



Interim Results for the Six Months Ended 30 June 2022

September 2022

Presentation Team



Mark Smith
Chief Executive Officer



Trevor Taylor
Chief Financial Officer

Noma 4 Angel Square, Manchester



Executive Summary

"Billington is a leading structural steelwork specialist"

- Turnover and profit has increased in the period as the Group recovered from the impact of the pandemic at the start of the year.
- In line with the Group's strategy to improve efficiencies and operating margins along with the establishment of the Group's specialist treatment operation, positive progress has been made.
- Strong cash management and utilisation of resources to enhance margins and protect material supply.
- Strategic capital investment plan progressed in the year.
- Post period end the Group has secured a good volume of work in buoyant market sectors at improved margins, upgrading expectations for FY22 and FY23.



Financial Highlights

Wellington Place, Leeds

- A number of challenging legacy contracts carried over from 2021 into 2022 have been resolved.
- Capital investment programmes ongoing, further utilising the super-deduction scheme.
- The operational and inflationary pressures noted as a result of the Ukraine conflict have been largely mitigated. Cash resources have been temporarily utilised to enhance and protect margins on contracts.
- Gross (net) cash balance of £5.31m (£4.43m) at the period end. Since the period end the gross cash balance has returned to a more normalised level of £11.35m at 26 September 2022.
- Record activity levels in Hoard-it with turnover growth of 55% from H1 2021.
- Fixed price contracts for the Group's energy requirements remain in place until 2023, to date partially mitigating the direct impact to the Group in the short term.
- Main contractors' financial stability under constant review, with a number of insolvencies noted in the period.



Income Statement

£'000	Six months to 30 June 2022	Six months to 30 June 2021
Revenue	46,189	37,733
Total costs (excluding depreciation)	43,840	36,004
Adjusted EBITDA*	2,522	1,729
EBITDA	2,349	1,729
Depreciation	1,023	969
Group operating profit	1,326	760
Net finance (expense)/income	(27)	3
Adjusted profit before tax*	1,472	763
Profit before tax	1,299	763
Taxation	(247)	(143)
Profit from continuing operations	1,052	618
Adjusted earnings per share*	10.1p	5.1p
Earnings per share	8.7p	5.1p

* Before share based payments

Balance Sheet

"Strong asset backed balance sheet"

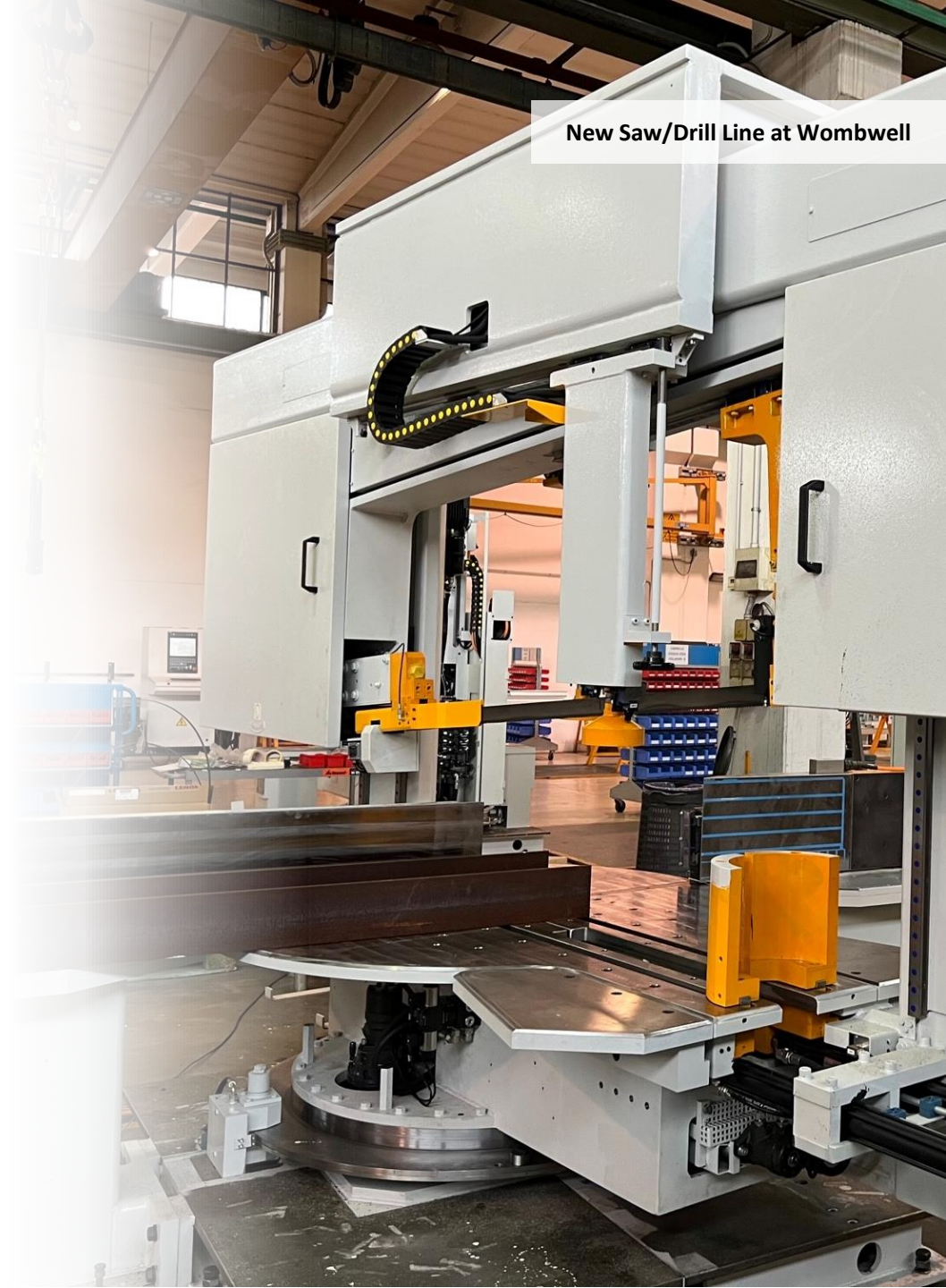
£'000	30 June 2022	30 June 2021
Non-current assets	19,254	16,156
Current assets	34,896	33,396
Total assets	54,240	49,552
Current liabilities	(20,849)	(18,366)
Non-current liabilities	(2,839)	(1,351)
Total liabilities	(23,986)	(19,717)
Net assets	30,254	29,835

