

20 September 2016

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 2016.

	Unaudited six months to 30 June 2016	Unaudited six months to 30 June 2015	Percentage Movement
Revenue	£27.05m	£24.55m	10.2%
EBITDA	£2.36m	£2.15m	9.8%
Profit before tax	£1.74m	£1.70m	2.4%
Cash and cash equivalents	£6.24m	£6.36m	(1.9%)
Earnings per share from continuing operations	11.70p	11.40p	2.6%

Highlights

- Strong order book providing visibility into early 2017.
- Strong, robust cash balance.
- Positive contribution from all divisions which are operating at or above budget.
- Good early progress made at the Shafton site in the initial six months following its acquisition.
- Market conditions remain positive.
- Billington continues to invest in training and skills development to support the strategic growth of the Company.

Mark Smith, Chief Executive Officer, commented:

"Thanks to the continued efforts of all Group divisions, I am pleased to deliver this strong set of interim results which highlight a successful start to 2016.

"Billington currently has the longest forward order book, in relation to capacity, in the Group's history, and the strength of this provides the Company with confidence going into the second half of the year.

"Good progress is being made at the Shafton facility, acquired in December 2015, which, in the long-term, will provide Billington with the opportunity to further expand its operations and drive greater efficiencies.

"With the headway made in the first half of the year, the next six months are set to be a busy period for the Company, and the Board and I are confident that Billington will deliver positive full year results."

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Chief Executive Statement

Introduction

I am delighted to deliver another strong set of interim results, Billington has produced consistent revenue and profit growth over the period and the Board is enthusiastic about the future.

The industry has witnessed an improving market environment since 2013 and Billington has capitalised on this by strengthening its forward order book which now provides visibility towards mid-2017. The Company has also focused on improving efficiencies which have, in turn, led to consistent and steady improvements in margin.

Continued investment in Group companies and staff training has ensured all divisions have positively contributed to the Company's performance and this is expected to continue as Billington enters into a very busy second half of the year.

Businesses

Billington Structures

With three sites across Barnsley and Bristol, Billington Structures is a nationally recognised and award winning steelwork contractor, with over 60 years' experience. Its primary activity is the design, fabrication and erection of structural steel, and it has the capability to process over 25,000 tonnes of steel per annum.

Billington Structures has had a solid performance over the first six months of the year and the investment in a new saw/drill line at its Wombwell works in Barnsley has positively contributed to this.

The business has delivered a number of successful projects including One Bedford Avenue, London, Greenwich Peninsula Energy Centre, Nottingham Leisure Centre, Cornwall Energy Recovery Centre, Wellington Place, Leeds and RAF Brize Norton, Oxfordshire.

Billington continues to win work in its specialist sectors with further projects due for completion in the second half of the year, including the next commercial building on the Wellington Place development in Leeds, various defence and data centre projects, Interserve's new Head Office in Birmingham and a large leisure and retail development in Romford.

Tubecon

Operating primarily in the UK construction and rail infrastructure markets, Tubecon, a division of Billington Structures, is a specialist in complex steel structures which continues to add value to Billington's steelwork divisions.

The Roof Garden at 6 Bevis Marks, London, which was completed by Tubecon, has been shortlisted for the 2016 Structural Steel Design Awards.

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 division has had a very busy first half which has included the completion of a large project at Westfield, White City and a stair and secondary steelwork package at the prestigious Sanger Institute in Cambridge. The current order book contains work spanning to the close of 2016.

The division, which is trading profitably, has benefitted from internal investment and offers Billington the ability to not only provide a standalone product but also increases the offering of the Group's structural steel operations.

easi-edge

easi-edge, a leading provider of safety solutions, primarily supplies perimeter edge protection and fall prevention systems to both Group and non-group companies operating in the UK construction industry.

