

21 April 2020

## Billington Holdings Plc

(“Billington” or the “Company” or the “Group”)

### Results for the year ended 31 December 2019

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 2019.

	<b>31 December 2019</b>	31 December 2018	Change
Revenue	£104.9m	£77.3m	+35.7%
EBITDA	£7.8m	£6.1m	+27.9%
Profit before tax	£5.9m	£4.9m	+20.4%
Cash and cash equivalents	£17.9m	£9.3m	+92.5%
Earnings per share from continuing operations	39.8p	33.6p	+18.5%

#### Highlights

- Revenue increased by 35.7 per cent to a record £104.9 million for the Group (2018: £77.3 million)
- Profit before tax increased 20.4 per cent to £5.9 million (2018: £4.9 million)
- Cash balance of £17.9 million (2018: £9.3 million) at the year end with an average gross cash balance of £10.7 million throughout 2019
- All Group companies have performed well during the year with a number of large projects undertaken in the UK and Europe
- Dividend suspended to further preserve cash resources
- Current market outlook remains uncertain as a result of the impact of Covid-19

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

*“I am very pleased that we have delivered a record performance in 2019, although these results will inevitably be overshadowed by the current global Covid-19 pandemic. As a business we continue to follow the UK Government’s advice and direction, but until the situation stabilises it is not possible to forecast the ultimate impact on our business.*”

*“The conclusion of 2019 witnessed a softening of the structural steelwork market as the UK approached the General Election in December. Pricing pressures continued into the early part of 2020. Whilst we had expected this to subside in the medium term as political and economic clarity returned, we are now faced with the uncertainties created by the Covid-19 pandemic.*”

*“However, 2019 was an exceptional year for the Group and highlights the Groups capabilities and capacity to deliver for our customers. We are in a financially robust position and are well placed to face the challenges ahead.”*

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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, trusted and long-standing partnerships with all of our clients.

## Chairman's Statement

I am pleased to report that in 2019 Billington achieved a record performance. Revenue increased by 35.7 per cent to £104.9 million (2018: £77.3 million) and profit before tax increased by 20.4 per cent to £5.9 million (2018: £4.9 million).

The overall Earnings Per Share (EPS) for the year amounted to 39.8 pence compared with 33.6 pence in 2018, an 18.5 per cent increase. Our balance sheet continued to strengthen with Net Assets of £28.1 million at 31 December 2019 (31 December 2018: £23.5 million), driven by strong cash generation leading to a gross cash balance of £17.9 million at 31 December 2019 (31 December 2018: £9.3 million), providing a solid foundation for the Group to progress.

Sadly, after such a positive year we are now faced with the serious potential consequences of Covid-19. Since the escalation of the pandemic, the Board has been focused on taking actions to preserve cash and protect liquidity in a way that does not compromise the long-term prospects of the business. These include the deferral of all non-essential capital expenditure, a hiring freeze, cost reductions, agreed additional banking facilities, deferral of VAT payments and utilisation of the UK Government's Job Retention Scheme. In addition, the Board has decided to suspend payment of the dividend which would ordinarily have been paid to shareholders in July 2020. We understand the importance of the dividend to our shareholders and will keep our dividend policy under review in the coming months.

The Board believe these actions to be prudent with the uncertain economic outlook, notwithstanding the non-discretionary nature of much of our work and the covenant strength of our customers. Nevertheless, at this stage we are not able to quantify the impact on our full year results and consequently the Board does not believe it would be appropriate to provide forward looking financial guidance until greater clarity returns.

In 2019 there was a slight reduction in the Group operating margin to 5.7 per cent (2018: 6.3 per cent), reflecting the nature of the contracts undertaken during the year and some pricing pressure in the structural steel business, particularly in the later part of the year. However, we continue to seek cost savings and the opportunity for margin improvement where appropriate. Whilst margin pressures remain in the structural steel market, we believe our continued focus on, and delivery of, larger contracts leaves the Company well positioned for the future.

During the year our structural steel businesses, Billington Structures and Shafton Steel Services operated at near full capacity, delivering a number of exceptional projects, improving productivity and further increasing the range of services we can offer our clients. The conclusion of 2019 noted an increasingly competitive market and as Covid-19 has become more prevalent a small number of contract commencements have been deferred.

The easi-edge perimeter edge protection and fall prevention business had its best ever year, with further investment in stock, high utilisation and new customer wins. The business entered 2020 with a good degree of forward visibility, although more recently has noted some project delays that could impact the utilisation of its products during 2020.