Continued Capital Investment

2022 Capital Investment	£m
New Gemini Plate Processing Machine (Shafton)	0.59
New Valiant Saw/Drill Line (Wombwell) ¹	0.90
SPC Investment – to date	0.31
Electromagnetic Lifting Beam (Shafton)	0.05
Hoard-it Hire Stock	0.19
Group Vehicles	0.16
Total	2.20

¹ Full project value – installation complete September 2022

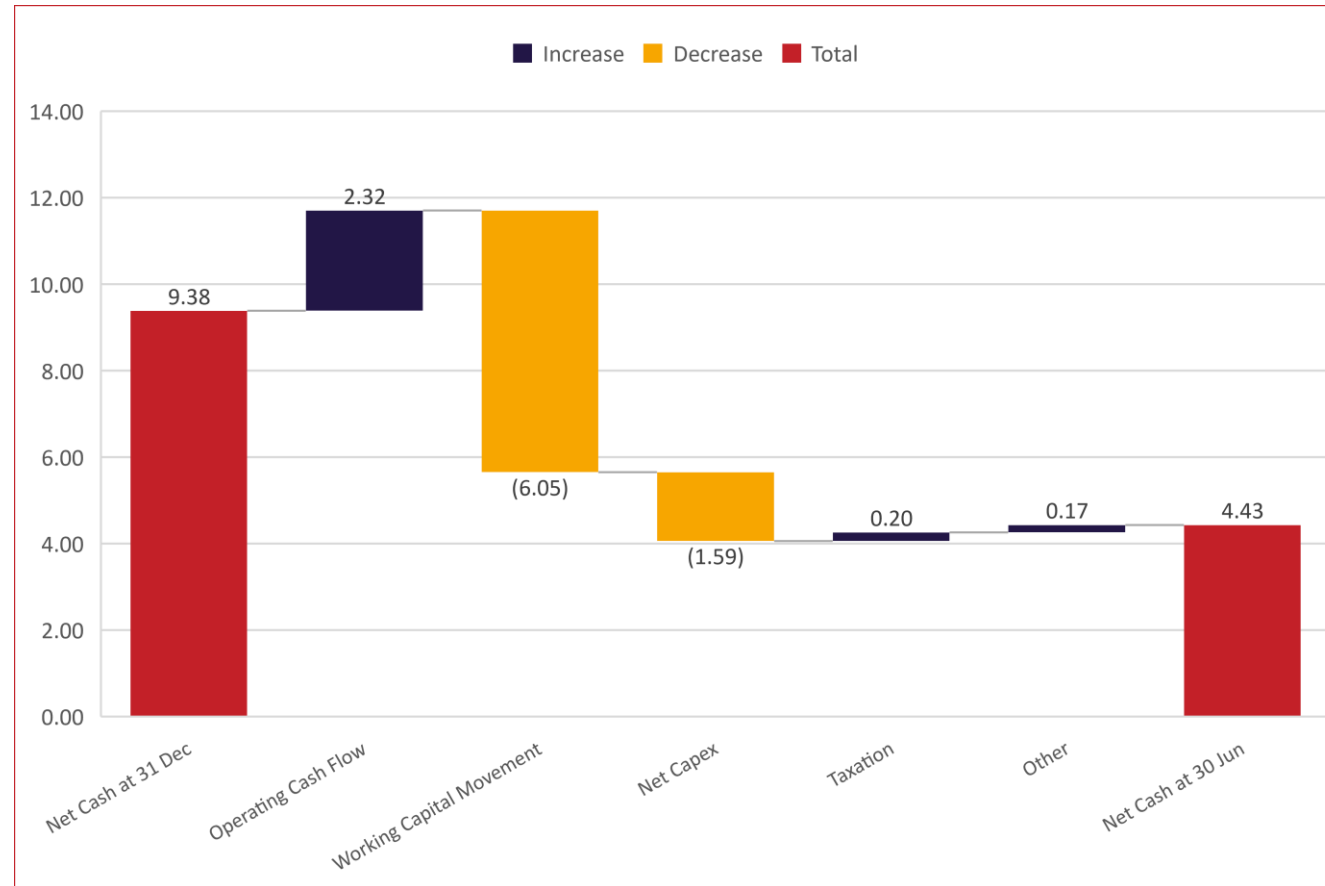
- Recent HSE guidance regarding weld fume extraction will note a significant investment in H2 at all Group fabrication facilities.
- New state of the art automated shotblast machine due for installation into SPC in October 2022.



