

19 September 2017

Billington Holdings

(“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 2017.

	Unaudited six months to 30 June 2017	Unaudited six months to 30 June 2016	Percentage Movement
Revenue	£34.29m	£27.05m	26.8%
EBITDA	£2.90m	£2.36m	22.9%
Profit before tax	£2.24m	£1.74m	28.7%
Cash and cash equivalents	£6.81m	£6.24m	9.1%
Earnings per share from continuing operations	14.90p	11.70p	27.4%

Highlights:

- Group revenue and profit reflect positive trading environment
- Award of significant contracts post period end
- Good progress made at the Shafton site
- UK constructional steel consumption forecast to remain stable
- Strong forward order book - a busy second half of the year

Mark Smith, Chief Executive, commented:

“It is a pleasure to report a strong set of Interim Results, which have further improved from the 2016 results. This highlights the progressive performance across the Group delivering a diverse range of significant, high-quality contracts.

“The Company’s growth strategy remains on track with progress continuing to be made at Shafton. The Group is beginning to realise the benefits of the increased in-house capacity.

“2017 is shaping up to be a very productive year, supported by the hard work of all divisions across the Group, and Billington expects an equally optimistic second half of the year.”

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Chief Executive Statement Introduction

2017 sees Billington celebrate its 70th anniversary and I am pleased to report that the Company has had a successful start to the year, which is expected to continue through to the end of 2017.

This has been an extremely busy period for the Group and I am delighted to deliver another positive set of interim results.

Progress has been made across the Group, especially at the Shafton site, where the Company's planned growth strategy remains on course. In addition, Billington continues to improve efficiencies in all Group companies which has, once again, led to incremental margin improvements.

Billington expects to replicate the success of this period during the second half of the year; a strong forward order book, which includes the significant contracts announced in August 2017, will contribute to this, and a positive start to 2018.

Businesses

Billington Structures

With sites in Barnsley and Bristol, Billington Structures designs, fabricates and erects structural steel across all sectors of the UK market. It is a nationally recognised and award-winning steelwork contractor with 70 years' experience, and has the capacity to process over 25,000 tonnes of steel per annum.

The company has had a strong six months which saw Billington Structures shift its focus to a smaller number of more significant projects. In addition, a number of these contracts outperformed against initial tender allowances, resulting in improved profits.

Projects carried out during the period include IKEA, Sheffield; Commercial Offices at Lombard Street, London; Project Beagle, Birmingham; and 3 Wellington Place, Leeds; along with various data centres across the country. After successfully completing buildings 3, 5 & 6 of Wellington Place, Billington has recently secured another two projects on the development.

Billington Structures is expected to have an equally busy second half of the year with various projects in the pipeline, including a large distribution centre for a national retailer, where a proportion of the work will carry through to 2018.

Shafton Steel Services

The large Shafton site, located five miles from Billington's Head Office in Barnsley, houses state-of-the-art steel processing and profiling facilities. It offers an extensive range of services to UK and overseas engineering and fabrication markets, and was purchased as part of the Group's growth strategy.

Following the vacation of tenants in April 2017, adaptations to the site have been ongoing and will continue to the end of the year. The next phase of capital expenditure has been authorised, including new machinery which will increase the processing and fabrication capacity at the site and allow new work streams to be carried out. Installation of the machines will be completed by the year end, and will be fully operational by January 2018.

The Shafton facility offers the opportunity to bring previously subcontracted work back in-house, and also provides increased capacity for Billington Structures.

During the period, Shafton's workforce increased by 41 per cent in order to manage the growth and additional workload at the division, and the company intends to continue further recruitment throughout the remainder of the year.

2017 is the second year of Billington's five year development and adaptation plan for Shafton, which remains on track.

Tubecon

Tubecon, a trading division of Billington Structures, is a specialist in Architecturally Exposed Structural Steelwork (AESS) operating primarily in the UK construction and rail infrastructure markets.

One of the recently completed projects, The Hurlingham Club Racquet Centre, is an extremely complex curved roof structure that has been shortlisted for the Structural Steel Design Awards. The winners of this award are to be announced later this year.

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 first half of 2017 has been a successful period for the company, and it has been working on a number of projects, including Westfield Shopping Centre, London; Romford Leisure Centre, Romford; and Redrock, Stockport. Peter Marshall Steel Stairs is also expecting a busy second half of the year, with a number of large projects in the pipeline, continuing into 2018.

easi-edge

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

The company has had a solid six months and has further developed its hire fleet to provide an optimum product for its customers. The fabrication and production of the enhanced barrier fleet will commence as utilisation levels dictate.

hoard-it

hoard-it, which provides reusable and eco-friendly site hoarding solutions on a hire and sale basis, has had a pleasing start to the year.

The company welcomes a new General Manager, who will continue to drive the growth of hoard-it, which is expected to have an active second half of the year following the award of several large contracts.

Results

Revenue and Profit Before Tax

Group revenue and profit before tax both increased over the period. Revenue increased by 26.8 per cent to £34.29 million, whilst profit increased by 28.7 per cent to £2.24 million. These increases have been driven by the success of Billington Structures during the period, along with a strong performance from all other companies.

