

19 September 2023

Billington Holdings Plc

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

Interim Results for the six months to 30 June 2023

A record first half performance by the Group

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 2023.

	Unaudited six months to 30 June 2023	Unaudited six months to 30 June 2022	Percentage Movement
Revenue	£60.15m	£46.19m	30.2%
EBITDA*	£5.67m	£2.35m	141.3%
Adjusted profit before tax**	£4.96m	£1.47m	237.4%
Profit before tax	£4.60m	£1.30m	253.8%
Cash and cash equivalents	£10.82m	£5.31m	103.8%
Return on Capital Employed (ROCE)***	38.3%	13.2%	190.2%
Basic Earnings per share (EPS)	28.8p	8.7p	231.0%

* Earnings before interest, tax, depreciation and amortisation

** before share based payments of £0.36 million (H1 2022: £0.17 million)

*** annualised operating profit divided by average net assets, adjusted for cash and defined benefit pension scheme

Highlights

- Revenue increased by 30.2 per cent to £60.15 million (H1 2022: £46.19 million), representing record first half revenues for the Group
- Adjusted profit before tax** increased by 237.4 per cent to £4.96 million (H1 2022: £1.47 million), an excellent performance achieved by the Group
- Continuing strong cash and cash equivalents balance of £10.82 million as at 30 June 2023 (31 December 2022: £11.63 million and 30 June 2022: £5.31 million). Disciplined cash management with inventories and contract work in progress increasing to £20.44 million (30 June 2022: £16.28 million) and trade and other receivables increasing to £17.56 million (30 June 2022: £13.17 million), primarily as a result of the increased volume of work being undertaken by the Group

- The Group delivered a very strong performance in the period across all its business units and is currently trading ahead of the Board’s previous expectations for the full financial year. Significant work in progress, a good current order book and a positive pipeline of opportunities provides confidence for a continued strong performance in the second half of the year

Mark Smith, Chief Executive Officer of Billington, commented:

“The first half of 2023 saw Billington achieve record first half revenues and good profits, with a strong performance across all its business units. The Group has been successful in securing a number of significant contracts and has a very healthy pipeline of current and potential business, with significant work in progress. The Group is benefiting from its investment in its capabilities, facilities and people to strengthen its market position and secure contracts at more attractive margins. Whilst we remain mindful of continuing inflationary pressures and an uncertain macroeconomic outlook, we anticipate a robust performance in the second half of the year for the Group.

“I believe that Billington is very well positioned to deal with market challenges and I now expect the Group to deliver profits for the full year ahead of previous Board expectations.”

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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. <https://billington-holdings.plc.uk/>

Investor Presentation

Billington's CEO, Mark Smith, and CFO, Trevor Taylor, will be hosting an interactive presentation on the Investor Meet Company platform at 3.00 p.m. today, Tuesday 19 September 2023. The presentation is open to all existing and potential shareholders. Questions can be submitted at any

time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet Billington via:

<https://www.investormeetcompany.com/billington-holdings-plc/register-investor>

Investors who already follow Billington on the Investor Meet Company platform will automatically be invited.

Change of Name of Nominated Adviser and Broker

The Company also announces that its Nominated Adviser and Broker has changed its name to Cavendish Capital Markets Ltd following completion of its own corporate merger.

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

CHIEF EXECUTIVE STATEMENT

Introduction

The first half of 2023 saw a further recovery in the market following the Covid-19 pandemic disruptions and the Group achieved record first half revenues and profits. The Group's revenues increased by 30.2 per cent to £60.15 million for the period (H1 2022: £46.19 million) and despite margin pressures remaining across the industry, profit before tax increased by 253.8 per cent to £4.60 million (H1 2022: £1.30 million), the highest ever first half level achieved by the Group. The Group is also now debt free, having repaid the remaining outstanding debt in January 2023.

