

13 April 2021

Billington Holdings Plc

("Billington" or the "Company" or the "Group")

Results for the year ended 31 December 2020

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, announces its audited results for the year ended 31 December 2020.

Highlights

	31 December 2020	31 December 2019	Change
Revenue	£66.0m	£104.9m	-37.1%
EBITDA	£3.6m	£7.8m	-53.8%
Profit before tax	£1.7m	£5.9m	-71.2%
Cash and cash equivalents	£15.1m	£17.9m	-15.6%
Earnings per share from continuing operations	11.3p	39.8p	-71.6%

- As a consequence of the impact of the Covid-19 pandemic, combined with completing a number of large projects in 2019, revenue decreased by 37.1 per cent to £66.0 million for the Group (2019: £104.9 million)
- The Group remained profitable, but profit before tax decreased 71.2 per cent to £1.7 million (2019: £5.9 million)
- Strong cash balance of £15.1 million (31 December 2019: £17.9 million) at the year end with an average gross cash balance of £15.3 million (2019: £10.7 million) throughout 2020
- Dividend payments resumed with a dividend of 4.25 pence a share proposed – covered 2.66 times by earnings
- Order book for structural steel activities was 75 per cent higher at the year end relative to 31 December 2019
- Current market outlook remains competitive as a result of the continuing impact of Covid-19, but significant contracts secured for 2021, with a good pipeline of future opportunities

Mark Smith, Chief Executive Officer, commented:

"After a strong year for the Group in 2019, as for everyone, 2020 was dominated by the impact of the Covid-19 pandemic. Billington entered the year in a strong position to navigate the turbulent environment and remains a profitable and major supplier to the structural steel and safety solutions markets."

“The major disruption caused by the Covid-19 pandemic in the first half of 2020 and through the summer months did subside and we enjoyed a return to more normal trading conditions in the later part of the year, which has continued into 2021. We have a strong order book for the remainder of 2021 and our facilities are operating at full utilisation. However, the market remains very competitive and continued price escalation and the availability of some raw materials remains a concern. Our strong partner relationships combined with strong controls and mechanisms ensures the Group is able to substantially mitigate these headwinds, although we believe it will be a relatively slow road for margins to fully recover to pre-pandemic levels.

“Billington is a robust business, with good market positions and a committed workforce. As we emerge from the pandemic the outlook for Billington is encouraging and I look forward to the future with cautious optimism.”

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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 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

2020 was dominated by the impact of the Covid-19 pandemic, but I am pleased to report that despite a significant reduction in activity, particularly in relation to our structural steel businesses, Billington remained profitable and is well positioned for the future as the recovery takes place.

In 2020 revenue decreased by 37.1 per cent to £66.0 million (2019: £104.9 million) and profit before tax decreased by 71.2 per cent to £1.7 million (2019: £5.9 million). The overall Earnings Per Share ("EPS") for the year amounted to 11.3 pence compared with 39.8 pence in 2019, a 71.6 per cent decrease. However, our balance sheet continued to strengthen with Net Assets of £29.2 million at 31 December 2020 (31 December 2019: £28.1 million), with a strong gross cash balance of £15.1 million at 31 December 2020 (31 December 2019: £17.9 million), providing a continuing solid foundation for the Group.

It was unfortunate that after a record year in 2019 we faced the serious issues caused by the Covid-19 pandemic in 2020. Our first priority was the safety of our staff and customers, with appropriate changes being made to working practices in line with government guidance.

We also focused on taking actions to preserve cash and protect liquidity in a way that did not compromise the long-term prospects of the business. This included the deferral of all non-essential capital expenditure for a period, a hiring freeze, cost reductions, agreed additional banking facilities, deferral of VAT payments and utilisation of the UK Government's Coronavirus Job Retention Scheme ("CJRS"). In addition, the Board agreed that it was not appropriate to recommend the payment of a final dividend for 2019. We understand the importance of the dividend to our shareholders and I am pleased to say that we are proposing the payment of a modest dividend for 2020.

During the year our structural steel businesses, Billington Structures and Peter Marshall Steel Stairs continued to see market pricing pressures, due to the impact of Covid-19, and suffered a number of project delays. Whilst our other facilities remained open the decision was taken to shut the Bristol facility for a period of six weeks and place the staff on furlough as a result of project delays. By the year end we had seen a return to more normal levels of activity and I am pleased that the businesses have been successful in securing a significant amount of new business for 2021, in a variety of sectors.