The Group expects a similar performance during the second half of the year, supported by a busy order book and a number of large contracts in the pipeline.

Group Operating Profit

The Group operating profit for the period was £2.27 million compared to £1.77 million for the same period in 2016. The Group operating profit margin remained stable at 6.6 per cent. This was due to the amount of work carried out by the Group, continued improvements in operational efficiencies and the outperformance of several contracts against anticipated projections.

Earnings per Share

Earnings per share from continued operations stood at 14.90 pence in the period, compared with earnings per share of 11.70 pence for the corresponding period in 2016.

Liquidity and Capital Resources

Billington's cash and cash equivalents increased to £6.81 million during the period (2016: £6.24 million). This increase has been achieved despite the payment during the period of a dividend of £1.21 million along with capital expenditure primarily relating to the Shafton site.

The positive cash position of the Group provides Billington with confidence as it moves into a busy second half. In addition, its solid balance sheet adequately supports the Company's working capital requirements and planned growth strategy.

Dividend

As a result of continuing positive performance, Billington declared a dividend of 10.00 pence per share following the 2016 full year results, and this was duly paid in the period. The dividend of 10.00 pence per share represented a significant increase from the previous year (2016: 6.00 pence).

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.

Awards

During the period, several projects across the Group were shortlisted for various awards, including RAF Brize Norton and the Hurlingham Club Racquet Centre, which are both shortlisted in the Structural Steel Design Awards (results due 4 October). Additionally, Project Beagle won the Public Vote in the UK Tekla Awards.

Board and Employees

Billington continues to acknowledge the skills shortage within the industry and has therefore adopted various strategies to combat the impact of this on the Group's operations.

The Company invests in the training and development of its employees, runs apprenticeship programmes and supports local colleges; all of which help to ensure Billington maintains a skilled workforce.

Prospects and Outlook

A year on from the Brexit vote, and the market appears to be in a stable position, with UK consumption of constructional steel forecast to remain consistent into 2020. This stability provides Billington with the confidence to continue its growth strategy, and the ability to meet demands and complete projects to the highest standard. As stated in the 2016 Financial Statements, Brexit has also allowed the Company to explore opportunities in Europe, which remains an ongoing proposition for the Group.

Billington's growth strategy, which intends to increase capacity and enable the Group to conduct additional work streams, remains on track. The Shafton facility has been a positive acquisition for the Group and is continuing to provide benefits to the Company.

During the period, a tenant at the Shafton site went into administration but despite the loss of rental income, this provides Billington with the opportunity to assess how to best utilise the vacant property and review potential future options for the Group.

The start of 2017 has been a busy period for Billington. The Company is seeing a consistent rate and quality of enquires which are expected to continue. The Group has a strong forward order book and the second half of the year looks to be equally as busy as the first.

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

Mark Smith Chief Executive

19 September 2017

Condensed consolidated interim income statement

Six months ended 30 June 2017

Unaudited	Unaudited	Audited
Six		Twelve
months	Six months	months

	to 30 June 2017 £'000	to 30 June 2016 £'000	to 31 December 2016 £'000
Continuing operations			
Revenue, excluding movements in work in progress	34,686	30,008	64,291
Decrease in work in progress	<u>(397)</u>	<u>(2,962)</u>	<u>(957)</u>
Revenue	<u>34,289</u>	<u>27,046</u>	<u>63,334</u>
Raw material and consumables	21,664	15,957	39,470
Other external charges	2,242	1,926	4,208
Staff costs	6,871	6,083	12,903
Depreciation	635	592	1,254
Other operating charges	<u>610</u>	<u>719</u>	<u>1,674</u>
	<u>32,022</u>	<u>25,277</u>	<u>59,509</u>
Group operating profit	2,267	1,769	3,825
Share of post tax profit in joint ventures	<u>-</u>	<u>-</u>	<u>-</u>
Total operating profit	2,267	1,769	3,825
Net finance expense	<u>(24)</u>	<u>(31)</u>	<u>(22)</u>
Profit before tax	2,243	1,738	3,803
Tax	<u>(448)</u>	<u>(378)</u>	<u>(832)</u>
Profit for the period from continuing operations and attributable to equity holders of the parent company	<u>1,795</u>	<u>1,360</u>	<u>2,971</u>
Earnings per share (basic and diluted) from continuing operations	<u>14.9 p</u>	<u>11.7 p</u>	<u>25.4 p</u>
Dividends per share	<u>10.00 p</u>	<u>6.00 p</u>	<u>6.00 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 12,048,408. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 11,603,836 for the period to 30 June 2016 and 11,715,526 for the year ended 31 December 2016.

