

21 September 2021

Billington Holdings Plc
("Billington", the "Group" or the "Company")

Interim Results

Billington Holdings Plc (AIM: BILN), one of the UK's leading structural steel and construction safety solutions specialists, is pleased to announce its unaudited interim results for the six months ended 30 June 2021.

Highlights

	Unaudited six months to 30 June 2021	Unaudited six months to 30 June 2020	Percentage Movement
Revenue	£37.73m	£32.78m	15.1%
EBITDA	£1.73m	£1.59m	8.8%
Profit before tax	£0.76m	£0.61m	24.6%
Cash and cash equivalents	£13.19m	£17.48m	(24.5)%
Earnings per share (EPS)	5.1p	4.1p	24.4%

- Revenue increased by 15.1 per cent to £37.73 million (H1 2020: £32.78 million) following some noted recovery from the worst effects of the Covid-19 pandemic
- Profit before tax increased 24.6 per cent to £0.76 million (H1 2020: £0.61 million)
- Cash and cash equivalents decreased by 24.5 per cent to £13.19 million at 30 June 2021 (30 June 2020: £17.48 million and 31 December 2020: £15.13 million) with inventories and work in progress increasing to £14.38 million (30 June 2020: £7.25 million). The average cash balance during the period was £16.19 million (H1 2020: £14.68 million)
- The Group has seen an improvement in opportunities during the period, but trading conditions, including pressure on margins as a result of raw material price inflation, delays to project starts and supply constraints remain across the industry
- The Group has a strong current order book and pipeline of opportunities providing a solid foundation for the second half of 2021 and into 2022

Mark Smith, Chief Executive Officer of Billington, commented:

"The first half of the year saw the continuation of the recovery experienced in the later part of 2020 as the market recovered from the worst effects of the Covid-19 pandemic. The Group continued to face challenges, both from the impact of the Covid-19 pandemic and raw material price increases, together with supply constraints for certain materials and labour. However, whilst the overall market is challenging, the Directors believe the outlook for Billington is encouraging. The order book is at a consistently high level, comprising both delayed and new projects and the Group has good visibility of significant future prospects. We anticipate a further improvement in Group financial performance in the second half of the year,

although the precise outturn for the year will be dependent on the timing of certain contracts, combined with any effects from continuing material price inflation and supply constraints. Whilst market conditions remain challenging, I remain confident in the long term prospects for the Group.”

For further information please contact:

Billington Holdings Plc

Tel: 01226 340 666

Mark Smith, Chief Executive Officer

Trevor Taylor, Chief Financial Officer

WH Ireland Limited

Tel: 0207 220 1666

Chris Hardie

Jasper Berry

IFC Advisory Limited

Tel: 0203 934 6630

Tim Metcalfe

Graham Herring

Zach Cohen

Chief Executive Statement

Introduction

Following 2020, a year that was dominated by the impact of the Covid-19 pandemic, we saw the recovery evident in the later part of 2020 continue into the first half of 2021. Whilst the Covid-19 pandemic will continue to impact the demand for certain products and services for some time, revenues recovered by 15.1% to £37.73 million for the period.

Margin pressure remains across the industry and raw material price increases and the availability of certain products has been evident throughout the period although the signs are encouraging that these pressures have started to subside. However, we anticipate a further improvement in performance in the second half, whilst mindful of the continuing impact of the Covid-19 pandemic, particularly regarding the on-going delays to certain types of projects.

Billington remains a robust and profitable business, supported by a healthy balance sheet and committed workforce. The Group is well placed to take advantage of the significant number of opportunities at improving margin levels that are currently being presented.

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 15,000 tonnes. With facilities in Barnsley and Bristol and a heritage dating back over 70 years, the business is well recognised and respected in the industry with the capacity of processing over 50,000 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 many

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 the Group's structural steel business operated at near full capacity for much of the period, sub-contracting production as required to the longstanding, approved Group supply chain. Many of the projects undertaken were in areas not significantly impacted by the Covid-19 pandemic, such as large distribution warehouses, which have a larger steel content per man hour than more complex projects such as commercial offices, and as such attracted a lower, all be it positive margin. This work has enabled the efficient operation of the facilities and for the business to be well positioned for the future, particularly as projects in other sectors that have been delayed by the pandemic are restarted.