Peter Marshall Steel Stairs again achieved a strong performance, continuing to focus on securing larger contracts with our partner clients. We continue to invest in the business and while the orderbook remains satisfactory a number of contract delays have been noted.

hoard-it continued to grow and in 2019 recorded its best performance to date. With an excellent market position and a focus on expanding the business into the residential construction market, the outlook remains positive in what is a competitive and price sensitive market.

### **Pension Scheme**

The defined benefit pension (closed to future accrual in 2011) has performed well in the period with an increased surplus, despite a backdrop of continued volatility in the equity market. At 31 December 2019 a surplus of £2,205,000 (2018: £1,630,000) along with a corresponding deferred tax liability of £375,000, has resulted in a net recognised surplus of £1,830,000 (2018: £1,353,000).

### **Dividend**

2019 was an exceptional year for the Group and the Board, under ordinary circumstances would have sought to maintain its progressive dividend policy. However, prudently, we have resolved to suspend the dividend at this time.

### **Liquidity and capital reserves**

There has been a significantly increased net cash inflow of £8.5 million during the year (2018: £1.2 million) resulting in gross cash balances of £17.9 million at the year end. Going forward the Group's cash performance provides strong cover for its working capital requirements and a robust position from which to take the Group forward. Capital expenditure for 2020 is forecast to increase as the Group seeks to further enhance its manufacturing capabilities, and to replace some aged capital equipment when it is prudent to do so.

### **Board movements and Our People**

2019 was my first full year as Chairman of the Company and I have been extremely impressed by the skills, dedication and commitment to Billington shown by our people. I would like to take this opportunity to thank all our workforce for their efforts in 2019 and I know they will continue to deliver exceptional performances for Billington, particularly in the light of the new challenges we are facing.

During the year we increased our workforce by 5.3 per cent. Through hard work and appropriate utilisation of the available resources we were able to deliver a 35.7 per cent increase in revenue.

### **Economic Outlook**

Whilst the General Election in December 2019 and the UK's departure from the European Union (EU) at the end of January 2020 has reduced some uncertainty, a measure will remain until the nature of the UK's future trading relationship with the EU is resolved.

The Group does source some products from Europe, either directly or indirectly via its network of suppliers and subcontractors, but we are conscious of not relying on one source for key supplies to mitigate the inherent risks to an acceptable level. The recent purchase of British Steel by Jingye on 9 March 2020 provides the Company and the wider steel industry with stability and increased certainty of uninterrupted supply moving forward.

Current forecasts for the UK structural steelwork industry are for the market to increase by 3.9 per cent in 2020 and a further 3.6 per cent in 2021 following a fall of 2.4 per cent in 2019. These forecasts are likely to be subject to revision as the impact of Covid-19 is assessed.

Opportunities exist across Europe and are being actively pursued by the Company. The successful delivery of the Company's largest project to date in Europe in 2019 demonstrates the ability of the Group to successfully deliver significant projects outside of the United Kingdom.

The Company remains alert and adaptable to the constantly evolving industry, political, health and economic environment and seeks to take measures, taking advice where appropriate, to mitigate risks to the business as far as possible.

### **Current trading and outlook**

The current environment is dominated by the global Covid-19 pandemic and I am pleased to report that all our facilities currently remain operational in line with Government advice. Whilst there has been an inevitable reduction in volumes of certain products and services, we have taken measures to mitigate the effect of these. Our priority is the health, safety and wellbeing of our employees, suppliers and customers. We have taken a number of actions, in line with government guidance, to facilitate this and continue to monitor the situation to ensure we are employing best practice.

Whilst the ultimate impact of the Covid-19 pandemic on industry, the economy and Billington is uncertain, we have a robust business, supported by a healthy balance sheet and committed workforce. Billington remains well placed to deal with the uncertain future ahead.

**Ian Lawson**

**Non-Executive Chairman**

**20 April 2020**

## Chief Executive Statement

### Operational Review

2019 was another record year for Billington, reflecting the number of large projects that have been undertaken, resulting in revenues increasing by 36 per cent to £104.9 million and profit before tax increasing by 20.4 percent to £5.9 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.

All the businesses across the Group performed well and whilst we expect the good performance to continue, we recognise that due to the number of large contracts undertaken, 2019 was an exceptional year.

### Group Companies

#### *Billington Structures and Shafton Steel Services*

Billington Structures is one of the UK's leading structural steelwork contractors with a highly experienced workforce capable of delivering projects from simple building frames to complex structures in excess of 12,000 tonnes to all market sectors. With facilities in Barnsley and Bristol and a heritage dating back over 80 years, the business is well recognised and respected in the industry with the capacity of processing over 40,000 tonnes of steel per annum.