Peter Marshall Steel Stairs started the year with a strong order book and continued almost uninterrupted through the pandemic, with minimal staff furloughed, although the pandemic did have a negative impact on the level of profitability due to changes in product mix.

As with all the Group's businesses, the easi-edge perimeter edge protection and fall prevention business experienced a material drop in activity in the first half due to the Covid-19 lockdown, although as projects restarted a recovery was seen in the second half. The business entered 2021 with a good degree of forward visibility and we anticipate the improving trends experienced in the later part of 2020 to continue, although there remains uncertainty as to when certain project deferrals will restart.

hoard-it was impacted, particularly in the first half, as the pandemic led to a pause in new site commencements. However, on-site activities built back up to historic levels in the fourth quarter and hoard-it entered 2021 with a promising pipeline of new business.

Pension Scheme

The defined benefit pension scheme (closed to future accrual in 2011) continues in surplus despite the impact of the pandemic on equity markets in 2020. At 31 December 2020 a surplus of £1,683,000 (2019: £2,205,000) along with a corresponding deferred tax liability of £320,000, has resulted in a net recognised surplus of £1,363,000 (2019: £1,830,000).

The actuarial valuation was undertaken as at 31 March 2020 and despite the extremely depressed equity markets at this time as a consequence of the emerging pandemic the scheme remained in surplus.

Dividend

Despite the exceptional results in 2019 no final dividend was proposed in respect of that year as the dividend was suspended to preserve cash resources in light of the anticipated impact of the Covid-19 pandemic. No interim dividends were paid in 2020. However, the Board now feels it is appropriate for Billington to resume dividend payments, albeit at a modest level whilst the impact of Covid-19 continues. The Board is therefore recommending a final dividend of 4.25 pence per share for 2020, which is covered 2.66 times by earnings. The final dividend will be paid, subject to shareholder approval at the Company's AGM, on 6 July 2021, to those shareholders on the register on 4 June 2021.

Liquidity and capital reserves

In 2020 the Group experienced a net cash outflow of £2.7 million (2019: £8.5 million net cash inflow). The increase in working capital requirements from the prior balance sheet date was anticipated and more closely reflects the balance noted in previous years. Going forward the Group's cash continues to provide strong cover for its working capital requirements and a robust position from which to take the Group forward. Capital expenditure in 2020 increased over the level in 2019 and for 2021 is forecast to remain at a similar level as certain projects that were paused due to the pandemic have been restarted. The Group will seek to further enhance its manufacturing capabilities, and to replace some aged capital equipment when it is prudent to do so.

Our People

The Covid-19 pandemic has dramatically impacted the personal and working lives of everyone. For the team at Billington this has required significant changes to working practices.

I am delighted with the way in which our workforce has met these challenges and I would like to take this opportunity to thank them all for their exceptional efforts, good humour and resilience in these difficult times.

Economic Outlook

Whilst the result of the General Election in December 2019 and the UK's departure from the European Union ("EU") at the end of January 2020 were the dominant themes at the start of the year, the impact of the Covid-19 pandemic has overshadowed everything.

UK gross domestic product ("GDP") fell by 9.9% in 2020, as no sector of the economy was left unscathed by lockdowns and plummeting demand during the pandemic. It was the biggest fall in annual GDP since 1709, although there was a very modest return to growth in the fourth quarter. The current estimate is that the UK structural steelwork market declined by 20 per cent in 2020.

Current forecasts for the UK structural steelwork industry are for the market to return to growth with an increase of 16.2 per cent in 2021 and a further 7.4 per cent in 2022 following the fall in 2020. However, these forecasts are likely to be subject to revision as the pace of the recovery from the impact of Covid-19 is assessed.

In addition to the demand issues caused by the pandemic, the Group has faced a significant increase in structural steel costs during the year. The purchase of British Steel by Jingye on 9 March 2020 has provided the Company and the wider steel industry with more stability and increased certainty of uninterrupted supply moving forward, but this has done little to alleviate the unprecedented scale of price increases and the volatility in prices experienced during 2020. During the period the price of iron ore and scrap steel nearly doubled leading to major increases in the price of steel products, a trend that is expected to continue.

Whilst opportunities exist across Europe and are being actively pursued by the Company, no new business has been secured from the EU since the UK's exit at the end of January 2020. However, the new business opportunities identified by the Group in the UK provides confidence that the Group is able to secure sufficient volumes of contracts to maintain optimum output in the short to medium term.

