modest increase in 2019. There is no programmed expenditure in respect of some aged machinery although it is noted that replacement parts are largely obsolete for these and, if required may necessitate replacement.

Within non-current assets, property, plant and equipment increased by £451,000, represented by capital additions of £1,962,000, depreciation charges of £1,502,000 and net disposals of £9,000.

The defined benefit pension scheme has performed satisfactorily in the period against a backdrop of a difficult equity market. At the year end, a surplus of £1,630,000 along with a corresponding deferred tax liability of £277,000 has resulted in a net recognised surplus of £1,353,000. The scheme was closed to future accrual in 2011.

The net deferred tax asset at the year end was £39,000 (2017: £168,000 liability), being a deferred tax asset of £316,000 (2017: £206,000) related to temporary timing differences net of a deferred tax liability of £277,000 (2017: £374,000) related to the defined benefit pension scheme surplus.

The increase of £4,074,000 in current assets included an increase of £999,000 in inventories, an increase of £1,827,000 in trade and other receivables, and an increase in the cash balance of £1,248,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £1,970,000 (2017: £2,540,000). It is anticipated that £1,560,000 will be received within one year and £410,000 in greater than one year.

The total rise of £2,939,000 in current liabilities principally comprised an increase in trade payables of £2,192,000 as the businesses enjoyed increased activity levels towards the latter part of the year. Combined with the increase in trade and other payables, there was an increase of £831,000 relating to the provision in respect of a forward currency exchange loss recognised in the Statement of

Comprehensive Income as it represents an effective hedge against future contracted foreign currency cash flows.

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 £1,500,000 disclosed in non-current liabilities. Capital repayments are £250,000 per annum.

Total equity increased by £1,475,000 in the year to £23,451,000. 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

	2018	2017
	£'000	£'000
Result for shareholders	4,049	3,504
Depreciation	1,502	1,631
Capital expenditure	(1,962)	(2,112)
Tax paid	(843)	(986)
Tax per income statement	894	907
(Increase)/decrease in working capital	(882)	748
Additional pension contributions	-	(31)
Dividends paid	(1,385)	(1,205)
Net property loan movement	(250)	(484)
Others	125	58
Net cash inflow	1,248	2,030
Cash at beginning of year	8,063	6,033
Cash at end of year	9,311	8,063

Dividends were paid in the year at a cash cost of £1,385,000 (2017: £1,205,000), representing 11.5 (2017: 10.0) 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:

	2018	2017
	£'000	£'000
Inventories and work in progress	12,011	11,012
Accounts receivable	7,527	5,700
Accounts payable	(18,732)	(15,954)
Working capital at end of year	806	758

Cash balances at the year end totalled £9,311,000 and there were property and hire purchase loans outstanding of £1,750,000 representing a net cash position of £7,561,000. 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 increase in 2019 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

	2018	2017
	£'000	£'000
Scheme assets	7,797	8,515
Scheme liabilities	<u>(6,167)</u>	<u>(6,317)</u>
Surplus	<u>1,630</u>	<u>2,198</u>
Other finance income	<u>(36)</u>	<u>30</u>
Contributions to defined benefit scheme	<u>-</u>	<u>31</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. Whereas the value of the schemes assets at the year end has been impacted by the general level of the equity market the scheme remains in a positive position and leaves the scheme well placed to remain self sufficient moving forward.

The scheme's triennial valuation for period ended 31 March 2017 was completed 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 Trust (ESOT)

The Group operates an ESOT to allow employees to share in the future, continued success of the Group, promote productivity and provide further incentives to recruit and retain employees.

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

During the year the balance of 7,800 shares remaining in an old employee share plan were transferred to the ESOT. The old share scheme, created in 1991 was subsequently wound up in the period.

The charge included within the accounts in respect of issued options is £84,000 (2017: £73,000).