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

During the year the business has traded very strongly, particularly through the execution of the £41 million of contracts announced in November 2018 and the further £30 million of large contracts secured in June 2019.

The larger projects undertaken by Billington Structures during 2019 included:

- Circle Square, Manchester
- 4 Wellington Place, Leeds
- Large Data Centre development, Europe
- Barnsley town centre redevelopment scheme – “The Glassworks”
- First Way, Wembley
- Pinewood Studios, Buckinghamshire
- Large Fulfilment Centre, North East of England

I am pleased that Billington Structures was again recognised for a number of national awards being the public vote winner of the 2019 Tekla Awards for the Wellington Place development in Leeds and receiving a commendation for the Ingenuity House development in Birmingham at the 2019 Structural Steel Design Awards.

Billington Structures maintains a satisfactory order book, providing a good degree of visibility for the

remainder of the current year and the focus is both on the successful completion of existing contracts and the securing of new business for the remainder of 2020 and beyond. A very good number of opportunities exist, although there remains pricing pressure and uncertainty within the market. It is possible that projects anticipated for construction during the latter part of 2020 could be impacted by delays as developers and main contractors seek a period of review and are able to complete current projects under construction.

#### *Peter Marshall Steel Stairs*

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

During the year the business delivered another good performance, fulfilling a smaller number of larger contracts than has historically been the case, for principal contractors, Billington and other steelwork companies. Notable projects undertaken in 2019 included:

- 100 Liverpool Street, London
- Ada Lovelace School, London
- Bardon Hill, Leicestershire
- Pinewood Studios, Buckinghamshire
- Cobalt, Didcot
- Large Data Centre development, Europe
- Battersea Development, London

#### *easi-edge*

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

In 2019 the business enjoyed its best ever year, carrying on the momentum from 2017 and 2018. The investment in stock available for hire continued, with a new improved barrier design implemented. easi-edge enjoyed high utilisation rates reflecting the market demand for their solutions, one of the higher margin segments for the Group.

Projects undertaken by easi-edge on 2019 included:

- 4 Wellington Place, Leeds
- Large Data Centre development, Europe
- Circle Square, Manchester
- Ark Blake, London
- Blundell Street, Liverpool
- Merseyside Police, Liverpool
- Two New Bailey, Manchester

The business brought a strong forward order book into 2020. Recently, as a result of Covid-19, easi-edge has noted a number of project delays which are anticipated to affect the hire utilisation of its products throughout the duration of the pandemic.

#### *hoard-it*

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

Under the new leadership introduced in 2018 the business continues to grow. The momentum gained in 2018 continued in 2019, producing a record result.

Notable projects in 2019 included:

- Wembley Stadium
- Circle Square, Manchester
- Northgate House, Oxford
- Princes Quay Street, Hull
- Centenary Square, Birmingham
- Edinburgh Airport

Significant progress continues to be made to establish the product as the number one choice for main contractors, housebuilders and developers in the construction industry. There has been a particular focus on growing the business in the residential construction market, where hoard-it's range of printed boards and panels are proving attractive to developers looking for a professional site image.

### **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 a further 5.3 per cent to 399. They were able to deliver a 36 per cent increase in turnover, reflecting the hard work undertaken, productivity gains and improved utilisation of resources.

Attracting sufficient, experienced, quality people remains a challenge across the industry. The Group therefore continues its focus on developing its people and has a number of training initiatives to assist in overcoming this issue. Billington maintains close relationships with local education providers, supporting both Barnsley College and the University of Sheffield Engineering Department. The Company 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 apprenticeship and graduate schemes, which are particularly focused on fabricator welders and technical staff. These programmes are geared to help the business maintain the 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.

### **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. The Group aims to be proactive in the identification, reporting and resolution of risks both on site and in our production facilities to ensure that we are able mitigate the risks and promote safe ways of working.

The safety and welfare of our employees and subcontractors is of paramount importance and is at the centre of all operations across the Group. During 2019 the Health and Safety department was further strengthened to ensure that continued progress can be achieved in enhancing working practices and improving the safety culture at all facilities and our on-site activities.

There were regrettably two lost time reportable accidents in the year. However, the Group continued to outperform the industry average Accident Frequency Rate (AFR), relating to our employees, at 0.22.

### **Charity**

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

Throughout 2019, Billington donated to the likes of Brain Tumour Research, Weston Park Cancer Charity, Macmillan, The Grand Appeal and the Alzheimer's Society. The Company has continued its annual sponsorship of RSPB Old Moor and sponsored a good number of other local sports clubs. Billington continued its 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.