Billington Structures has a strong order book for the remainder of the year and is seeing significant future project opportunities. This includes a number of more complex projects at improving margin levels. Whilst the detailed timing of certain projects remains uncertain, the future prospects for Billington Structures are encouraging.

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, data, commercial offices, education, healthcare, rail and many more.

Peter Marshall Steel Stairs continued the strong performance seen in 2020 into the first half of the year, recording record revenues for a six-month period, with robust margins that have not been as heavily impacted as the Group's other structural steel businesses.

As one of the largest companies in its sector, during the period the company received its biggest single order, and enjoys a robust market position, particularly when viewed against its smaller competitors, in what is a fragmented market. It has a strong order book for the remainder of 2021 and into 2022.

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 2021, the business continued to suffer from Covid-19 related delays to the start of projects and a subdued commercial office market, although it remained a significant contributor to Group profits. The reduction in commercial office developments, in particular has a significant impact on easi-edge as these types of projects require a greater amount of product when compared to most other types of project, such as distribution warehouses, undertaken by the business.

However, easi-edge continues to see good opportunities, with utilisation forecast to increase throughout the remainder of 2021, although this is not expected to return to historic levels in the short to medium term.

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 enjoyed a strong first half of 2021 as projects resumed following the delays experienced in 2020

due to the Covid-19 pandemic. Projects were undertaken for both existing and new customers, as the client base expanded in line with the goal of ensuring the product is the number one choice for main contractors and developers in the construction industry, particularly 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. hoard-it also continued to add to its product offering and an expanded graphics capability was introduced in the first half, which is being utilised on both hoard-it's own products and on those produced by others.

Financial Results

Revenue and Profit Before Tax

Group revenue increased by 15.1 per cent in the period to £37.73 million (H1 2020: £32.78 million) as the worst impacts of the Covid-19 pandemic receded and some previously delayed projects started and new business was secured.

Despite the continuing challenging market and operating conditions, the Group remained profitable and profit before tax for the period was £0.76 million (H1 2020: £0.61 million), an increase of 24.6 per cent.

Earnings per Share

Earnings per share for continued operations for the first half of the year increased by 24.4 per cent to 5.1 pence (H1 2020: 4.1 pence).

Liquidity and Capital Resources

The Group's gross cash and cash equivalents as at 30 June 2021 was £13.19 million, approximately a £2 million reduction in the balance as at 31 December 2020 of £15.13 million. The cash balance at 30 June 2021 reflected good cash collection and certain modest customer pre-payments, offset by an increase in inventories and work in progress to £14.38 million (30 June 2020 £7.25 million, 31 December 2020 £5.08 million).

Capital expenditure

Following the restriction of capital expenditure in 2020 to primarily essential repairs and renewals to ensure reliable production and to maintain quality, a number of larger capital expenditure programmes have been completed or initiated in the first half of 2021. These include the replacement of a current obsolete machine at our Yate facility and the installation of additional equipment to expand the current service offering of the Group at the Shafton facility. Additionally, major works have commenced at Billington Structures' facility in Wombwell, Barnsley to improve efficiency and enable a larger amount of steel to be stocked, if appropriate, taking advantage of any beneficial price fluctuations. The Group will continue to actively invest in appropriate areas.

Dividend

In the first half of 2021 Billington resumed the payment of dividends with the declaration of a final dividend in relation to the year ended 31 December 2021 of 4.25 pence per share amounting to £550,000, which was 2.66 times covered by 2020 earnings. No final dividend was declared in the first half of 2020 in relation to the year ended 31 December 2019 as the dividend was suspended to preserve the Company's cash resources. No interim dividend for 2021 has been declared (2020: nil), a policy consistent with prior years.