Cash Flow

£'000	30 June 2022	30 June 2021
Profit after tax	1,052	618
Net cash flow from operating activities	(4,479)	(1,594)
Net cash flow from investing activities	(1,484)	(814)
Net cash from financing activities	(165)	(144)
Cash at beginning of period	10,382	15,126
Cash at end of period	5,306	13,192

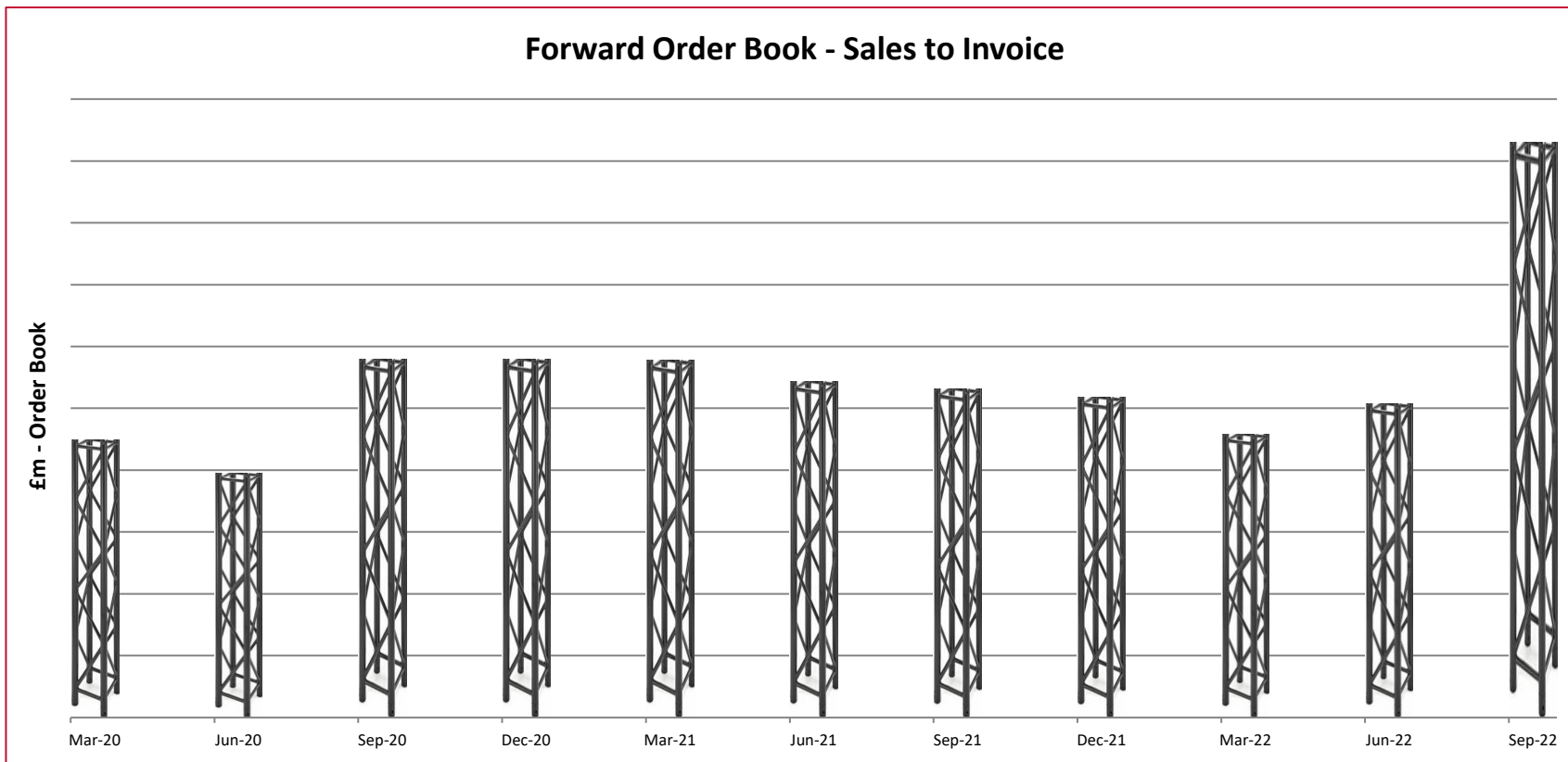
Net Cash Movement 2022



- Gross (net) cash balance of £5.31m (£4.43m) at the period end. Since the period end the gross cash balance has returned to a more normalised level of £11.35m at 26 September 2022

Forward Order Book

“Forward order book 75% higher than September 21”