As always, the Company continues to remain 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 continues to be dominated by the global Covid-19 pandemic, but we have seen a recovery in activity levels in the later part of 2020 and into 2021, and whilst pricing pressures remain in the market we are, however, anticipating improved results in 2021.

Whilst the Covid-19 pandemic will continue to impact the demand for certain products and services for some time, we have a robust business, supported by a healthy balance sheet and committed workforce. Billington remains well placed to take advantage of opportunities as they are presented.

Ian Lawson

Non-Executive Chairman

12 April 2021

Chief Executive Statement

Operational Review

2020 was a year of significant challenge for Billington after the record year in 2019, dominated by the impact of the Covid-19 pandemic, resulting in revenues decreasing by 37.1 per cent to £66.0 million and profit before tax decreasing by 71.2 percent to £1.7 million. That we were able to overcome these challenges and remain profitable is a real credit to the tireless dedication of our workforce and I would like to thank them all for their efforts and adaptability in these difficult times.

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 70 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 operates in two distinct business areas. The first undertakes activities for Billington Structures. The second, Shafton Steel Services offers a complete range of steel profiling services to a large number of diverse external engineering and construction companies, providing further opportunities to increase the capacity of the business as well as allowing for the supply of value added, complementary products and services to enhance the comprehensive offering of the Group.

During the first half of the year and into the summer months, the business faced significant challenges as a result of Covid-19, with the pricing pressures that impacted towards the end of 2019 continuing. As a result of the pandemic a number of projects were cancelled or delayed and even though few construction sites were closed completely, there was a pause in activity, particularly in April and May, as sites adapted to new ways of working. A number of suppliers did close during the period, but the business was able to overcome this without any significant impact.

Important to the efficient operation of the Structures business is that the facilities remain fully utilised as far as possible. Billington is not alone in this requirement and as the level of work available in the market decreased due to the impact of the pandemic, further significant pricing pressure was experienced. The decision was taken to close the Bristol facility for six weeks over the summer period and place all the staff on furlough leave in order to ensure that the remaining two facilities were fully utilised, albeit with much of the work at lower margins than those enjoyed historically.

Since the UK's exit from the EU at the end of January 2020 the business has continued to tender for new contracts in the EU, although to date no new EU business has been secured.

The larger projects undertaken by Billington Structures during 2020 included:

- All England Tennis Club Indoor Facility - Wimbledon
- Better Barnsley Town Centre Redevelopment - Barnsley
- Magna Park Distribution Centres - Lutterworth

Towards the end of 2020 and into 2021 Billington Structures has seen a significantly improved outlook. Now operating at full utilisation, the business has, post period end, won further new business, including some higher margin contracts, and has a strong order book for the remainder of

the year. Whilst the detailed timing of certain projects remains uncertain, the order book is more balanced than it has been for some time, with a number of large projects, particularly for distribution warehouses and data centres in the UK regions outside of London.

Awards

It is pleasing to note that the Company secured the Tekla Sports and Recreation Project award for The Glass Works, Barnsley town centre redevelopment project, where the company delivered circa 3,500 tonnes of highly complex structural steelwork.

Furthermore, efforts were recognised for the Company's delivery of the London School of Economics Centre Building through receiving a commendation in the Structural Steel Design awards.

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.

Peter Marshall Steel Stairs was the least impacted by the pandemic of any of Billington's businesses and there was only minimal requirement for staff to be placed on furlough leave during the year. The business started the year with a very healthy order book and benefited from supplying to projects involving both Billington Structures and other large projects from the wider engineering and construction market. However, there was a modest reduction in turnover and profitability, when compared to 2019, due to the product mix and an increase in the proportion of supply only contracts.

Notable projects undertaken in 2020 included:

- Ocado Distribution Centres – Andover, Avonmouth and Purfleet
- Virtus Data Centre - London
- Amazon Fulfilment Centre - Swindon

The business entered 2021 with a positive order book. Since the year end the company has received its largest single order, and enjoys a robust market position, particularly when viewed against its smaller competitors, in what is a fragmented market.

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 the first half of the year the business was particularly impacted by Covid-19 related delays to the start of projects and project deferments, although a recovery was seen in the second half as sites reopened. The CJRS was utilised covering up to a maximum of 50 per cent of easi-edge's workforce in order to maintain employment, although staff were incrementally brought back to work as the year progressed and all had returned by the year end.