### **Customers and Suppliers - Ethical Trading**

The Company recognises the need to maintain a supply chain that adheres to and is aligned with our environmental, social and commercial objectives and policies.

Billington is committed to carrying out all dealings with clients, suppliers, sub-contractors and its own staff in a fair, open and honest manner. It is also committed to complying with all legislative and regulatory requirements that are relevant to its business activities.

The Company communicates fully and openly with customers regarding costs of work undertaken and will provide accurate and honest guidance and advice to customers to ensure their requirements are met.

The Company strives to develop positive relationships with suppliers to ensure both parties understand each other's problems and requirements. It will not use current or potential contracts to coerce suppliers into unsustainable offers.

The Company treats its staff fairly in all aspects of their employment, valuing their contribution to the achievement of Company objectives and providing them with opportunities for training and development.

The Company is proud of its long standing and committed partner relationships with its supply chain and in turn seeks to treat them fairly with timely payment for works and the implementation of a 'no retention' policy.

### **Steel Industry**

We have been closely monitoring developments at British Steel, particularly since it was placed in the hands of the Official Receiver in May 2019. We welcome the news that the sale of British Steel to Chinese firm Jingye has now been completed and we welcome the stability that a concluded sale provides to the British steel industry. Minimal disruption was noted throughout the year as the operations were smoothly transitioned from Greybull to the Official Receiver.

Anticipated investment upon the completion of the purchase by Jingye is expected to be significant as they process a number of furnace upgrades. These investments are not only expected to safeguard the long-term viability of the company, they will also see them improve their products within a competitive global market.

Throughout 2019, ongoing uncertainty about near-term business conditions as well as high UK steel stock levels at the end of the first quarter of 2019 prompted a larger than expected stock decrease in the second quarter. Throughout Q3 and Q4 2019 UK steel stock and consumption levels continued to fall, although as the market begins to stabilise, consumption levels are expected to recover which may have a consequential impact on price.

Coking Coal, Iron Ore and 'scrap steel', the key input costs for steel manufacturing, also remained unpredictable throughout 2019, leading to some fluctuations in price throughout the year for the wide range of steel products that the Group sources from a variety of steel producers worldwide. As stated previously, Billington keeps its steel supply options under constant review and employs a variety of measures to allow the Company to reduce its exposure to unpredictability in steel prices and any variability in supply over the short term.

### **Prospects and Outlook**

We are delighted with the results we have achieved in 2019, an exceptional year for the Group. However, 2020 has been dominated by the impact of the Covid-19 pandemic.

To date, Billington has been able to remain operational, with the majority of construction sites open and customer projects continuing after some temporary interruptions. The health, safety and wellbeing of all our employees, suppliers and customers has been our primary concern and we have undertaken a full review of our operations and working practices, making changes and implementing new procedures where appropriate, following the latest government guidance on tackling Covid-19.

Whilst we remain operational the Covid-19 outbreak has inevitably led to some reductions in volumes across the Group although more prevalently in our easi-edge, hoard-it and Peter Marshall Steel Stairs businesses. To minimise the impact on the Company we have taken the decision to furlough a number of staff in these businesses as well as within Billington Structures.

Securing additional suppliers of key outsourced components and services has been a priority, to mitigate, as far as possible, any impact from business interruptions and closures in our supply chain. However, it remains uncertain whether we will remain unhindered by any issues with our supply chain as the pandemic reaches its peak and moves to resolution.

The Covid-19 pandemic will inevitably have an impact on our industry and customers, and whilst the ultimate outcome is uncertain, Billington is in a strong position to navigate the difficulties ahead and remain a significant player in the structural steel and safety solutions markets.

**Mark Smith**

**Chief Executive Officer**

**20 April 2020**

## Financial Review

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### Consolidated Income Statement

	2019	2018
	£'000	£'000
Revenue	104,911	77,266
Operating profit	5,936	5,001
Profit before tax	5,931	4,943
Profit after tax	4,796	4,049
Profit for shareholders	4,796	4,049
Operating profit margin	5.7%	6.5%
Return on capital employed	49.8%	35.2%
Earnings per share (basic)	39.8p	33.6p

Revenue increased 35.8 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 133 per cent during the five year period from 2014 to 2019 as a result of consistent investment, an improving market environment and, successful penetration into Central European markets. Revenues of £28,896,000 were generated from European markets in the year (2018: £784,000).