**Trevor Taylor**  
**Finance Director**  
**8 April 2019**

## Consolidated income statement for the year ended 31 December 2018

	Note	2018		2017	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			76,462		72,156
Increase in work in progress			<u>804</u>		<u>1,362</u>
<b>Revenue</b>	5		77,266		73,518
Raw materials and consumables		49,826		47,324	
Other external charges		3,296		3,212	
Staff costs		15,258		14,168	
Depreciation		1,502		1,631	
Other operating charges		<u>2,383</u>		<u>2,755</u>	
			<u>(72,265)</u>		<u>(69,090)</u>
<b>Group operating profit</b>			5,001		4,428
Share of post tax profit in joint ventures			<u>-</u>		<u>-</u>
<b>Total operating profit</b>	5		5,001		4,428
Net finance expense			<u>(58)</u>		<u>(17)</u>
<b>Profit before tax</b>			4,943		4,411
Tax			<u>(894)</u>		<u>(907)</u>
<b>Profit for the year</b>			<u>4,049</u>		<u>3,504</u>
<b>Profit for the year attributable to equity holders of the parent company</b>			<u>4,049</u>		<u>3,504</u>
<b>Earnings per share (basic and diluted)</b>	3		<u>33.6 p</u>		<u>29.1 p</u>

**Consolidated statement of comprehensive income for the year ended 31 December 2018**

	<u>2018</u>	<u>2017</u>
	£'000	£'000
<b>Profit for the year</b>	4,049	3,504
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of net defined benefit surplus	(532)	991
Movement on deferred tax relating to pension liability	97	(179)
Current tax relating to pension liability	<u>(7)</u>	<u>12</u>
	(442)	824
<b>Items that will be reclassified subsequently to profit or loss</b>		
Cash flow hedging		
- current year losses	<u>(831)</u>	<u>-</u>
	(831)	-
	<u>(1,273)</u>	<u>824</u>
<b>Other comprehensive income, net of tax</b>		
	<u>(1,273)</u>	<u>824</u>
<b>Total comprehensive income for the year attributable to equity holders of the parent company</b>	<u><u>2,776</u></u>	<u><u>4,328</u></u>



**Consolidated balance sheet as at 31 December 2018**

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment		14,042		13,591
Pension asset		1,630		2,198
Investments in joint ventures		-		-
Deferred tax asset		39		-
<b>Total non current assets</b>		<u>15,711</u>		<u>15,789</u>
<b>Current assets</b>				
Inventories and work in progress	12,011		11,012	
Trade and other receivables	7,527		5,700	
Cash and cash equivalents	<u>9,311</u>		<u>8,063</u>	
<b>Total current assets</b>		<u>28,849</u>		<u>24,775</u>
<b>Total assets</b>		<u>44,560</u>		<u>40,564</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of long term borrowings	250		254	
Trade and other payables	18,732		15,954	
Current tax payable	<u>627</u>		<u>462</u>	
<b>Total current liabilities</b>		19,609		16,670
<b>Non current liabilities</b>				
Long term borrowings	1,500		1,750	
Deferred tax liabilities	<u>-</u>		<u>168</u>	
<b>Total non current liabilities</b>		<u>1,500</u>		<u>1,918</u>
<b>Total liabilities</b>		<u>21,109</u>		<u>18,588</u>
<b>Net assets</b>		<u>23,451</u>		<u>21,976</u>
<b>Equity</b>				
Share capital		1,293		1,293
Share premium		1,864		1,864
Capital redemption reserve		132		132
Other components of equity		(1,675)		(844)
Accumulated profits		<u>21,837</u>		<u>19,531</u>
<b>Total equity</b>		<u>23,451</u>		<u>21,976</u>

The Group financial statements were approved and authorised for issue by the Board of Directors on 8 April 2019.

**Ian Lawson      Non-Executive Chairman**

**Trevor Taylor    Finance Director**

## Consolidated cash flow statement for the year ended 31 December 2018

	<u>2018</u>	<u>2017</u>
	£'000	£'000
<b>Cash flows from operating activities</b>		
Group profit after tax	4,049	3,504
Taxation paid	(843)	(986)
Interest received	23	3
Depreciation on property, plant and equipment	1,502	1,631
Difference between pension charge and cash contributions	-	(31)
Share based payment charge	84	73
Profit on sale of property, plant and equipment	(274)	(216)
Taxation charge recognised in income statement	894	907
Net finance expense	58	17
Increase in inventories and work in progress	(999)	(1,147)
Increase in trade and other receivables	(1,827)	(119)
Increase in trade and other payables	1,944	2,014
<b>Net cash flow from operating activities</b>	<u>4,611</u>	<u>5,650</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,962)	(2,112)
Proceeds from sale of property, plant and equipment	283	254
<b>Net cash flow from investing activities</b>	<u>(1,679)</u>	<u>(1,858)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(45)	(50)
Repayment of bank and other loans	(250)	(484)
Capital element of hire purchase payments	(4)	(4)
Dividends paid	(1,385)	(1,205)
Employee Share Ownership Plan share purchases	-	(19)
<b>Net cash flow from financing activities</b>	<u>(1,684)</u>	<u>(1,762)</u>
<b>Net increase in cash and cash equivalents</b>	1,248	2,030
<b>Cash and cash equivalents at beginning of period</b>	<u>8,063</u>	<u>6,033</u>
<b>Cash and cash equivalents at end of period</b>	<u>9,311</u>	<u>8,063</u>