Projects undertaken by easi-edge in 2020 included:

- Milburngate Redevelopment – Tolent Construction - Durham

- Manchester College – Willmott Dixon - Manchester
- Barton Court School – Kier Construction - Canterbury

The target remains for easi-edge's stock to be utilised 85 per cent at any one time. 2020 started at this level, reducing to approximately 60 per cent during the lockdown in the first half and recovering to approximately 74 per cent by the year end.

The investments made in the business in 2019, adding to the stock available for hire, meant 2020 was a year of low capital expenditure, focusing on replacements where required. However, the business continues to innovate and easi-edge's new Core Safe product for the protection of lift shafts will be introduced to the market in the first half of 2021.

The business brought a good forward order book into 2021 and whilst certain projects continue to be delayed, particularly in the commercial office market, other sectors such as distribution warehouses are more buoyant, all be it with a lower use of easi-edge product per project. We believe easi-edge is very well positioned as the market recovers in one of the higher margin segments for the Group.

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.

hoard-it was not immune to the impact of the pandemic, particularly in the first half of the year, as the pandemic led to a pause in new site openings. At the height of the impact approximately 50 per cent of the hoard-it staff were on furlough leave. However, as on-site activities built back up to the best levels enjoyed historically in the fourth quarter, all staff returned to work and the team was further strengthened.

Notable projects in 2020 undertaken by hoard-it included:

- Various Nightingale Hospital sites
- Pinewood Studios – Sir Robert McAlpine - Slough
- Swindon Radiotherapy Centre – John Sisk - Swindon
- Prince Charles Hospital – Interserve – Merthyr Tydfil

Significant capital expenditure of approximately £600,000 to increase the hire stock level was undertaken in the second half of the year with the continuing focus on establishing the product as the number one choice for main contractors and developers in the construction industry.

Whilst hoard-it is experiencing some pricing pressure, it entered 2021 with a promising pipeline of new business, particularly in relation to hospital and school projects, and in the residential construction market, where hoard-it's range of printed boards and panels are proving attractive to developers looking for a professional and promotional site image.

Our People

Our workforce faced challenges in 2020 at a level never previously experienced, both in their working and personal lives as a result of the Covid-19 pandemic. I am pleased to say that they rose to these challenges, with new working practices implemented and both those working throughout the period

and those subject to a period of furlough leave showing the resilience and flexibility required to maintain the Group in a strong position.

As a result of the restructuring of certain roles, average staff numbers in 2020 decreased 5.0 per cent, with 361 employed at the year end. We anticipate a modest increase in staff numbers in 2021 as activity returns to pre-pandemic levels, although attracting sufficient, experienced, quality people remains a challenge for both Billington and the industry as a whole. 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.

Billington also 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.

Additionally, Billington continues as 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. In light of the Covid-19 pandemic our immediate priority in 2020 was to ensure the health and wellbeing of our staff and customers. Significant changes were made to the way we operate to allow for social distancing, home working by office staff where appropriate and to provide a healthy working environment for those working in our facilities and on sites.

Across the Group we continue to be actively involved in a number of initiatives both locally and nationwide to ensure the safety of our staff and to minimise the impact of our operations on the environment. 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 2020 the Health and Safety department, which had been further strengthened in 2019, worked 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.

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. In 2020 Billington has actively supported many charity programmes.

Throughout 2020, Billington donated to the likes of Macmillian, Mind, Barnsley Hospice as well as a range of local sports teams that our employees are involved with.

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 and monitors these on a regular basis.

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

In March 2020 we welcomed the news that the sale of British Steel to Chinese firm Jingye had been completed. The completed sale to Jingye has provided a degree of stability to the British steel industry, together with the anticipation of much needed investment, particularly in blast furnace refurbishment, which we understand awaits clarity on future environmental legislation.

Throughout 2020, the dominant theme has been the increase in steel prices. A near doubling in iron ore prices in the period, coupled with similar increases in scrap steel values, has led to consequential price increases in the wide range of steel products that the Group sources from a variety of steel producers worldwide. Since May 2020 these price increases have been in the order of 40 percent and the scale and speed of the price rises is unprecedented. Additionally challenges have been faced with the restricted supply of cold rolled steel and Brexit related issues with imports.

However, Billington benefits from its scale in the market and trading relationships with its primary supply chain, which together with a hedging strategy covering most projects up to six months out, mitigates the immediate impact. Although, over the longer term price rises have to be passed onto customers as far as possible.

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 volatility in steel prices and any variability in supply over the short term.