The Group has been successful in securing a number of significant contracts at improved margin levels and has a healthy pipeline of current and potential business, with significant work in progress. Whilst we remain mindful of continuing inflationary pressures and an uncertain macroeconomic outlook, we anticipate a continued strong performance in the second half of the 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 10,000 tonnes. With two facilities in Barnsley and a further facility in Bristol and with a heritage dating back over 75 years, the business is well recognised and respected in the industry with the capacity to process 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 for growth as well as allowing for the supply of value added, complementary products and services enhancing the comprehensive offering of the Group.

Although the market continues to be unsettled, with a number of projects being deferred or cancelled, during the first half of the year the Group's structural steel businesses continued to operate at near full capacity, with benefits being seen from increases to capacity following recent efficiency and process improvements, driven by the Group's investment in capital equipment and people. Furthermore, some modest softening in some of the Company's primary raw material prices in the period has aided the enhancement of margin on some projects.

Many of the projects undertaken were at higher margins than those achieved in 2022 and the business continues to serve a wide variety of markets, with a good spread of customers. Particularly strong demand is being seen in the energy from waste, high-tech manufacturing, infrastructure and data centre areas. Whilst large office developments remain limited and industrial warehousing development has slowed, Billington Structures continued to secure contracts in these areas.

Billington Structures has a healthy order book, providing good visibility into 2024, and this allows us to look forward with cautious optimism to a continued strong performance.

Specialist Protective Coatings

In March 2022 the Group announced the formation of a new subsidiary, Specialist Protective Coatings Ltd ("SPC"), focussed on surface preparation and the application of protective coatings for products across a variety of sectors including rail, highways, defence, petrochemical, energy, structural steel and infrastructure. SPC was formed following the Company's acquisition of the trading assets of Orrmac Coatings Ltd ("Orrmac Coatings"), a specialist painting company based in Sheffield, UK.

Since Billington acquired the trading assets of Orrmac Coatings, based in a 55,000 square foot facility in Sheffield, it has undergone a substantial refurbishment and an investment programme to ensure the facility is able to effectively service the most demanding of projects, including shotblasting and lifting capabilities for steel assemblies that are amongst the largest in the UK.

The business has made excellent progress since its formation and it is now fully integrated within the Group, servicing both internal Billington work and external customers. During the period SPC operated at near full capacity and is now trading profitably. In addition, the Group has expanded its dedicated on-site painting service to enable SPC to be a one-stop-shop for the painting requirements of the structural steel sector.

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 its strong performance in the period, maintaining robust margins and undertaking substantial work as part of contracts with Billington Structures and for third parties. During the period the business received orders from a variety of sectors and enjoys a secure market position, as one of the largest companies in its sector, in what is a fragmented market. The outlook for Peter Marshall Steel Stairs continues to be positive and the business has a strong order book for the remainder of 2023 and into 2024.

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 legislative driven market.

Easi-Edge remains a significant and consistent contributor to Group profits, although the business continued to experience lower than pre-Covid-19 pandemic utilisation rates for its solutions in the first half. This is primarily as a result of the continued limited number of commercial office developments currently being undertaken, as these types of projects require a greater amount of product when compared to most other types of projects, such as distribution warehouses.

However, Easi-Edge does continue to secure opportunities in those buoyant market sectors where new developments are being undertaken.

Hoard-it

Hoard-it produces a specialised 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 again enjoyed a very strong performance in the first half of 2023, with significant growth, as new projects were secured, and others resumed following the delays experienced due to the Covid-19 pandemic. Hoard-it further expanded its graphics capability, Brand-it, which was introduced in 2021. This is a value added, margin enhancing product, that has also been a catalyst for the strong H1 performance. Brand-it's offering is being utilised on both Hoard-it's own products and on those produced by others.

Whilst material price inflation continued to be experienced in the early part of the year, a recent softening of material costs, in particular timber, gives further confidence that margins can be maintained. Hoard-it has also benefited from its investment in stock levels in advance of anticipated demand, enabling rapid deployment of its solutions.