The division is currently working close to maximum utilisation and is developing new products to further enhance its portfolio. This year has seen easi-edge secure and carry-out contracts in various sectors including timber and concrete.

hoard-it

hoard-it provides re-usable and eco-friendly site hoarding solutions on a hire and sale basis. hoard-it was previously a division of easi-edge and has now been transferred to a separate legal entity from 1 April 2016.

The division is seeing continued growth and has had a very busy first half with turnover up 29% from the same period last year. It is also making good progress in product development and is reviewing new systems to utilise the hoarding adjacent to road carriageways. The Company continues to establish an increased client base.

Shafton Steel Services

The newly acquired Shafton site is home to a state of the art steel processing and profiling facility and is located five miles from Billington's head office in Barnsley. It was acquired as part of the Company's long term strategy and will provide the next stage of growth for the Group.

Although no immediate production volume increases are anticipated, the facility enhances the Group's current steel processing abilities, provides adequate resources to substantially increase production volumes, allows for the development of further business opportunities, which are currently being reviewed, and provides heavy-lifting capacity in all buildings.

In order for this long term strategy to be successfully implemented, Billington is currently adapting the facility to prepare it for full occupation once incumbent tenants relocate. Extensive refurbishments are being made and planned for the site. Good early progress has been made with turnover ahead of expectations for the initial six months.

Shafton Steel Services has established a solid client base and is securing repeat business.

Results

Revenue and Profit Before Tax

Group revenue and profit before tax both increased over the period from £24.55 million in the first half of 2015 to £27.05 million in the first half of 2016 and from £1.70 million in the first half of 2015 to £1.74 million in the first half of 2016, respectively. These increases are largely attributable to all divisions operating at or above budget and this is expected to continue over the next six months.

Revenue has increased 10.2% from the corresponding period in 2015 and provides us with confidence of achieving a strong, progressive set of results for the full year, in line with market expectations.

Group Operating Profit

The Group Operating Profit for the period was £1.77 million compared to £1.70 million for the same period in 2015. It is pleasing to note that being selective with the contracts the Company has undertaken, along with efficiency gains realised from the fabrication facilities, have further yielded an improvement in the level of margin the Company has achieved. The Group Operating Profit margin was 6.5% for the six months to June 2016 as compared with 5.4% for the twelve months to December 2015.

Earnings per Share

Earnings per share from continued operations stood at 11.7 pence in the period, compared with earnings per share of 11.4 pence for the corresponding period in 2015.

Liquidity and Capital Resources

Following the acquisition of the Shafton facility in December 2015 that utilised £2.4m of cash reserves, Billington has continued to be cash generative and concludes the first half with a cash balance of £6.24 million (2015: £6.36 million). A solid, cash rich balance sheet, coupled with a significant forward order book, provides the Group with the confidence to continue to pursue its long-term growth strategy.

Dividend

Following the continued positive performance of the Group the Board was pleased to announce an increased dividend of 6.0 pence per share on the back of the 2015 full year results and this was duly paid in July. As indicated in the 2015 Financial Statements, the dividend has been set at a level that recognises the need to reward shareholders as well as the anticipated funding requirements in relation to the future development of the Company.

Prospects and Outlook

The Group is operating in an increasingly confident and re-emerging market which has enabled growth and expansion. However, there has been a big focus on Brexit over the past few months and, although it may have impacted a minor number of projects, many large opportunities remain in the market and Billington's long-term strategy has not been adversely affected.

Billington has a strong forward order book with work secured through to early next year and is continuing to see further tender opportunities for work into 2017. However, the Company remains aware and alert to the macro economic environment and the possible impact and short term volatilities that may occur following Brexit. The Company's strong balance sheet provides us with confidence that the Company's long-term objectives shall not be significantly impacted.

In addition, the acquisition of Shafton provides the Group with the opportunity to further expand its operations and drive efficiencies, as well as the potential to develop new business opportunities.

Board and Employees

Billington continues to invest in the training and skills development of its employees, supports local colleges and has well established apprenticeship programmes. The Company believes it is important to support the development of skills in the industry and this is a strategy that we will continue to deliver.