Corporate Social Responsibility

Throughout the Covid-19 pandemic the focus has been on the welfare and protection of our dedicated workforce. At the outset of the pandemic the Company committed to ensuring that appropriate measures were implemented at all our facilities in a timely manner and in adherence to UK Government guidance, ensuring that social distancing can be maintained.

At the peak of the pandemic in 2020, 46 per cent of the workforce were placed on furlough leave. During the later part of 2020 and into the first half of 2021 all of those previously on furlough returned to work. However, the Group does continue to experience some Covid-19 related disruptions to its operations with staff required to isolate, presenting some operational challenges, particularly post period end.

The Company took the decision to not claim any further furlough monies from the UK Government from 1 January 2021.

Market and Economic Outlook

Over the past year iron ore prices have more than doubled with a consequential similar impact on steel prices. Whilst the Group operates many fixed price supply contracts and has arrangements in place to mitigate some of the increases, we have suffered escalation in consumables and ancillary products that we have not been able to pass on. Prices appear to be stabilising, however, government infrastructure based stimulus packages across the globe and the development of HS2 in the UK are providing further demand led inflationary pressures and are restricting the supply of certain steel products.

Many of the markets in which Billington operates remain constrained, with a number of the main construction contractors continuing under significant pressure as they deliver contracts that were tendered for some time ago before the current inflationary pressures have materialised. However, the Group continues to focus on projects with the more robust larger contractors that can deliver an appropriate margin and we assess the risks associated with individual projects on a case-by-case basis.

Following the completion of the takeover of British Steel by Jingye in March 2020 we saw some stability return to the UK steel supply market. However, the Group continues to face an escalation in the price of steel, although it looks to mitigate the risk associated with price escalation as far as possible using a number of mechanisms, including the forward purchasing of steel where appropriate, this is having an impact on cash usage as noted above. The Group is also looking at its longer-term steel procurement strategy in order to reduce its reliance on any one supplier.

Prospects and Outlook

The Group continued to face challenges in first half of the year, both from the continuing impact of the Covid-19 pandemic and raw material price increases, together with supply constraints for certain materials and labour. However, whilst the overall market continues to be challenging, the Directors believe the outlook for Billington is encouraging.

We remain in a financially robust position and well placed for the future. I believe we have weathered the worst of the pandemic well and as the market returns to more normal operating conditions we are well placed. A number of our competitors and supply companies have suffered to a much greater extent than Billington, with a number ceasing to trade in the period. This, in time will aid margin improvement across the industry and shall create opportunities to secure new business.

The order book continues to grow, comprising both delayed and new projects and the Group has significant future order prospects at improving margins. There are many larger, more complex projects in prospect, and the number and quality of enquires continues to improve. We are seeing opportunities in all sectors, particularly large retail distribution warehouses, data centres, 'Gigafactories', food processing developments, public sector works, rail infrastructure, together with a return of some commercial office

development projects. We anticipate a further improvement in Group financial performance in the second half of the year, although the precise outturn for the year will be dependent on the timing of certain key contracts, combined with any effects from continuing material price inflation and supply constraints. The Directors monitor the timing of contracts and the impact that has on our financial results closely, and we will update the market as to any material impact on market expectations when they become clear.

In closing, I would like to thank Billington's Board, employees, shareholders and all stakeholders for their continued support. Despite the market headwinds I look forward with optimism that the partial recovery seen in the first half will continue to gain traction in the remainder of the second half of the year and into 2022.