Forecasts indicate that the consumption of structural steelwork within the UK marginally declined to 856,000 tonnes in 2019 from 877,000 tonnes in 2018. Projections indicate that consumption will increase by 3.9 per cent to 889,000 tonnes in 2020 and a further 3.6 per cent to 920,000 tonnes in 2021, allowing the Group to continue to look forward with optimism in the medium term, although these forecasts may be revised as the impact of Covid-19 is assessed.

Operating margins reduced to 5.7 per cent in the year as a result of a difficult trading environment towards the close of 2019 while approaching the UK general election and the UK's exit from the European Union. The operating margin achieved within the Safety Solutions entities, at 20.2%, was a fantastic result. Strong levels of utilisation were noted for the majority of 2019, on an increased level of hire stock, following continual investment in the hire fleets over recent years.

Earnings per share improved from 33.6 pence in 2018 to 39.8 pence in 2019 representing an increase in the result for shareholders of 18.5 per cent.

Cash generation was strong during the year, leaving a gross cash balance of £17,856,000 (2018: £9,311,000) at the year end. The average gross cash balance during the year was £10,688,000 (2018: £10,011,000). The strong cash generation, following a positive trading period leaves the Group with a robust cash position to enable it to achieve both its short and long term objectives, while providing financial security in a cyclical industry.

Staff numbers as at 31 December 2019 have increased 5.3 per cent, from the same time in 2018, to 399 as the Group continues to increase its activities across all divisions. The increase in turnover relative to the increase in employee numbers is an exceptional achievement and represents a year of hard work across all

divisions of the Group. Industry wide challenges remain in attracting sufficient quality resource across all disciplines.

The Shafton facility provides the Group with opportunity to expand and diversify its operations further optimising the current resources within the control of the Group.

### Consolidated Balance Sheet

	2019	2018
	£'000	£'000
Non current assets	16,456	15,711
Current assets	33,548	28,849
Current liabilities	(21,724)	(19,609)
Non current liabilities	(187)	(1,500)
Total equity	<u>28,093</u>	<u>23,451</u>

Significant investments were made in the year relating to increasing and renewing the hire fleet at easi-edge and hoard-it, this accounted for £1,064,000 of the additions in the period.

Within non-current assets, property, plant and equipment increased by £209,000, represented by capital additions of £1,751,000, depreciation charges of £1,814,000 and net disposals of £10,000. During the year an adjustment relating to the capitalisation of lease obligations in accordance with the provisions of IFRS 16 was made of £282,000.

The defined benefit pension scheme has performed well in the period against a backdrop of a turbulent equity market. At the year end, a surplus of £2,205,000 along with a corresponding deferred tax liability of £375,000 has resulted in a net recognised surplus of £1,830,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £176,000 (2018: asset £39,000), being a deferred tax asset of £199,000 (2018: £316,000) related to temporary timing differences net of a deferred tax liability of £375,000 (2018: £277,000) related to the defined benefit pension scheme surplus.

The increase of £4,699,000 in current assets included a decrease of £3,669,000 in inventories, a decrease of £177,000 in trade and other receivables, and an increase in the cash balance of £8,545,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £3,364,000 (2018: £1,970,000). It is anticipated that £3,110,000 will be received within one year and £254,000 in greater than one year.

The total rise of £2,115,000 in current liabilities principally comprised an increase in trade and other payables of £701,000 as the businesses enjoyed increased activity levels during the year. Furthermore, the mortgage relating to the purchase of the Shafton facility in 2015 over a 10 year repayment period is due for renewal after 5 years and therefore the outstanding balance of £1,500,000 is disclosed within current liabilities (2018: £250,000). A balance of £1,250,000 will be outstanding at the point of renewal.

Total equity increased by £4,642,000 in the year to £28,093,000. 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

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Result for shareholders	4,796	4,049
Depreciation	1,814	1,502
Capital expenditure	(1,751)	(1,962)
Tax paid	(959)	(843)
Tax per income statement	1,135	894
Decrease/(increase) in working capital	5,378	(882)
Additional pension contributions	-	-
Dividends	(1,565)	(1,385)
Net property loan movement	(250)	(250)
Others	(53)	125
Net cash inflow	<u>8,545</u>	<u>1,248</u>
Cash at beginning of year	<u>9,311</u>	<u>6,033</u>
Cash at end of year	<u>17,856</u>	<u>8,063</u>

Dividends were paid in the year, in respect of 2018, at a cash cost of £1,565,000 (2018: £1,385,000), representing 13.0 (2017: 11.5) 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:

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Inventories and work in progress	8,342	12,011
Accounts receivable	7,350	7,527
Accounts payable and financial instruments	<u>(19,433)</u>	<u>(18,732)</u>
Working capital at end of year	<u>(3,741)</u>	<u>806</u>

Cash balances at the year end totaled £17,856,000 and there were property and hire purchase loans outstanding of £1,500,000 representing a net cash position of £16,356,000 (2018: £7,561,000). It is pleasing to note the strong cash position of the Group. Consistent and positive trading performances, combined with effective working capital management has allowed the Group cash balance to increase year on year and provides the Group with the flexibility and ability to capitalise on opportunities as they present themselves.