Financial Results

Revenue and Profit Before Tax

Group revenue increased by 30.2 per cent in the period to £60.15 million (H1 2022: £46.19 million), a record first half performance for Billington, as the Group successfully executed a number of significant contracts at improved margin levels. This led to profit before tax for the period improving to £4.60 million (H1 2022: £1.30 million), an increase of 253.8 per cent on H1 2022.

Basic Earnings per Share (EPS)

Basic earnings per share for the first half of the year increased by 231.0 per cent to 28.8 pence (H1 2022: 8.7 pence).

Liquidity and Capital Resources

Continuing strong cash and cash equivalents balance of £10.82 million as at 30 June 2023 (31 December 2022: £11.63 million and 30 June 2022: £5.31 million). Disciplined cash management with inventories and contract work in progress increasing to £20.44 million (30 June 2022: £16.28 million) and trade and other receivables increasing to £17.56 million (30 June 2022: £13.17 million), primarily as a result of the increased volume of work being undertaken by the Group.

Capital Expenditure

During the period the Group continued its planned capital expenditure programme to facilitate efficiency improvements, increase certain manufacturing capacities and to replace obsolete equipment. The largest project undertaken in the period was the delivery and installation of a new saw and drill line at Billington Structures' Bristol facility, which was fully operational by the period end.

The Group will continue to actively invest in appropriate areas, whilst being mindful of the returns achievable from capital investment in light of ongoing equipment price inflation.

Production Resources

Billington, alongside the wider steel industry has faced challenges with the recruitment of sufficient skilled production labour at its facilities. In order to address these issues the Group has focussed its activities in two key areas; the recruitment of overseas labour and the enhancement of locally based training, in particular to increase the recruitment of skilled fabricators and welders.

In the first half of 2023 the Group completed the initial phase of its overseas recruitment programme and has now welcomed 37 new staff members from overseas. These new staff members, who comprise approximately 10% of the total Group workforce, have already provided a valuable contribution to the Group's capabilities, allowing capacity to be increased and demand to be serviced. Billington has assisted these new recruits to settle in the UK and is providing certain ongoing assistance with housing.

The Group continues to recognise the importance of training and developing skilled labour locally, working in partnership with a number of education providers. In particular, Billington, in combination with Betterweld, a specialist training provider, has finalised an agreement with Barnsley College to set up a regional training centre to provide fabrication/welding training at the Group's Shafton facility. This training centre is expected to be operational from October 2023 and will provide the Group ongoing access to an increased number of trained personnel for the Group's two Barnsley based facilities.

Dividend

In the first half of 2023 Billington declared a final dividend in relation to the year ended 31 December 2022 of 15.5 pence per share amounting to £2.00 million, which was 2.52 times covered by 2022 underlying earnings. This dividend represented the largest ever dividend declared by the Company. No interim dividend for 2023 has been declared (2022: nil), a policy consistent with prior years.

Market and Economic Outlook

During the period a degree of stability returned on the supply side and the Group experienced none of the supply issues seen over the last few years. There was some softening in steel prices, which has assisted margins in the short term and energy costs were lower than anticipated at the start of the year. This stability is expected to remain over the next 12 months.

The Group continues to benefit from significant projects in energy from waste, high-tech manufacturing, infrastructure and data centre facilities. However, some of the markets in which Billington operates continue to see reduced levels of activity from historic levels, particularly large office developments, and industrial warehousing development, with less speculative development being undertaken.

We are conscious that a number of the main construction contractors continue to operate under significant pressure and the Group has experienced deferred and cancelled contracts. The Group insures its exposures with the maximum available cover, in a continuing difficult credit insurance market, and focuses on projects with the more robust larger contractors that can deliver an appropriate margin. We have a robust process in place to assess the risks associated with individual projects on a case-by-case basis to reduce and mitigate the associated risks where possible.