Prospects and Outlook

Whilst 2019 should be viewed as an exceptionally positive year for Billington, 2020 has been dominated by the impact of the Covid-19 pandemic and could be viewed in the opposite way. However, Billington fortunately entered 2020 in a strong position to navigate the difficulties ahead and remains today a profitable and significant player in the structural steel and safety solutions markets.

The major disruption caused by the Covid-19 pandemic in the first half of 2020 and through the summer months appears to have subsided and we enjoyed a return to more normal trading conditions in the later part of the year and into 2021.

The market remains very competitive and continued price escalation and availability of some raw materials remains a concern. Our strong partner relationships combined with strong controls and mechanisms ensures the Group is able to substantially mitigate these headwinds.

In conclusion, I would like to thank Billington's Board, employees, shareholders and all stakeholders for their unstinting support during these difficult times. Billington is a robust business, with good market positions and a committed workforce. As we emerge from the pandemic the outlook for Billington is encouraging and I look forward to the future with cautious optimism.

Mark Smith

Chief Executive Officer

12 April 2021

Financial Review

Consolidated Income Statement

	2020	2019
	£'000	£'000
Revenue	65,955	104,911
Operating profit	1,659	5,936
Profit before tax	1,667	5,931
Profit after tax	1,369	4,796
Profit for shareholders	1,369	4,796
Operating profit margin	2.5%	5.7%
Return on capital employed	13.9%	49.1%
Earnings per share (basic)	11.3p	39.8p

Revenue decreased 37.1 per cent year on year partly as a result of a reduction in output related to the structural steelwork activities of the Group as a consequence of the Covid-19 pandemic. Revenues in 2019 had significantly increased as a result of two significant projects being completed in the period, which were not repeated in 2020. Whilst construction activities in the UK were permitted to continue during the pandemic the Group experienced a number of project cancellations and deferrals impacting output. Forecasts indicate that the consumption of structural steelwork within the UK declined to 683,000 tonnes in 2020 from 858,000 tonnes in 2019, a fall of 20.4 per cent. Projections indicate that consumption will increase by 16.2 per cent to 794,000 tonnes in 2021 and a further 7.4 per cent to 853,000 tonnes in 2022, allowing the Group to look forward with optimism in the medium term as the UK recovers from the pandemic.

Operating margins reduced to 2.5 per cent in the year as a result of a difficult trading environment and reduced output from the Group. The operating margin achieved within the Safety Solutions entities, at 16.9 per cent (2019: 20.2 per cent), was very encouraging and demonstrated resilience during the period. The level of utilisation for the hire products within the Safety Solutions divisions was immediately impacted at the onset of the pandemic and remained behind the levels achieved in 2019 for the remainder of 2020, resulting in revenues decreasing 9 per cent in the period.

Earnings per share reduced from 39.8 pence in 2019 to 11.3 pence in 2020 representing a decrease in the result for shareholders of 71.6 per cent.

Cash management was a primary focus during the year. The gross cash balance of £15,126,000 at 31 December 2020 (31 December 2019: £17,856,000) was consistent with the balance in 2019 after adjusting for some exceptional contributory factors raising the balance in the comparative period. The average gross cash balance during the year was £15,300,000 (2019: £10,700,000). The continued strong cash position leaves the Group well placed to achieve both its short- and long-term objectives, while providing financial security in a cyclical industry.

Average staff numbers in 2020 decreased 5.0 per cent with a related overall fall in staff costs of 4.0 per cent year on year. Industry wide challenges remain in attracting sufficient quality resource across all disciplines and the Group anticipates a modest increase in staff numbers in 2021 as activity returns to pre pandemic levels.

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

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Non current assets	16,219	16,456
Current assets	33,340	33,548
Current liabilities	(18,866)	(21,724)
Non current liabilities	<u>(1,476)</u>	<u>(187)</u>
Total equity	<u>29,217</u>	<u>28,093</u>

At the onset of the pandemic the Group's large capital expenditure projects planned for the period were paused to enable cash to be preserved. As the initial lockdown was eased two significant projects were restarted, one relating to the replacement of a current machine and one relating to an expansion of the current service offering of the Group. At the year end both projects remained under construction and totalled £921,000.

Within non-current assets, property, plant and equipment increased by £285,000, represented by capital additions of £2,216,000, depreciation charges of £1,911,000 and net disposals of £20,000.

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 £1,683,000 along with a corresponding deferred tax liability of £320,000 has resulted in a net recognised surplus of £1,363,000. The scheme was closed to future accrual in 2011.