Finally, I would like to take this opportunity to thank the Board, our employees, our stakeholders and our shareholders for their continued support and I look forward to a busy second half of the year.

Mark Smith

Chief Executive Officer

20 September 2016

Condensed consolidated interim income statement

Six months ended 30th June 2016

	Unaudited Six months to 30th June 2016 £000	Unaudited Six months to 30th June 2015 £000	Audited Twelve months to 31st December 2015 £000
Continuing operations			
Revenue, excluding movements in work in progress	30,008	24,650	54,762
(Decrease)/increase in work in progress	(2,962)	(101)	1,986
Revenue	<u>27,046</u>	<u>24,549</u>	<u>56,748</u>
Raw material and consumables	15,957	14,848	36,172
Other external charges	1,926	1,679	3,537
Staff costs	6,083	5,243	11,099
Depreciation	592	450	1,097
Other operating charges	719	630	1,759
	<u>25,277</u>	<u>22,850</u>	<u>53,664</u>
Group operating profit	1,769	1,699	3,084
Share of post tax profit in joint ventures	-	-	-
Total operating profit	1,769	1,699	3,084
Net finance (expense)/income	(31)	(4)	26
Profit before tax	1,738	1,695	3,110
Tax	(378)	(373)	(666)
Profit for the period from continuing operations and attributable to equity holders of the parent company	<u>1,360</u>	<u>1,322</u>	<u>2,444</u>
Earnings per share (basic and diluted) from continuing operations	<u>11.7 p</u>	<u>11.4 p</u>	<u>21.1 p</u>
Dividends per share	<u>6.00 p</u>	<u>3.00 p</u>	<u>3.00 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 11,603,836. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 11,579,708 for the period to 30 June 2015 and 11,585,041 for the year ended 31 December 2015.

Condensed consolidated interim balance sheet

As at 30th June 2016

	Unaudited	Unaudited	Audited
	30th June	30th June	31st
	2016	2015	December
	£000	£000	£000
Assets			
Non current assets			
Property, plant and equipment	13,089	8,226	13,160
Pension assets	968	878	968
Investment in joint ventures	-	-	-
Deferred tax asset	38	272	38
Total non current assets	14,095	9,376	14,166
Current assets			
Inventories and work in progress	7,663	8,364	10,568
Trade and other receivables	6,747	4,225	5,315
Cash and cash equivalents	6,242	6,355	2,611
Total current assets	20,652	18,944	18,494
Total assets	34,747	28,320	32,660
Liabilities			
Current liabilities			
Current portion of long term borrowings	267	45	301
Trade and other payables	14,774	11,919	13,344
Dividends payable	-	388	-
Current tax payable	379	473	155
Total current liabilities	15,420	12,825	13,800
Non current liabilities			
Long term borrowings	2,375	257	2,492
Total non current liabilities	2,375	257	2,492
Total liabilities	17,795	13,082	16,292
Net assets	16,952	15,238	16,368
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	(904)	(910)	(904)
Accumulated profits	14,567	12,859	13,983