Prospects and Outlook

The first half of the year was a period of significant growth across the Group, with record first half sales and profits being delivered. Whilst the macroeconomic background remains uncertain, we have a significant level of work in progress, are seeing a consistent stream of opportunities at attractive margins and have a very healthy order book. Billington is a robust business, with a strong market position, and debt free.

I am very pleased with the performance across the Group in the first half of 2023 and I would like to thank Billington's Board, employees, shareholders and all stakeholders for their continued support.

I believe that Billington is very well positioned to deal with any market challenges and I now expect the Group to deliver profits for the full year ahead of previous Board expectations.

Mark Smith
Chief Executive
19 September 2023

Condensed consolidated interim income statement
Six months ended 30 June 2023

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Twelve months to 31 December Total 2022 £'000
Revenue	60,154	46,189	86,614
Raw material and consumables	(37,712)	(30,581)	(51,277)
Other external charges	(2,660)	(2,277)	(4,792)
Staff costs	(11,675)	(9,280)	(19,566)
Depreciation	(1,100)	(1,023)	(2,044)
Other operating charges	(2,437)	(1,702)	(3,024)
	(55,584)	(44,863)	(80,703)
Operating profit	4,570	1,326	5,911
Net finance charge/(income)	29	(27)	(82)
Profit before tax	4,599	1,299	5,829
Tax	(1,081)	(247)	(1,095)
Profit for the period attributable to equity holders of the parent company	3,518	1,052	4,734
Basic earnings per share	28.8p	8.7p	39.1p
Diluted earnings per share	27.0p	8.7p	37.8p

Condensed consolidated interim statement of comprehensive income

Six months ended 30 June 2023

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Twelve months to 31 December 2022 £'000
Profit for the period	3,518	1,052	4,734
Other comprehensive income			
Remeasurement of net defined benefit surplus	-	-	(486)
Movement on deferred tax relating to pension liability	-	-	122
Other comprehensive income, net of tax	-	-	(364)
Total comprehensive income for the period attributable to equity holders of the parent company	3,518	1,052	4,370

Condensed consolidated interim balance sheet

As at 30 June 2023

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Assets			
Non current assets			
Property, plant and equipment	20,023	16,581	19,264
Investment property	464	-	464
Pension asset	2,174	2,673	2,174
Total non current assets	22,661	19,254	21,902
Current assets			
Inventories	2,039	2,635	3,334
Contract work in progress	18,398	13,645	13,548
Trade and other receivables	17,557	13,167	10,258
Current tax receivable	-	233	-
Cash and cash equivalents	10,821	5,306	11,634
Total current assets	48,815	34,986	38,774
Total assets	71,476	54,240	60,676
Liabilities			
Current liabilities			
Current portion of long term borrowings	-	250	250
Trade and other payables	31,384	20,849	22,044
Lease liabilities	153	48	143
Current tax payable	369	-	69
Total current liabilities	31,906	21,147	22,506
Non current liabilities			
Long term borrowings	-	625	500
Lease liabilities	1,721	1,106	1,798
Deferred tax liabilities	1,525	1,108	1,525
Total non current liabilities	3,246	2,839	3,823
Total liabilities	35,152	23,986	26,329
Net assets	36,324	30,254	34,347
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	(761)	(770)	(761)
Accumulated profits	33,796	27,735	31,819
Total equity	36,324	30,254	34,347