The net deferred tax liability at the year end was £476,000 (2019: £176,000), being a deferred tax liability of £156,000 (2019: asset of £199,000) related to temporary timing differences, combined with a deferred tax liability of £320,000 (2019: £375,000) related to the defined benefit pension scheme surplus.

The decrease of £208,000 in current assets included a decrease of £3,264,000 in inventories, an increase of £5,526,000 in trade and other receivables, and a decrease in the cash balance of £2,730,000.

Retention balances, contained within trade and other receivables outstanding at the year end, were £3,110,000 (2019: £3,364,000). It is anticipated that £2,921,000 will be received within one year and £189,000 in greater than one year.

The total fall of £2,858,000 in current liabilities principally comprised a decrease in trade and other payables of £826,000 along with a fall of £1,250,000 related to short term borrowings that were refinanced in the year upon their expiry.

Total equity increased by £1,124,000 in the year to £29,217,000. 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>2020</u>	<u>2019</u>
	£'000	£'000
Result for shareholders	1,369	4,796
Depreciation	1,911	1,814
Capital expenditure	(2,216)	(1,751)
Tax paid	(844)	(959)
Tax per income statement	298	1,135
(Increase)/decrease in working capital	(3,088)	5,378
Dividends paid	-	(1,565)
Net property loan movement	(250)	(250)
Others	90	(53)
Net cash (outflow)/inflow	<u>(2,730)</u>	<u>8,545</u>
Cash at beginning of year	17,856	9,311
Cash at end of year	<u>15,126</u>	<u>17,856</u>

Dividends were suspended to preserve cash resources in the period (2019: £1,565,000).

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>2020</u>	<u>2019</u>
	£'000	£'000
Inventories and work in progress	5,078	8,342
Accounts receivable	12,876	7,350
Accounts payable and financial instruments	<u>(18,607)</u>	<u>(19,433)</u>
Working capital at end of year	<u>(653)</u>	<u>(3,741)</u>

Cash balances at the year end totaled £15,126,000 and there were property loans outstanding of £1,250,000 representing a net cash position of £13,876,000 (2019: £16,356,000). 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 strong cash balance to be maintained 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. 2021 will note a modest increase in capital additions, primarily within the structural steel division of the Group. The additional capital expenditure will support both an increase in the range of services the Company can perform as well as replacing a number of aged machines with more efficient models 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.

Covid-19 Cash Preservation

Dividends payable in respect of 2019 were suspended in the period to allow the Group to maintain its cash resources.

Capital expenditure was, for a time, limited to necessary replacements only and significant projects were deferred for a period until the impact of Covid-19 was better understood. Pleasingly, two of the three projects planned for the period commenced towards the latter part of the year with the third project now anticipated to be completed in 2021.

During the year the Group utilised the CJRS to maintain the employment of individuals as a number of projects were deferred, delayed or cancelled. The Group claimed £730,000 from the CJRS in the year. While certain individuals remained on furlough leave in 2021 the Group has resolved not to claim any further monies under the CJRS.

At the onset of the pandemic HM Revenue and Customs permitted all companies to defer their VAT liabilities for the period 20 March 2020 to 30 June 2020. The Company utilised the facility and deferred £671,000 of VAT, this will be repaid in equal installments in the period April 2021 to March 2022.

Notwithstanding the continued strong cash position of the Group an additional contingent bank facility of £3,000,000 was put in place in March 2020 to mitigate the potential risk that construction activities would cease for period. Activities, albeit at lower levels were able to continue and the facility was not utilised in the year.

Pension Scheme

	2019	2019
	£'000	£'000
Scheme assets	9,292	8,552
Scheme liabilities	(7,609)	(6,347)
Surplus	1,683	2,205
Other finance income/(expense)	4	(6)
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 2020 was completed on 10 December 2020. The position of the scheme as at the date of the valuation was an asset position of £8,048,000 and a liability position of £7,776,000 resulting in a surplus of £272,000. At the valuation date of 31 March 2020, the equity market had been significantly impacted by the pandemic and as a consequence affected the value of the assets within the scheme. The FTSE 100 index at 31 March 2020 was 5,672 and has subsequently recovered to circa 6,600, an increase of some 16 per cent thus providing increased confidence of the financial position of the scheme in the long term. The next actuarial valuation is due to be completed as at 31 March 2023.

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

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 514,395 share options outstanding at an average exercise price of £0.43 per share (2019: 424,705 shares at £2.63 per share).

The charge included within the accounts in respect of issued options is £118,000 (2019: £97,000).