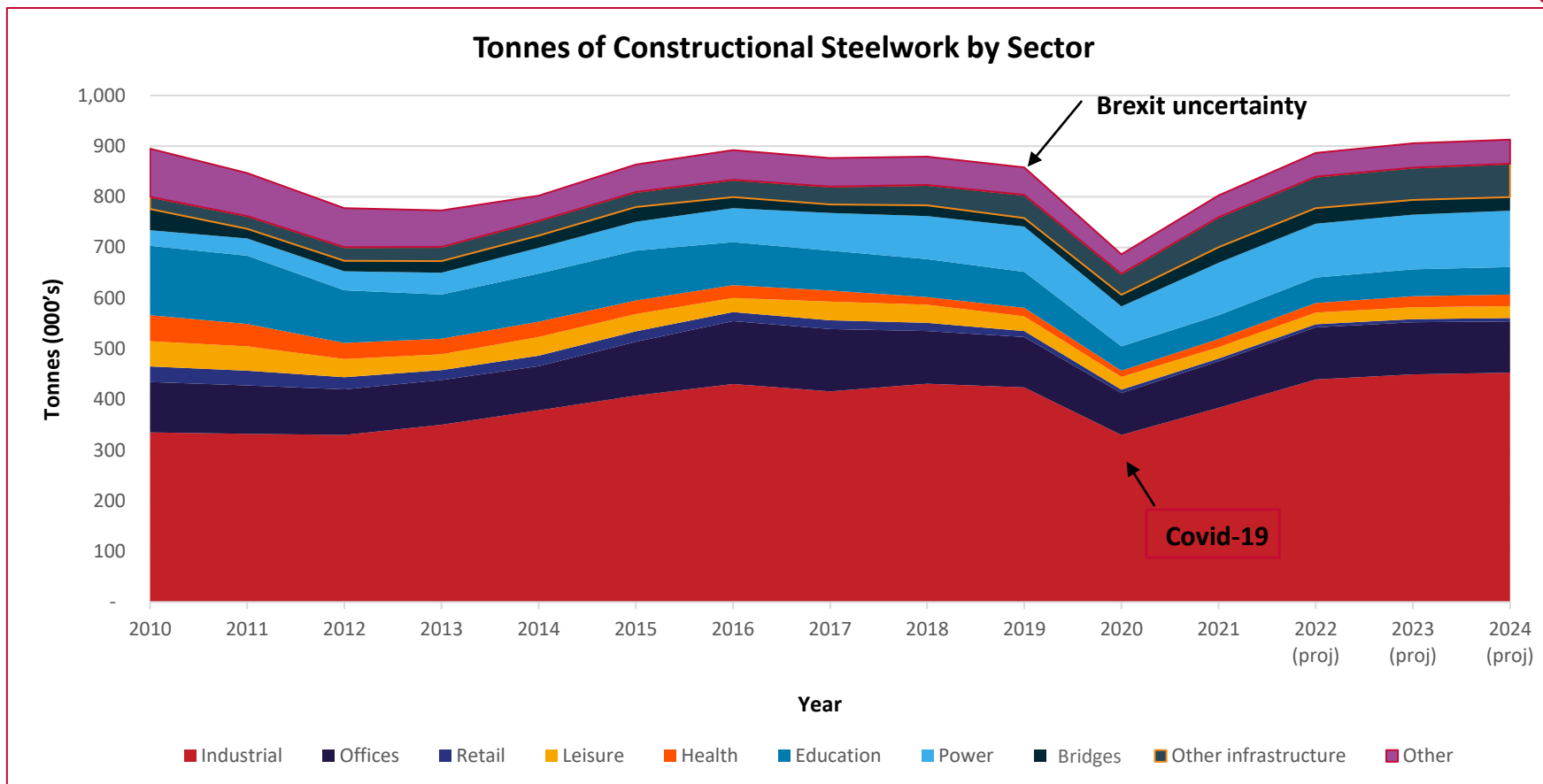
The Wider Steel Market

- Volatility in the cost of steelmaking raw materials combined with the escalating energy price has resulted in further steel price increases.
- To date no interruption of supply has been noted to steel sections in the UK market.
- Russia/Ukraine conflict significantly impacted plate availability in the UK and as a consequence there has been substantial price escalation. The Company sought to protect itself against the plate shortage through directly importing material into the UK.
- Cash resources temporarily utilised to maintain price and availability certainty.
- Continued energy price inflation likely to result in further steel price increases into the UK steel market.
- Current order book material requirements hedged with supply partners.
- British Steel remains the dominant steel producer in the UK.