The strong year end cash position allows the Group to further invest in replacing and upgrading some of its capital assets. 2020 will note a modest increase in capital additions, primarily within the structural steel division of the Group. The additional capital expenditure shall aid both an increase in the range of services the Company can perform as well as replacing a number of aged machines when it is prudent to do so.

Investment in the latest technologies will ensure Billington can deliver the most challenging projects, efficiently, for its clients.

## Pension Scheme

	<u>2019</u>	<u>2018</u>
	£'000	£'000
Scheme assets	8,552	7,797
Scheme liabilities	<u>(6,347)</u>	<u>(6,167)</u>
Surplus	<u>2,205</u>	<u>1,630</u>
Other finance expense	(6)	(36)
Contributions to defined benefit scheme	-	-

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. The scheme's assets have performed well, in a difficult market during the period, leaving the scheme in a strong position as at the balance sheet date.

The scheme's triennial valuation for the period ended 31 March 2017 was completed on 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. The next actuarial valuation is due to be completed as at 31 March 2020.

## 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 a Long Term Incentive Plan (LTIP) was introduced across the Group to assist in the remuneration of management and further align the interests of senior management and shareholders. Awards are made subject to achieving progressive Group performance metrics over a three year period.

At the year end there were 424,705 share options outstanding at an average exercise price of £1.54 per share (2018: 281,104 shares at £2.63 per share).

The charge included within the accounts in respect of issued options is £97,000 (2018: £84,000).

## Covid-19

As further detailed in note 7 to this announcement the Company has conducted comprehensive financial modelling for a range of possible scenarios that may occur during the pandemic. The company has completed analysis on various scenarios ranging from minor disruption to cessation of all operations for a period of up to six months. The Board is satisfied it has sufficient cash resources to meet its obligations as they fall due throughout this duration.

As a contingency measure the Company has successfully secured an additional overdraft facility of £3 million for a period of twelve months. Further to securing additional facilities the Group has reviewed its capital and discretionary expenditure and will only utilise its resources in these areas when it is prudent to do so.

In March 2020 the UK Government announced a range of assistance measures for businesses. The Company will seek to utilise these schemes where it is eligible and beneficial to do so.

Notwithstanding these positive indications of the financial stability of the Group, there is a risk that the impact of Covid-19 could be more significant than can be currently anticipated and the Directors have concluded that these circumstances represent a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Nonetheless, the Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that would arise if the going concern basis of preparation was not considered appropriate.

**Trevor Taylor**  
**Chief Financial Officer**  
**20 April 2020**

## Consolidated income statement for the year ended 31 December 2019

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			108,357		76,462
(Decrease)/increase in work in progress			(3,446)		804
<b>Revenue</b>	5		104,911		77,266
Raw materials and consumables		73,995		49,826	
Other external charges		3,621		3,296	
Staff costs		16,700		15,258	
Depreciation		1,814		1,502	
Other operating charges		2,845		2,383	
			(98,975)		(72,265)
<b>Group operating profit</b>			5,936		5,001
Share of post tax profit in joint ventures			-		-
<b>Total operating profit</b>	5		5,936		5,001
Net finance expense			(5)		(58)
<b>Profit before tax</b>			5,931		4,943
Tax			(1,135)		(894)
<b>Profit for the year</b>			4,796		4,049
<b>Profit for the year attributable to equity holders of the parent company</b>			4,796		4,049
<b>Earnings per share (basic and diluted)</b>	3		39.8 p		33.6 p

All results arose from continuing operations.