Trevor Taylor
Chief Financial Officer
12 April 2021

Consolidated income statement for the year ended 31 December 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
Revenue, excluding movements in work in progress			69,463		108,357
Decrease in work in progress			(3,508)		(3,446)
Revenue	5		65,955		104,911
Raw materials and consumables		40,514		73,995	
Other external charges		3,917		3,621	
Staff costs		16,028		16,700	
Depreciation		1,911		1,814	
Other operating charges		1,926		2,845	
			<u>(64,296)</u>		<u>(98,975)</u>
Operating profit	5		1,659		5,936
Share of post tax profit in joint ventures			-		-
Net finance income/(expense)			8		(5)
Profit before tax			1,667		5,931
Tax			<u>(298)</u>		<u>(1,135)</u>
Profit for the year			<u>1,369</u>		<u>4,796</u>
Profit for the year attributable to equity holders of the parent company			<u>1,369</u>		<u>4,796</u>
Earnings per share (basic and diluted)	3		<u>11.3 p</u>		<u>39.8 p</u>

All results arose from continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December 2020

	<u>2020</u>	<u>2019</u>
	£'000	£'000
Profit for the year	1,369	4,796
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of net defined benefit surplus	(526)	581
Movement on deferred tax relating to pension liability	<u>100</u>	<u>(98)</u>
	(426)	483
Items that will be reclassified subsequently to profit or loss		
Cash flow hedging		
- current year gains	<u>-</u>	<u>831</u>
	-	831
	<u>-</u>	<u>-</u>
Other comprehensive income, net of tax	<u>(426)</u>	<u>1,314</u>
Total comprehensive income for the year attributable to equity holders of the parent company	<u><u>943</u></u>	<u><u>6,110</u></u>

Consolidated balance sheet as at 31 December 2020

	2020		2019	
	£'000	£'000	£'000	£'000
Assets				
Non current assets				
Property, plant and equipment		14,536		14,251
Pension asset		1,683		2,205
Investments in joint ventures		-		-
Total non current assets		16,219		16,456
Current assets				
Inventories and work in progress	5,078		8,342	
Trade and other receivables	12,876		7,350	
Current tax receivable	260		-	
Cash and cash equivalents	15,126		17,856	
Total current assets		33,340		33,548
Total assets		49,559		50,004
Liabilities				
Current liabilities				
Current portion of long term borrowings	250		1,500	
Trade and other payables	18,607		19,433	
Lease liabilities	9		105	
Current tax payable	-		686	
Total current liabilities		18,866		21,724
Non current liabilities				
Long term borrowings	1,000		-	
Lease liabilities	-		11	
Deferred tax liabilities	476		176	
Total non current liabilities		1,476		187
Total liabilities		20,342		21,911
Net assets		29,217		28,093
Equity				
Share capital		1,293		1,293
Share premium		1,864		1,864
Capital redemption reserve		132		132
Other components of equity		(783)		(820)

Accumulated profits	<u>26,711</u>	<u>25,624</u>
Total equity	<u><u>29,217</u></u>	<u><u>28,093</u></u>

Consolidated cash flow statement for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Group profit after tax	1,369	4,796
Taxation paid	(844)	(959)
Interest received	41	43
Depreciation on property, plant and equipment	1,911	1,814
Share based payment charge	181	97
Profit on sale of property, plant and equipment	(274)	(331)
Taxation charge recognised in income statement	298	1,135
Net finance (income)/expense	(8)	5
Decrease in inventories and work in progress	3,264	3,669
(Increase)/decrease in trade and other receivables	(5,526)	177
(Decrease)/increase in trade and other payables	(826)	1,532
Net cash flow from operating activities	(414)	11,978
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,216)	(1,751)
Proceeds from sale of property, plant and equipment	294	341
Net cash flow from investing activities	(1,922)	(1,410)
Cash flows from financing activities		
Interest paid	(37)	(42)
Proceeds of bank and other loans	1,250	-
Repayment of bank and other loans	(1,500)	(250)
Capital element of leasing payments	(107)	(166)
Dividends paid	-	(1,565)
Net cash flow from financing activities	(394)	(2,023)
Net (decrease)/increase in cash and cash equivalents	(2,730)	8,545
Cash and cash equivalents at beginning of period	17,856	9,311
Cash and cash equivalents at end of period	15,126	17,856