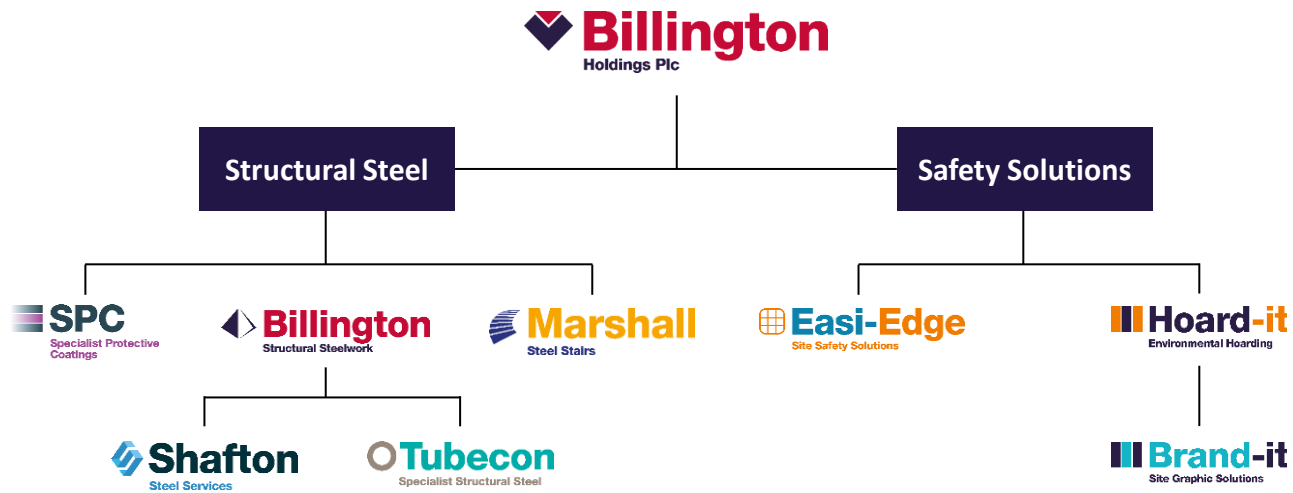


Market Sectors

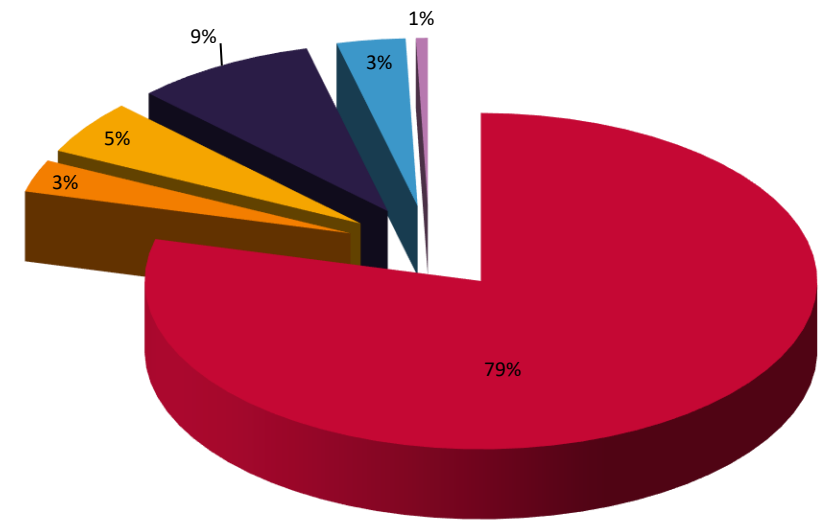
“Anticipated further growth in industrials and power sectors”



Divisional Breakdown



H1 2022 Revenue Breakdown



- Billington Structures
- Hoard-it
- Marshall Steel Stairs
- Easi-Edge
- Shafton
- Specialist Protective Coatings

Divisional Highlights – Billington Structures Ltd



Recent Projects:

- Newhurst EfW, Leicestershire – *Hitachi Zosen Inova AG*
- Sandwell Aquatics Centre, Smethwick – *Wates Construction Ltd*
- Thorpe Park MSCP, Leeds – *GMI Construction Ltd*
- Isle of Man Ferry Terminal, Liverpool – *John Sisk & Son Ltd*
- Noma, 4 Angel Square, Manchester – *Bowmer & Kirkland Ltd*
- B7 New Bailey, Manchester – *Bowmer & Kirkland Ltd*
- Pinewood Studios, Slough – *Sir Robert McAlpine Ltd*



Divisional Highlights – Peter Marshall Steel Stairs Ltd



Recent Projects:

- HH4 Data Centre, Hemel Hempstead – *Flynn Management Ltd*
- Pinewood Studios, Shepperton – *Billington Structures Ltd*
- Siemens Blade II, Hull – *J&D Pierce Contracts Ltd*
- Gazeley Magna Park MP 5 to 8, Lutterworth – *TSL Projects Ltd*
- 20 Ropemaker Street, London – *William Hare Ltd*
- 1 Leadenhall, London – *William Hare Ltd*
- KLON2 Data Centre, Harlow – *JCA Engineering Ltd*



Gazeley Magna Park MP 5 to 8, Lutterworth



HH4 Data Centre, Hemel Hempstead

Divisional Highlights – Easi-Edge Ltd



Recent Projects:

- Cornbrook, Manchester – *ISG Construction Ltd*
- Dock 5, Ordsall Lane, Salford – *Bridgestone Construction Ltd*
- Milburngate, Durham – *Tolent Construction Ltd*
- S1 Kings Cross, London – *Elland Steel Structures Ltd*
- Trinity Academy, Bristol – *Skanska Construction (UK) Ltd*
- Interchange Building, Cardiff – *ISG Construction Ltd*
- Project Halo, Bristol – *Willmott Dixon Ltd*



Divisional Highlights – Hoard-it Ltd



Recent Projects:

- Kinnerton High School, Warwickshire – *Wates Construction Ltd*
- RAF Lakenheath, Brandon – *Kier Construction Ltd*
- Star House, Maidenhead – *ISG Construction Ltd*
- Eastbrook Studios, Dagenham – *Volker Fitzpatrick Ltd*
- West Cumberland Hospital, Whitehaven – *Graham Construction Ltd*
- City One, Leeds – *Caddick Construction Ltd*
- A63 National Highways, Hull – *Balfour Beatty Group Ltd*
- Heart of the City, Sheffield – *Henry Boot Construction Ltd*