Mark Smith

Chief Executive

21 September 2021

Condensed consolidated interim income statement

Six months ended 30 June 2021

	Unaudited Six months to 30 June 2021 £'000	Unaudited Six months to 30 June 2020 £'000	Audited Twelve months to 31 December 2020 £'000
<i>Continuing operations</i>			
Revenue, excluding movements in work in progress	29,088	33,888	69,463
Increase/(decrease) in work in progress	8,645	(1,110)	(3,508)
Revenue	37,733	32,778	65,955
Raw material and consumables	24,324	20,524	40,514
Other external charges	2,189	1,719	3,917
Staff costs	8,050	7,605	16,028
Depreciation	969	979	1,911
Other operating charges	1,441	1,341	1,926
	36,973	32,168	64,296
Group operating profit	760	610	1,659
Share of post tax profit in joint ventures	-	-	-
Total operating profit	760	610	1,659
Net finance income	3	4	8
Profit before tax	763	614	1,667
Tax	(145)	(117)	(298)

Profit for the period from continuing operations and attributable to equity holders of the parent company	<u>618</u>	<u>497</u>	<u>1,369</u>
Earnings per share (basic and diluted) from continuing operations	<u>5.1 p</u>	<u>4.1 p</u>	<u>11.3 p</u>

Earnings per ordinary share has been calculated on the basis of the result for the period after tax, divided by the weighted average number of ordinary shares in issue in the period, excluding those held in the ESOT, of 12,103,647. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 12,064,500 for the period to 30 June 2020 and 12,082,548 for the year ended 31 December 2020.

Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2021

	Unaudited Six months to 30 June 2021 £'000	Unaudited Six months to 30 June 2020 £'000	Audited Twelve months to 31 December 2020 £'000
Profit for the period	618	497	1,369
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	(526)
Movement on deferred tax relating to pension liability	-	-	100
Other comprehensive income, net of tax	-	-	(426)
Total comprehensive income for the period attributable to equity holders of the parent company	<u>618</u>	<u>497</u>	<u>943</u>

Condensed consolidated interim balance sheet

As at 30 June 2021

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	Audited 31 December 2020 £'000
Assets			
<i>Non current assets</i>			
Property, plant and equipment	14,473	13,823	14,536
Pension asset	1,683	2,205	1,683
Investment in joint ventures	-	-	-
Total non current assets	16,156	16,028	16,219
<i>Current assets</i>			
Inventories and work in progress	14,380	7,246	5,078
Trade and other receivables	5,647	8,670	12,876
Current tax receivable	177	-	260
Cash and cash equivalents	13,192	17,475	15,126
Total current assets	33,396	33,391	33,340
Total assets	49,552	49,419	49,559
Liabilities			
<i>Current liabilities</i>			
Current portion of long term borrowings	250	1,375	250
Trade and other payables	18,116	19,050	18,607
Lease liabilities	-	38	9
Current tax payable	-	139	-
Total current liabilities	18,366	20,602	18,866
<i>Non current liabilities</i>			
Long term borrowings	875	-	1,000
Deferred tax liabilities	476	176	476
Total non current liabilities	1,351	176	1,476
Total liabilities	19,717	20,778	20,342
Net assets	29,835	28,641	29,217

Equity

Share capital	1,293	1,293	1,293
Share premium	1,864	1,864	1,864
Capital redemption reserve	132	132	132
Other reserve	(783)	(820)	(783)
Accumulated profits	<u>27,329</u>	<u>26,172</u>	<u>26,711</u>
Total equity	<u><u>29,835</u></u>	<u><u>28,641</u></u>	<u><u>29,217</u></u>

Condensed consolidated interim statement of changes in equity
(Unaudited)

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other components of equity £'000	Accumulated profits £'000	Total equity £'000
At 1 January 2020	1,293	1,864	132	(820)	25,624	28,093
Equity dividends	-	-	-	-	-	-
Credit related to equity-settled share based payments	-	-	-	-	51	51
Transactions with owners	-	-	-	-	51	51
Profit for the six months to 30 June 2020	-	-	-	-	497	497
Total comprehensive income for the period	-	-	-	-	497	497
At 30 June 2020	1,293	1,864	132	(820)	26,172	28,641
At 1 July 2020	1,293	1,864	132	(820)	26,172	28,641
Credit related to equity-settled share based payments	-	-	-	-	130	130
ESOT movement in period	-	-	-	37	(37)	-
Transactions with owners	1,293	1,864	132	37	93	130
Profit for the six months to 31 December 2020	-	-	-	-	872	872
Other comprehensive income	-	-	-	-	(526)	(526)
Actuarial gain recognised in the pension scheme	-	-	-	-	(526)	(526)
Income tax relating to components of other comprehensive income	-	-	-	-	100	100
Total comprehensive income for the period	-	-	-	-	446	446
At 31 December 2020	1,293	1,864	132	(783)	26,711	29,217