Condensed consolidated interim balance sheet

As at 30 June 2017

	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000	Audited 31 December 2016 £'000
Assets			
<i>Non current assets</i>			
Property, plant and equipment	13,230	13,089	13,148
Pension asset	1,146	968	1,146
Investment in joint ventures	-	-	-
Deferred tax asset	27	38	27
Total non current assets	14,403	14,095	14,321
<i>Current assets</i>			
Inventories and work in progress	9,374	7,663	9,865
Trade and other receivables	7,970	6,747	5,581
Cash and cash equivalents	6,812	6,242	6,033
Total current assets	24,156	20,652	21,479
Total assets	38,559	34,747	35,800
Liabilities			
<i>Current liabilities</i>			
Current portion of long term borrowings	218	267	487
Trade and other payables	16,262	14,774	13,940
Current tax payable	565	379	569
Total current liabilities	17,045	15,420	14,996
<i>Non current liabilities</i>			
Long term borrowings	2,125	2,375	2,005
Total non current liabilities	2,125	2,375	2,005
Total liabilities	19,170	17,795	17,001
Net assets	19,389	16,952	18,799
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	(825)	(904)	(825)
Accumulated profits	16,925	14,567	16,335
Total equity	19,389	16,952	18,799

Condensed consolidated interim statement of changes in equity

(Unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve - ESOP £'000	Accumulated profits £'000	Total equity £'000
At 1 January 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 30 June 2016	-	-	-	-	1,360	1,360
Total comprehensive income for the period	-	-	-	-	1,360	1,360
At 30 June 2016	1,293	1,864	132	(904)	14,567	16,952
At 1 July 2016	1,293	1,864	132	(904)	14,567	16,952
Equity dividends paid to ESOP	-	-	-	-	38	38
Credit related to equity-settled share based payments	-	-	-	-	71	71
ESOP movement in period	-	-	-	79	-	79
Transactions with owners	-	-	-	79	109	188
Profit for the six months to 31 December 2016	-	-	-	-	1,611	1,611
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	17	17
Income tax relating to components of other comprehensive income	-	-	-	-	31	31
Total comprehensive income for the period	-	-	-	-	1,659	1,659
At 31 December 2016	1,293	1,864	132	(825)	16,335	18,799
At 1 January 2017	1,293	1,864	132	(825)	16,335	18,799
Equity dividends declared	-	-	-	-	(1,205)	(1,205)
Transactions with owners	-	-	-	-	(1,205)	(1,205)
Profit for the six months to 30 June 2017	-	-	-	-	1,795	1,795
Total comprehensive income for the period	-	-	-	-	1,795	1,795

At 30 June 2017

1,293	1,864	132	(825)	16,925	19,389
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Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2017

	Unaudited	Unaudited	Audited
	Six months	Six months	Twelve
	to 30 June	to 30 June	months
	2017	2016	to 31
	£'000	£'000	December
			2016
			£'000
Profit for the period	1,795	1,360	2,971
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	17
Movement on deferred tax relating to pension liability	-	-	(1)
Current tax relating to pension liability	-	-	32
Other comprehensive income, net of tax	-	-	48
Total comprehensive income for the period attributable to equity holders of the parent company	1,795	1,360	3,019

Condensed consolidated interim cash flow statement

Six months ended 30th June 2017

	Unaudited	Unaudited	Audited
	Six	Six months	Twelve
	months	to 30 June	months
	to 30 June	2016	to 31
	2017	£'000	December
	£'000		2016
			£'000
Cash flows from operating activities			
Group profit after tax	1,795	1,360	2,971
Taxation paid	(452)	(156)	(376)
Depreciation on property, plant and equipment	635	592	1,254

Difference between pension charge and cash contributions	(31)	(61)	(123)
Share based payment charge	-	-	71
Profit on sale of property, plant and equipment	(79)	(117)	(228)
Taxation charge recognised in income statement	448	378	832
Net finance expense	24	31	22
Decrease in inventories and work in progress	491	2,905	703
Increase in trade and other receivables	(2,358)	(1,371)	(266)
Increase in trade and other payables	2,322	1,430	596
Net cash flow from operating activities	2,795	4,991	5,456
Cash flows from investing activities			
Purchase of property, plant and equipment	(753)	(535)	(1,277)
Proceeds from sale of property, plant and equipment	115	133	263
Net cash flow from investing activities	(638)	(402)	(1,014)
Cash flows from financing activities			
Interest paid	(24)	(31)	(60)
Repayment of bank and other loans	(149)	(151)	(301)
Equity dividends paid	(1,205)	(776)	(738)
Employee Share Ownership Plan share purchases	-	-	(37)
Employee Share Ownership Plan share sales	-	-	116
Net cash flow from financing activities	(1,378)	(958)	(1,020)
Net increase in cash and cash equivalents	779	3,631	3,422
Cash and cash equivalents at beginning of period	6,033	2,611	2,611
Cash and cash equivalents at end of period	6,812	6,242	6,033

Notes to the interim accounts - as at 30 June 2017

Segmental Reporting

The Group trading operations of Billington Holdings plc are only in Structural Steel, and all are continuing. This includes the activities of Billington Structures Limited, easi-edge Limited, Peter Marshall Steel Stairs Limited 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 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 2017. 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 2016 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 2017 Billington Holdings Plc declared a final dividend of 10.0 pence per share amounting to £1,205,000 (2016: 6.0 pence, £776,000) to its equity shareholders. No interim dividend for 2017 has been declared (2016: nil).

These results were approved by the Board of Directors on 18 September 2017.