A63 National Highways, Hull



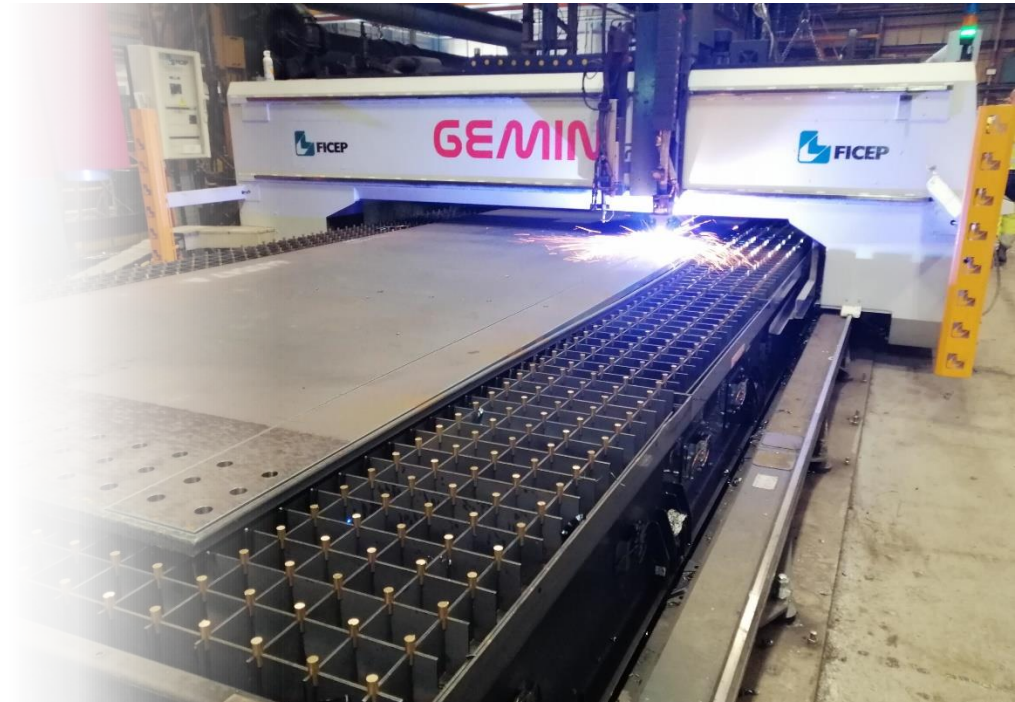
West Cumberland Hospital, Whitehaven

Divisional Highlights – Shafton Steel Services



Services include:

- Oxy Gas & HD Plasma Profiling
- CNC Plate Drilling
- Bevel Head Plasma Profiling
- Shear Punch Drill Fittings
- Shotblasting & Primer Painting
- Section Sawing & Section Drilling
- Plate Girder Manufacture



Specialist Protective Coatings Ltd

Specialist Protective Coatings Ltd



- Strategic objective to expand and enhance the specialist surface treatments offering of the Group to reduce risk and reliance on sub contractor resources.
- In January 2022 the Group purchased the trading assets of Orrmac Coatings Ltd from administration.
- Provides the opportunity to transfer current painting activities completed at Billington Wombwell and further increase fabrication capacity.
- SPC commenced trading in March 2022 servicing both the requirements of the Group and that of the wider construction and engineering markets.
- SPC operates from a newly invested 55,000 sq ft specialist facility in Sheffield with the capacity and capabilities to service the most demanding projects.
- Investment to further automate the processes will continue throughout 2022 into 2023 to ensure a market-leading service is provided to clients.



ESG

Environmental

- Creation of Group ESG committee to identify, develop and implement carbon reduction projects.
- The Company maintains the BCSA Gold Standard awarded for meeting the requirements of the Steel Construction Sustainability Charter.
- Billington has adopted policies that comply with ISO BS EN 14001 - Environmental Management System.
- Billington has joined the SteelZero initiative committing to procure 100% net zero steel by 2050.



Social

- Support the communities in which the companies operates through taking active involvement in community projects.
- Active training programmes across all levels of the business to develop our people and ensure Billington is the employer of choice.
- Partnerships with training providers to support people back into employment.
- Billington Charity Foundation, launched in 2016 to support local and national charities and community activities.



Governance

- To ensure the interests of the Company, management, shareholders and wider stakeholders are aligned.
- As a public company quoted on AIM, transparency is provided for all shareholders as the Company adheres to all reporting requirements.
- Adheres to QCA Corporate Governance Code.



ESG – Environmental

2022 will note:

- Minimum of 10% of Group vehicles being hybrid or electric.
- Installation of electric charging points.
- HVO fuels being considered.
- Consideration of solar panel electricity generation.
- LED lighting installed at all office and factory facilities.
- All timbers sourced from FSC suppliers and re-used and recycled where possible.
- Reward the Green Commute – Cycle to Work Scheme.
- 100% waste goes to Energy from Waste facilities.
- Geographical planning for supply chain.
- The use of Microsoft Teams for meetings internally and with clients, reducing the amount of travel across the Group.
- Responsible sourcing and procurement.
- Exploration of carbon offsetting.



Strategy

Castlepoint Car Park, Bournemouth

- Continued focus on margin improvement and driving efficiencies:
 - Further progress on margin enhancing projects across the Group.
 - Capital machinery replacement programme to improve factory efficiencies.
 - Increasing factory capacities, improve productivity and reduce overhead cost per unit.
- Targeting larger projects with reduced competition.
- Active identification and targeting of projects within the EU.
- European sales office remains under consideration.
- More selective partnering with financially stable clients.
- Principle agreed for the establishment of a welding training school in conjunction with local training providers.
- Successful recruitment of overseas labour in the period.