At 1 January 2021	1,293	1,864	132	(783)	26,711	29,217
Profit for the six months to 30 June 2021	-	-	-	-	618	618
Total comprehensive income for the period	-	-	-	-	618	618
At 30 June 2021	1,293	1,864	132	(783)	27,329	29,835

Condensed consolidated interim cash flow statement

Six months ended 30 June 2021

	Unaudited Six months to 30 June 2021 £'000	Unaudited Six months to 30 June 2020 £'000	Audited Twelve months to 31 December 2020 £'000
Cash flows from operating activities			
Group profit after tax	618	497	1,369
Taxation paid	(62)	(664)	(844)
Interest received	13	30	41
Depreciation on property, plant and equipment	969	979	1,911
Share based payment charge	-	51	181
Profit on sale of property, plant and equipment	(92)	(60)	(274)
Taxation charge recognised in income statement	145	117	298
Net finance income	(3)	(4)	(8)
(Increase)/decrease in inventories and work in progress	(9,302)	1,096	3,264
Decrease/(increase) in trade and other receivables	7,229	(1,320)	(5,526)
Decrease in trade and other payables	(491)	(383)	(826)
Net cash flow from operating activities	<u>(976)</u>	<u>339</u>	<u>(414)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(908)	(558)	(2,216)
Proceeds from sale of property, plant and equipment	94	67	294
Net cash flow from investing activities	<u>(814)</u>	<u>(491)</u>	<u>(1,922)</u>
Cash flows from financing activities			
Interest paid	(10)	(26)	(37)
Proceeds of bank and other loans	-	-	1,250
Repayment of bank and other loans	(125)	(125)	(1,500)
Capital element of leasing payments	(9)	(78)	(107)
Net cash flow from financing activities	<u>(144)</u>	<u>(229)</u>	<u>(394)</u>
Net decrease in cash and cash equivalents	(1,934)	(381)	(2,730)
Cash and cash equivalents at beginning of period	<u>15,126</u>	<u>17,856</u>	<u>17,856</u>
Cash and cash equivalents at end of period	<u>13,192</u>	<u>17,475</u>	<u>15,126</u>

Notes to the interim accounts - as at 30 June 2021

Segmental Reporting

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.

	Unaudited Six months to 30 June 2021 £000	Unaudited Six months to 30 June 2020 £000	Audited Twelve months to 31 December 2020 £000
Analysis of revenue (including movement in WIP)			
Structural Steelwork	33,830	29,549	58,951
Safety Solutions	3,903	3,229	7,364
Other	-	-	-
Consolidated total	<u>37,733</u>	<u>32,778</u>	<u>65,955</u>

Analysis of Group operating profit before finance income

Structural Steelwork	306	(56)	387
Safety Solutions	438	661	1,242
Other	16	5	30
Consolidated total	<u>760</u>	<u>610</u>	<u>1,659</u>

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2021. They have been prepared with regard to the requirements of IFRS. The financial information set out in these consolidated interim financial statements does not constitute statutory accounts as defined in S434 of the Companies Act 2006. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020 which contained an unqualified audit report and have been filed with the Registrar of Companies. They did not contain statements under S498 of the Companies Act 2006.

These consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these consolidated interim financial statements.

Dividends

In the first half of 2021 Billington Holdings Plc declared a final dividend of 4.25 pence per share amounting to £550,000. No interim dividend for 2021 has been declared (2020: nil).

These results were approved by the Board of Directors on 20 September 2021.