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

	Share capital	Share premium account	Capital redemption reserve	Other components of equity	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>	-	-	-	-	4,328	4,328
<b>At 31 December 2017</b>	1,293	1,864	132	(844)	19,531	21,976

	Share capital	Share premium account	Capital redemption reserve	Other components of equity	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 January 2018</b>	1,293	1,864	132	(844)	19,531	21,976
<b>Transactions with owners</b>						
Dividends (note 6)	-	-	-	-	(1,385)	(1,385)
Credit relating to equity-settled share based payments	-	-	-	-	84	84
ESOP movement in year	-	-	-	-	-	-
<b>Transactions with owners</b>	-	-	-	-	(1,301)	(1,301)

Profit for the financial year	-	-	-	-	4,049	4,049
<b>Other comprehensive income</b>						
Actuarial gain recognised in the pension scheme	-	-	-	-	(532)	(532)
Income tax relating to components of other comprehensive income	-	-	-	-	90	90
Financial instruments	-	-	-	(831)	-	(831)
<b>Total comprehensive income for the year</b>	-	-	-	(831)	3,607	2,776
<b>At 31 December 2018</b>	1,293	1,864	132	(1,675)	21,837	23,451

## Notes forming part of the Group financial statements for the year ended 31 December 2018

### 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 2018.

### 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 2018, 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 2018 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 2018 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 2017 have been delivered to the Registrar of Companies. The 31 December 2018 accounts were approved by the directors on 8 April 2019, 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 £4,049,000 (2017: profit £3,504,000) by 12,044,508 (2017: 12,040,608) fully paid ordinary shares, being the weighted average number of ordinary shares in issue during the year, excluding those held in the ESOT. There is no impact on a full dilution of the earnings per share calculation as there are no potentially dilutive ordinary shares.

### 4. Report and Accounts and AGM

The Annual Report and Accounts for the year ended 31 December 2018 will be available on the Company's website [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk) from no later than 20 April 2019.

The Annual General Meeting will be held on 30 May 2019 at 14:00 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 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.

<b>31 December 2018</b>	Structural Steelwork	Safety Solutions	Other	Total
<b>Revenue</b>				
From external customers	69,360	7,102	-	76,462
Increase in work in progress	804	-	-	804
<b>Segment revenues</b>	<b>70,164</b>	<b>7,102</b>	-	<b>77,266</b>
Raw materials and consumables	(47,910)	(1,916)	-	(49,826)
Other external charges	(2,187)	(1,109)	-	(3,296)
Staff costs	(12,338)	(1,485)	(1,435)	(15,258)
Depreciation	(737)	(659)	(106)	(1,502)
Other operating charges	(3,361)	(565)	1,543	(2,383)
Segment operating profit	3,631	1,368	2	5,001

<b>31 December 2017</b>	Structural Steelwork	Safety Solutions	Other	Total
<b>Revenue</b>				
From external customers	66,362	5,794	-	72,156
Increase in work in progress	1,362	-	-	1,362
<b>Segment revenues</b>	<b>67,724</b>	<b>5,794</b>	-	<b>73,518</b>
Raw materials and consumables	(46,004)	(1,375)	-	(47,379)
Other external charges	(2,329)	(883)	-	(3,212)

Staff costs	(11,379)	(1,409)	(1,380)	(14,168)
Depreciation	(802)	(739)	(90)	(1,631)
Other operating charges	(3,789)	(422)	1,511	(2,700)
Segment operating profit	3,421	966	41	4,428

## 6. Dividend

The Board proposes to pay a dividend of 13.0 pence per share on 5 July 2019 to shareholders on the register on 7 June 2019.