Summary – Outlook & Prospects

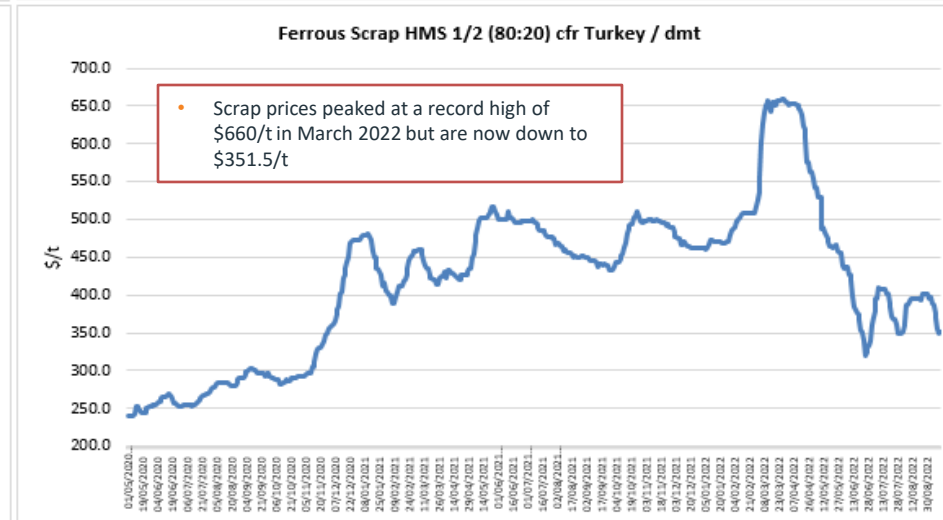
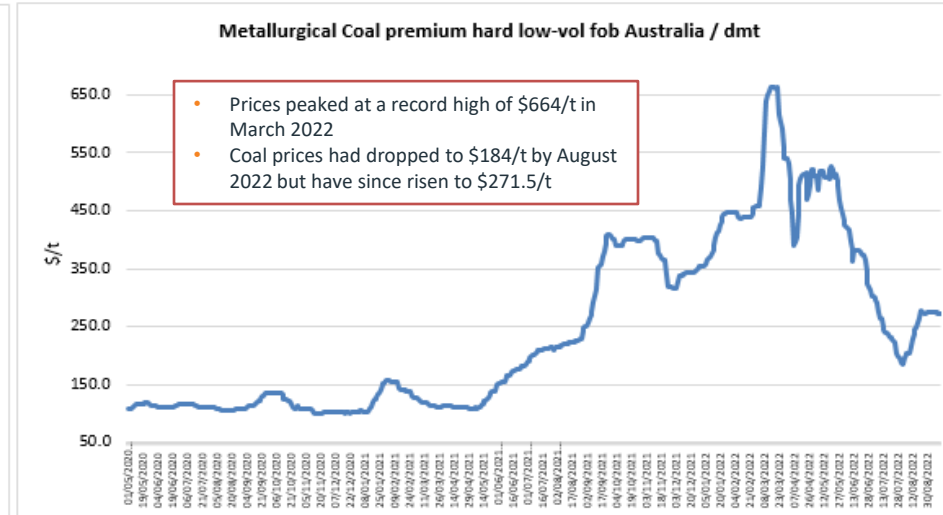
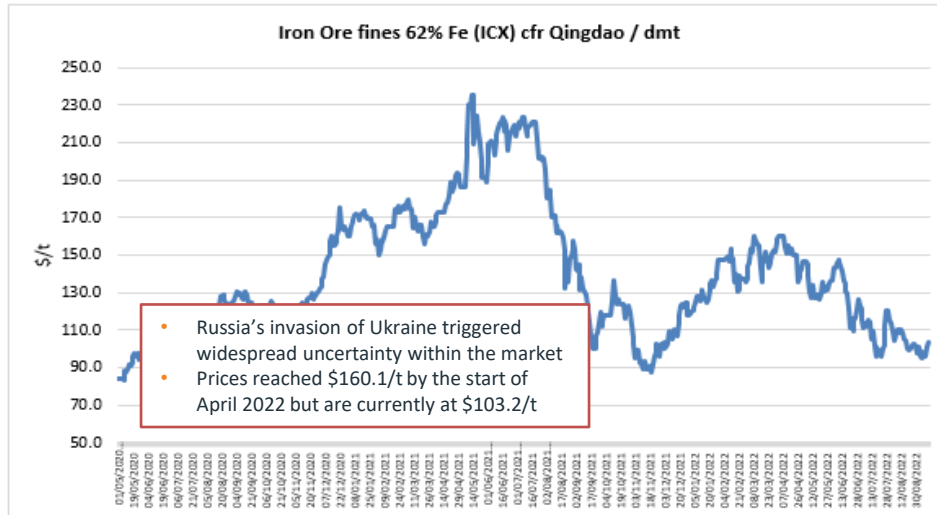
STEAMhouse, Birmingham

- Structural steelwork market forecast to increase by 10.5% in 2022 and a further 2.1% in 2023.
- Large project opportunities secured at improved margins for delivery in 2022 and into 2023.
- Cash resources temporarily utilised where margins can be preserved or enhanced in the current inflationary environment.
- Raw material input prices being monitored and mitigated where possible.
- Close monitoring of the financial stability of the Group's client base.
- Further major capital expenditure projects planned for 2022-2025 to improve operational efficiencies and enhance quality.
- Continued expansion of the graduate, apprentice and welding school programmes.
- Successful initial recruitment programme of fabrication labour from overseas.
- Robust balance sheet underpinned by cash and property assets.