**Consolidated statement of comprehensive income for the year ended 31 December 2019**

	<u>2019</u>	<u>2018</u>
	£'000	£'000
<b>Profit for the year</b>	4,796	4,049
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of net defined benefit surplus	581	(532)
Movement on deferred tax relating to pension liability	(98)	97
Current tax relating to pension liability	<u>-</u>	<u>(7)</u>
	483	(442)
<b>Items that will be reclassified subsequently to profit or loss</b>		
Cash flow hedging		
- current year gains/(losses)	<u>831</u>	<u>(831)</u>
	831	(831)
<b>Other comprehensive income, net of tax</b>	<u>1,314</u>	<u>(1,273)</u>
<b>Total comprehensive income for the year attributable to equity holders of the parent company</b>	<u><u>6,110</u></u>	<u><u>2,776</u></u>

## Consolidated balance sheet as at 31 December 2019

	2019		2018	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
<b>Non current assets</b>				
Property, plant and equipment		14,251		14,042
Pension asset		2,205		1,630
Investments in joint ventures		-		-
Deferred tax asset		-		39
<b>Total non current assets</b>		<b>16,456</b>		<b>15,711</b>
<b>Current assets</b>				
Inventories and work in progress		8,342		12,011
Trade and other receivables		7,350		7,527
Cash and cash equivalents		17,856		9,311
<b>Total current assets</b>		<b>33,548</b>		<b>28,849</b>
<b>Total assets</b>		<b>50,004</b>		<b>44,560</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of long term borrowings		1,500		250
Trade and other payables		19,433		18,732
Lease liabilities		105		-
Current tax payable		686		627
<b>Total current liabilities</b>		<b>21,724</b>		<b>19,609</b>
<b>Non current liabilities</b>				
Long term borrowings		-		1,500
Lease liabilities		11		-
Deferred tax liabilities		176		-
<b>Total non current liabilities</b>		<b>187</b>		<b>1,500</b>
<b>Total liabilities</b>		<b>21,911</b>		<b>21,109</b>
<b>Net assets</b>		<b>28,093</b>		<b>23,451</b>
<b>Equity</b>				
Share capital		1,293		1,293
Share premium		1,864		1,864
Capital redemption reserve		132		132
Other components of equity		(820)		(1,675)
Accumulated profits		25,624		21,837

**Total equity**

28,093

23,451

## Consolidated cash flow statement for the year ended 31 December 2019

	2019	2018
	£'000	£'000
<b>Cash flows from operating activities</b>		
Group profit after tax	4,796	4,049
Taxation paid	(959)	(843)
Interest received	43	23
Depreciation on property, plant and equipment	1,814	1,502
Share based payment charge	97	84
Profit on sale of property, plant and equipment	(331)	(274)
Taxation charge recognised in income statement	1,135	894
Net finance expense	5	58
Decrease/(increase) in inventories and work in progress	3,669	(999)
Decrease/(increase) in trade and other receivables	177	(1,827)
Increase in trade and other payables	1,532	1,944
<b>Net cash flow from operating activities</b>	<b>11,978</b>	<b>4,611</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,751)	(1,962)
Proceeds from sale of property, plant and equipment	341	283
<b>Net cash flow from investing activities</b>	<b>(1,410)</b>	<b>(1,679)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(42)	(45)
Repayment of bank and other loans	(250)	(250)
Capital element of leasing payments	(166)	(4)
Dividends paid	(1,565)	(1,385)
<b>Net cash flow from financing activities</b>	<b>(2,023)</b>	<b>(1,684)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,545</b>	<b>1,248</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,311</b>	<b>8,063</b>
<b>Cash and cash equivalents at end of period</b>	<b>17,856</b>	<b>9,311</b>

**Consolidated statement of changes in equity for the year ended 31 December 2019**

	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 loss 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

	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 2019</b>	1,293	1,864	132	(1,675)	21,837	23,451
<b>Transactions with owners</b>						
Dividends (note 6)	-	-	-	-	(1,565)	(1,565)
Credit relating to equity-settled share based payments	-	-	-	-	97	97
ESOP movement in year	-	-	-	24	(24)	-
<b>Transactions with owners</b>	-	-	-	24	(1,492)	(1,468)
Profit for the financial year	-	-	-	-	4,796	4,796
<b>Other comprehensive income</b>						
Actuarial gain recognised in the pension scheme	-	-	-	-	581	581
Income tax relating to components of other comprehensive income	-	-	-	-	(98)	(98)

Financial instruments	-	-	-	831	-	831
<b>Total comprehensive income for the year</b>	-	-	-	831	5,279	6,110
<b>At 31 December 2019</b>	1,293	1,864	132	(820)	25,624	28,093

The Group accumulated profits reserve includes a surplus of £1,830,000 (2018 - £1,353,000) relating to the net pension surplus.

## Notes forming part of the Group financial statements for the year ended 31 December 2019

### 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 2019.

### 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 2019, 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 2019 statutory financial statements upon which (i) the auditor's opinion is unqualified, (ii) the audit report contains a material uncertainty in respect of going concern to which the audit drew attention by way of emphasis without modifying their report and (iii) 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 2018 have been delivered to the Registrar of Companies. The 31 December 2019 accounts were approved by the directors on 20 April 2020, 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 £4,796,000 (2018: profit - £4,049,000) by 12,052,554 (2018: 12,044,508) 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, Accounts & AGM

The Annual Report and Accounts for the year ended 31 December 2019 will be available on the Company's website [www.billington-holdings.plc.uk](http://www.billington-holdings.plc.uk) from no later than 11 May 2020.