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 2022	1,293	1,864	132	(770)	26,873	29,392
Equity dividends	-	-	-	-	(363)	(363)
Credit related to equity-settled share based payments	-	-	-	-	173	173
Transactions with owners	-	-	-	-	(190)	(190)
Profit for the six months to 30 June 2022	-	-	-	-	1,052	1,052
Total comprehensive income for the period	-	-	-	-	1,052	1,052
At 30 June 2022	1,293	1,864	132	(770)	27,735	30,254
At 1 July 2022	1,293	1,864	132	(770)	27,735	30,254
Dividends	-	-	-	-	142	142
Credit related to equity-settled share based payments	-	-	-	-	633	633
ESOT movement in period	-	-	-	9	(9)	-
Transactions with owners	-	-	-	9	766	775
Profit for the six months to 31 December 2022	-	-	-	-	3,682	3,682
Other comprehensive income						
Actuarial losses recognised in the pension scheme	-	-	-	-	(486)	(486)
Income tax relating to components of other comprehensive income	-	-	-	-	122	122
Total comprehensive income for the period	-	-	-	-	3,318	3,318
At 31 December 2022	1,293	1,864	132	(761)	31,819	34,347
At 1 January 2023	1,293	1,864	132	(761)	31,819	34,347
Dividends	-	-	-	-	(1,899)	(1,899)
Credit related to equity-settled share based payments	-	-	-	-	358	358
Transactions with owners	-	-	-	-	(1,541)	(1,541)

Profit for the six months to 30 June 2023	-	-	-	-	3,518	3,518
Total comprehensive income for the period	-	-	-	-	3,518	3,518
At 30 June 2023	1,293	1,864	132	(761)	33,796	36,324

Condensed consolidated interim cash flow statement

Six months ended 30 June 2023

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Twelve months to 31 December 2022 £'000
Cash flows from operating activities			
Group profit after tax	3,518	1,052	4,734
Taxation (paid)/received	(780)	199	192
Interest received	70	6	26
Depreciation on property, plant and equipment	1,100	1,023	2,044
Share based payment charge	358	173	806
Profit on sale of property, plant and equipment	(177)	(105)	(309)
Taxation charge recognised in income statement	1,081	247	1,095
Net finance (income)/charge	(29)	27	82
Increase in inventories and contract work in progress	(3,555)	(4,129)	(4,731)
(Increase)/decrease in trade and other receivables	(7,299)	(951)	1,958
Increase/(decrease) in trade and other payables	7,441	(969)	709
Net cash flow from operating activities	1,728	(3,427)	6,606
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,887)	(1,602)	(4,516)
Purchase of investment property	-	-	(404)
Proceeds from sale of property, plant and equipment	205	118	348
Net cash flow from investing activities	(1,682)	(1,484)	(4,572)
Cash flows from financing activities			
Interest paid	(42)	(13)	(95)
Repayment of bank and other loans	(750)	(125)	(250)
Capital element of leasing payments	(67)	(27)	(74)
Dividends paid	-	-	(363)
Net cash flow from financing activities	(859)	(165)	(782)
Net (decrease)/increase in cash and cash equivalents	(813)	(5,076)	1,252
Cash and cash equivalents at beginning of period	11,634	10,382	10,382
Cash and cash equivalents at end of period	10,821	5,306	11,634

Total cash and cash equivalents

10,821	5,306	11,634
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Notes to the interim accounts – as at 30 June 2023

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, Peter Marshall Steel Stairs Limited and Specialist Protective Coatings 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 30th June 2023 £000	Unaudited Six months to 30th June 2022 £000	Audited Twelve months to 31st December 2022 £000
Analysis of revenue			
Structural Steelwork	54,702	40,975	75,977
Safety Solutions	5,452	5,214	10,637
Other	-	-	-
Consolidated total	60,154	46,189	86,614

Analysis of operating profit before finance income

Structural Steelwork	4,309	612	4,400
Safety Solutions	646	739	1,902
Other	(385)	(25)	(391)
Consolidated total	4,570	1,326	5,911

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2023. 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 2022 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 2023 Billington Holdings Plc declared a final dividend of 15.5 pence (2022: 3.0 pence) per share amounting to £2,005,000 (2021: £388,000) to its equity shareholders. Dividends are recorded as declared and are accrued within creditors at the period end. The dividend was subsequently paid in July 2023. No interim dividend for 2023 has been declared (2022: nil).

These results were approved by the Board of Directors on 18 September 2023.