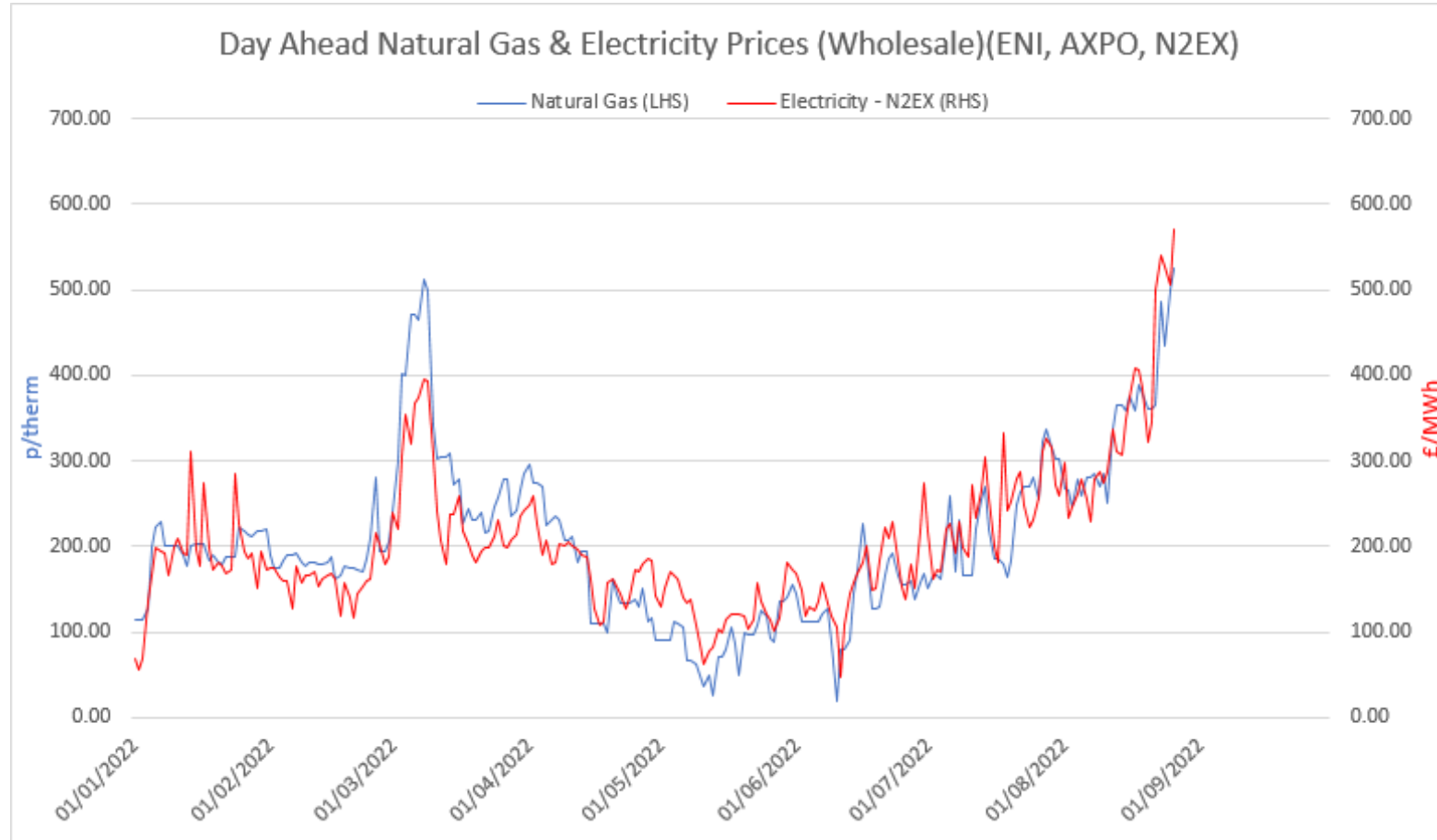
Appendix

Steel Manufacture – Raw Materials Trends



Whilst raw material prices have reduced over recent months, total steelmaking costs have continued to grow due to extremely high energy costs

Steel Manufacture – Energy Trend



Source British Steel, 13th September 2022

Awards Success

- **Newhurst EfW Facility** – Industrial Award Winner UK Tekla Awards 2022.
- **The Glass Works, Barnsley** - 2022 Structural Steel Design Awards Shortlist.
- **Sandwell Aquatics Centre** - Sports and Recreation Projects Award Winner UK Tekla Awards 2021.
- **Wenlock Works (Shepherdess)** - 2021 Structural Steel Design Awards Merit.
- **Pinewood Studios** - 2021 Structural Steel Design Awards Shortlist.
- **The Glass Works, Barnsley** - Sports and Recreation Projects Award Winner UK Tekla Awards 2020.
- **London School of Economics** - 2020 Structural Steel Design Awards Commendation.



Corporate

London (AIM)

BILN

as of 26/09/2022

Share Price

185.00p

Ordinary Shares in issue (No.)

12,934,327

Market Cap. (GBP, millions)

23.92



Share Price Graph – 12 month period (Source: LSE)

Major Shareholders

Gutenga Investments PCC Ltd	36.4%
Close Brothers	12.3%
Ocorian Trustees Ltd	6.2%
Otus Capital	9.7%
Ruffer LLP	4.9%
GPIM	5.3%

Advisors

Bankers	HSBC Plc
NOMAD and Broker	finnCap
Auditors	Grant Thornton
Solicitors	Walker Morris
Financial PR & IR	IFC Advisory

Board of Directors



Ian Lawson
Non-Executive Chairman



Mark Smith
Chief Executive Officer



Trevor Taylor
Chief Financial Officer



Stephen Wardell
Non-Executive Director



Alexander Ospelt
Non-Executive Director



John Gordon
Non-Executive Director

Birmingham City Council, Birmingham



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