Total equity	<u><u>16,952</u></u>	<u><u>15,238</u></u>	<u><u>16,368</u></u>
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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 1st January 2015	1,293	1,864	132	(910)	11,925	14,304
Equity dividends declared	-	-	-	-	(388)	(388)
Transactions with owners	-	-	-	-	(388)	(388)
Profit for the six months to 30th June 2015	-	-	-	-	1,322	1,322
Total comprehensive income for the period	-	-	-	-	1,322	1,322
At 30th June 2015	<u>1,293</u>	<u>1,864</u>	<u>132</u>	<u>(910)</u>	<u>12,859</u>	<u>15,238</u>
At 1st July 2015	1,293	1,864	132	(910)	12,859	15,238
Equity dividends paid to ESOP	-	-	-	-	41	41
Transactions with owners	-	-	-	-	-	-
ESOP movement in period	-	-	-	6	-	6
Transactions with owners	-	-	-	6	41	47
Profit for the six months to 31st December 2015	-	-	-	-	1,122	1,122
Other comprehensive income	-	-	-	-	-	-
Actuarial gain recognised in the pension scheme	-	-	-	-	(66)	(66)
Income tax relating to components of other comprehensive income	-	-	-	-	27	27
Total comprehensive income for the period	-	-	-	-	1,083	1,083
At 31st December 2015	<u>1,293</u>	<u>1,864</u>	<u>132</u>	<u>(904)</u>	<u>13,983</u>	<u>16,368</u>
At 1st January 2016	1,293	1,864	132	(904)	13,983	16,368

Equity dividends declared	-	-	-	-	(776)	(776)
Transactions with owners	-	-	-	-	(776)	(776)
Profit for the six months to 30th June 2016	-	-	-	-	1,360	1,360
Total comprehensive income for the period	-	-	-	-	1,360	1,360
At 30th June 2016	1,293	1,864	132	(904)	14,567	16,952

Condensed consolidated interim statement of comprehensive income

Six months ended 30th June 2016

	Unaudited Six months to 30th June 2016 £000	Unaudited Six months to 30th June 2015 £000	Audited Twelve months to 31st December 2015 £000
Profit for the period	1,360	1,322	2,444
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	(66)
Movement on deferred tax relating to pension liability	-	-	(5)
Current tax relating to pension liability	-	-	32
Other comprehensive income, net of tax	-	-	(39)
Total comprehensive income for the period attributable to equity holders of the parent company	1,360	1,322	2,405

Condensed consolidated interim cash flow statement

Six months ended 30th June 2016

	Unaudited Six months to 30th June 2016 £000	Unaudited Six months to 30th June 2015 £000	Audited Twelve months to 31st December 2015 £000
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Cash flows from operating activities

Group profit after tax	1,360	1,322	2,444
Taxation paid	(156)	-	(350)
Depreciation on property, plant and equipment	592	450	1,097
Difference between pension charge and cash contributions	(61)	(61)	(123)
Profit on sale of property, plant and equipment	(117)	(56)	(197)
Taxation charge recognised in income statement	378	373	666
Net finance expense/(income)	31	4	(26)
Decrease/(increase)in inventories and work in progress	2,905	108	(2,096)
Decrease/(increase) in trade and other receivables	(1,371)	916	(235)
(Decrease)/increase in trade and other payables	1,430	(88)	1,336
Net cash flow from operating activities	4,991	2,968	2,516

Cash flows from investing activities

Purchase of property, plant and equipment	(535)	(521)	(6,111)
Proceeds from sale of property, plant and equipment	133	62	212
Net cash flow from investing activities	(402)	(459)	(5,899)

Cash flows from financing activities

Interest paid	(31)	(4)	(7)
Proceeds of bank and other loans	-	-	2,514
Repayment of bank and other loans	(151)	(22)	(45)
Equity dividends paid	(776)	-	(347)
Employee Share Ownership Plan share purchases	-	-	(3)
Employee Share Ownership Plan share sales	-	-	10
Net cash flow from financing activities	(958)	(26)	2,122
Net increase in cash and cash equivalents	3,631	2,483	(1,261)
Cash and cash equivalents at beginning of period	2,611	3,872	3,872
Cash and cash equivalents at end of period	6,242	6,355	2,611

Notes to the interim accounts – as at 30th June 2016

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 and Peter Marshall Steel Stairs Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed 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 2016. 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 2015 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 2016 Billington Holdings Plc declared a final dividend of 6.0 pence per share amounting to £776,000 (2015: 3.0 pence, £388,000) to its equity shareholders. No interim dividend for 2016 has been declared (2015: nil).

These results were approved by the Board of Directors on 19 September 2016.