Consolidated statement of changes in equity for the year ended 31 December 2020

	Share capital	Share premium	Capital redemption reserve	Other components of equity	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	1,293	1,864	132	(1,675)	21,837	23,451
Transactions with owners						
Dividends	-	-	-	-	(1,565)	(1,565)
Credit relating to equity-settled share based payments	-	-	-	-	97	97
ESOT movement in year	-	-	-	24	(24)	-
Transactions with owners	-	-	-	24	(1,492)	(1,468)
Profit for the financial year	-	-	-	-	4,796	4,796
Other comprehensive income						
Actuarial gain recognised in the pension scheme	-	-	-	-	581	581
Income tax relating to components of other comprehensive income	-	-	-	-	(98)	(98)
Financial instruments	-	-	-	831	-	831
Total comprehensive income for the year	-	-	-	831	5,279	6,110
At 31 December 2019	1,293	1,864	132	(820)	25,624	28,093

	Share capital	Share premium	Capital redemption reserve	Other components of equity	Accumulated profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	1,293	1,864	132	(820)	25,624	28,093
Transactions with owners						
Credit relating to equity-settled share based payments	-	-	-	-	181	181
ESOT movement in year	-	-	-	37	(37)	-
Transactions with owners	-	-	-	37	144	181
Profit for the financial year	-	-	-	-	1,369	1,369
Other comprehensive income						
Actuarial loss recognised in the pension scheme	-	-	-	-	(526)	(526)

Income tax relating to components of other comprehensive income	-	-	-	-	100	100
Total comprehensive income for the year	-	-	-	-	943	943
At 31 December 2020	1,293	1,864	132	(783)	26,711	29,217

The Group accumulated profits reserve includes a surplus of £1,363,000 (2019 - £1,830,000) relating to the net pension surplus.

Notes forming part of the Group financial statements for the year ended 31 December 2020

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 2020.

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 2020, 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 2020 statutory financial statements upon which the auditor's opinion is unqualified and did not contain a statement under either sections 498(2) or 498(3) of the Companies Act 2006. The audit report for the year ended 31 December 2019 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 2019 have been delivered to the Registrar of Companies. The 31 December 2020 accounts were approved by the directors on 12 April 2021, 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 £1,369,000 (2019: profit - £4,796,000) by 12,082,548 (2019: 12,052,554) 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) Reports, Accounts & AGM

The Annual Report and Accounts for the year ended 31 December 2020 will be available on the Company's website www.billington-holdings.plc.uk from no later than 11 May 2021.

The Annual General Meeting will be held on 1 June 2021 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.

31 December 2020	Structural Steelwork	Safety Solutions	Central	Total
Revenue				
From external customers	62,099	7,364	-	69,463
Decrease in work in progress	(3,508)	-	-	(3,508)
Segment revenues	58,591	7,364	-	65,955
Raw materials and consumables	(38,534)	(1,980)	-	(40,514)
Other external charges	(2,748)	(1,169)	-	(3,917)
Staff costs	(12,811)	(1,612)	(1,605)	(16,028)
Depreciation	(636)	(972)	(303)	(1,911)
Other operating charges	(3,475)	(389)	1,938	(1,926)
Segment operating profit	387	1,242	30	1,659
31 December 2019	Structural Steelwork	Safety Solutions	Central	Total
Revenue				
From external customers	100,233	8,124	-	108,357
Decrease in work in progress	(3,446)	-	-	(3,446)
Segment revenues	96,787	8,124	-	104,911
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

4,315

1,639

(18)

5,936

6) Dividend

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

A final dividend has been proposed in respect of 2020 of 4.25 pence per ordinary share (£550,000). As the distribution of dividends by Billington Holdings Plc requires approval at the shareholders' meeting, no liability in this respect is recognised in the consolidated financial statements.

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 continued positive trading performance in 2020 and cash flows are detailed in the Financial Review and they demonstrate the robust position of the Group heading into 2021.

The Group has a gross cash balance of £15.1 million at 31 December 2020 and no significant long-term borrowings or commitments.

The Directors have prepared forecasts covering the period to April 2022 and approved by the Board in March 2021. The uncertainty as to the future continued impact on the Group and the Company of the Covid-19 outbreak has been separately considered as part of the Directors' consideration of the going concern basis of preparation.

The continued support of the construction industry by the UK Government and the ability shown by the business to react and adapt to the challenges of the last twelve months provides a degree of confidence that the Group will be able to maintain its output throughout the current and any future lockdowns. Furthermore, the current orderbook secured for 2021 allows the Group to look forward with an increasing degree of optimism.

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.