The Annual General Meeting will be held on 8 June 2020 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 Steelwork and Safety Solutions, and all are continuing. The Structural Steelwork 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 2019</b>	Structural Steelwork	Safety Solutions	Other	Total
<b>Revenue</b>				
From external customers	100,233	8,124	-	108,357
Increase in work in progress	(3,446)	-	-	(3,446)
<b>Segment revenues</b>	<b>96,787</b>	<b>8,124</b>	<b>-</b>	<b>104,911</b>
Raw materials and consumables	(71,846)	(2,149)	-	(73,995)
Other external charges	(2,460)	(1,161)	-	(3,621)
Staff costs	(13,523)	(1,624)	(1,553)	(16,700)
Depreciation	(579)	(908)	(327)	(1,814)
Other operating charges	(4,064)	(643)	1,862	(2,845)
Segment operating profit	<u>4,315</u>	<u>1,639</u>	<u>(18)</u>	<u>5,936</u>

<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>-</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
	3,631	1,368	2	5,001

## 6) Dividend

A final dividend was paid in July 2019 in respect of 2018 of 13.0 pence per ordinary share (£1,565,000).

No final dividend has been proposed in respect of 2019 as the dividend has been suspended to preserve cash resources.

## 7) Going Concern

The consolidated financial statements have been prepared on a going concern basis. The directors have taken note of the guidance issued by the Financial Reporting Council on Going Concern Assessments in determining that this is the appropriate basis of preparation of the financial statements and have considered a number of factors.

The financial position of the Group, its record trading performance in 2019 and cash flows are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2020.

The Group has a gross cash balance of £17.9 million at 31 December 2019 and no significant long-term borrowings or commitments. At the end of March 2020 the Group had a gross cash balance of £13.0 million and during March 2020 the Group have secured a 12 month overdraft facility of £3.0 million, giving the Group available cash to utilise of £16.0 million.

The directors have prepared forecasts covering the period to April 2021 and approved by the Board in March 2020. The forecasts reflect the exceptional nature of the 2019 trading performance and the current political and economic uncertainty and pricing pressures in the structural steel market, excluding the potential impact of Covid-19 which is considered below.

The uncertainty as to the future impact on the Group of the recent Covid-19 outbreak has been separately considered as part of the directors' consideration of the going concern basis of preparation. The directors put in a place many positive preventative measures at an early stage in the outbreak in response to Covid-19 to minimise the potential impact. Thus far, the measures have been effective.

In the downside scenario analysis performed, the directors have considered the reasonably plausible impact of the Covid-19 outbreak on the Group's trading and cash flow forecasts. In preparing this analysis, a number of scenarios were modelled ranging from a 30% drop in revenue by June 2020 followed by a gradual recovery from September through to December, to a total country-wide lockdown and subsequent closure of all sites for up to six months. In each scenario, mitigating actions within the control of management, including reductions in areas of discretionary spend, have been modelled, but no fixed cost reductions have been assumed. It is difficult to predict the overall outcome and impact of Covid-19 at this stage and the duration of disruption could conceivably be longer than anticipated. However, even under the scenario of the closure of all sites for a significant period, the company has sufficient liquidity and resources to continue to meet liabilities as they fall due, without any additional

funding from either financial institutions or the government, which is considered separately below.

The UK Government has announced a number of funding initiatives throughout March 2020 to support businesses. The main scheme that the Group is eligible for is the Coronavirus Job Retention Scheme. The Scheme grants support from HMRC to cover up to 80% of salary costs of anyone not working due to Coronavirus but whose job has been retained, up to a maximum of £2,500 per month for an initial period up to 31 May 2020, but it will be extended if necessary. If there was a significant reduction in operations or if any or all of the sites were required to close, the scheme would provide a significant amount of support and short-term cost reduction without impacting the long-term strategy of the Group.

Notwithstanding these positive indications of the financial stability of the Group, there is a risk that the impact of Covid-19 could be more significant than can be currently anticipated and the Directors have concluded that these circumstances represent a material uncertainty which could cast significant doubt on the Group's ability to continue as a going concern.

Nonetheless, the Directors expect that the Group has sufficient resources to enable it to continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustment that would arise if the going concern basis of preparation was not considered appropriate.