



Interim Results for the Six Months Ended 30 June 2018

September 2018



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Introduction

- Billington Holdings Plc is a leading UK specialist structural steelwork and ancillary construction safety products and service provider.
- It is made up of a dynamic group of construction companies located nationwide which are performing amongst the best in their respective industries.
- The Company is currently the third largest steel fabricator in the UK (the only other quoted comparator being Severfield Plc).
- It currently pays an annual dividend of 11.5 pence per share (2017: 10 pence).
- The Company has seen consistent growth of revenue and profit over the past five years.
- Uncertainty over steel tariffs continues to create volatility of steel material prices.
- Further capacity enhancements are currently being formulated.
- Encouraging momentum moving into the second half of the year and into 2019.

Operating Divisions



Billington Structures Ltd

Nationally recognised and award-winning steelwork contractor, with over 70 years' experience. Plants in Barnsley and Bristol with capability to process over 30,000 tonnes of steel per annum.



Peter Marshall Steel Stairs Ltd

Specialist company engaged in the design, fabrication and installation of highly engineered steelwork, staircases and balustrade systems.



easi-edge Ltd

Leading provider of safety solutions to the UK construction industry. Primarily supplies perimeter edge protection and fall prevention systems.



Shafton Steel Services

A division of Billington Structures Ltd. State-of-the-art steel processing and profiling facility acquired in 2015.



hoard-it Ltd

hoard-it provides re-usable and eco-friendly site hoarding solutions.



Tubecon

A division of Billington Structures, Tubecon is a specialist in complex steel structures. Operates primarily in the UK construction and rail infrastructure markets.

Overview

- The Group has been able to invest an encouraging amount into the individual businesses as a result of their positive performances.
- Positive trading result for the period with encouraging momentum moving into the second half.
- A number of European project opportunities are currently being investigated.
- There has been further progression of the dividend policy.
- Completed largest contract to date, ahead of programme and exceeding client expectations.
- All Group companies have a strong forward order book, with a number of opportunities spanning into 2019.
- Uncertainty in Q1 after the collapse of Carillion had a short term impact on attainable margins.
- Market price is competitive as additional capacity enters the market.

Corporate Profile

London (AIM) BILN	Ordinary shares in issue 12,934,327
Share Price 274.00p (as of 14/09/18)	Market Cap. (GBP, millions) 35.44

Share Price Graph – 12 month period



Source: LSE

Corporate Structure – Billington Holdings Plc



Major Shareholders

Gutenga Investments PCC Ltd	49.9%
Tarom Foundation	11.2%
Ocorian Trustees Ltd	6.8%
Close Brothers	7.3%
GPIM	4.9%

Advisors

Bankers	HSBC Plc
NOMAD and Broker	WH Ireland
Auditors	Grant Thornton
Solicitors	Shoosmiths

Board of Directors



Ian Lawson *Non-Executive Chairman*

Ian is a fellow of both The Royal Institute of Chartered Surveyors (FRICS) and the Chartered Institute of Building (FCIOB) and has a wide range of skills and experience from working within the construction industry for more than 35 years. Ian's previous experience includes being a main Board Director of a tier-1 Principal Contractor where he enjoyed a 13-year career and subsequently spent four years as Chief Executive Officer for a prominent Steelwork Contractor. Ian is appointed as Non-Executive Chairman of Billington Holdings Plc from 1 October 2018.



Peter Hems *Non-Executive Director*

Qualified as a Chartered Accountant in 1973, and appointed as an audit and business advisory partner with Grant Thornton in 1979 - resigned in March 2007 to take up appointment as Executive Chairman of Billington Holdings Plc and following a suitable handover period will retire on 31 December 2018.



Steve Fareham *Non-Executive Director*

BSc (Hons) MSc CENG FStructE MIET CMIOSH. Chartered Structural Engineer. Founder member of the Edge Protection Federation - EPF. Retired from CEO 1 January 2015 and took the role of Non-Executive Director.



Mark Smith *Chief Executive Officer*

Mark has an in-depth knowledge of the construction industry with over 30 years' experience, driving for growth and profit in competitive markets. Mark joined Billington as COO in June 2014 and subsequently took over as CEO from 1 January 2015.



John Gordon *Non-Executive Director*

John practised as a barrister from 1989 until 1999 when he re-qualified as a solicitor. John is in private practice as a partner in Wilson Browne, specialising in commercial and property litigation. He was appointed to the board in 2007, and his legal-commercial background makes him a valuable member of the team.



Trevor Taylor *Finance Director*

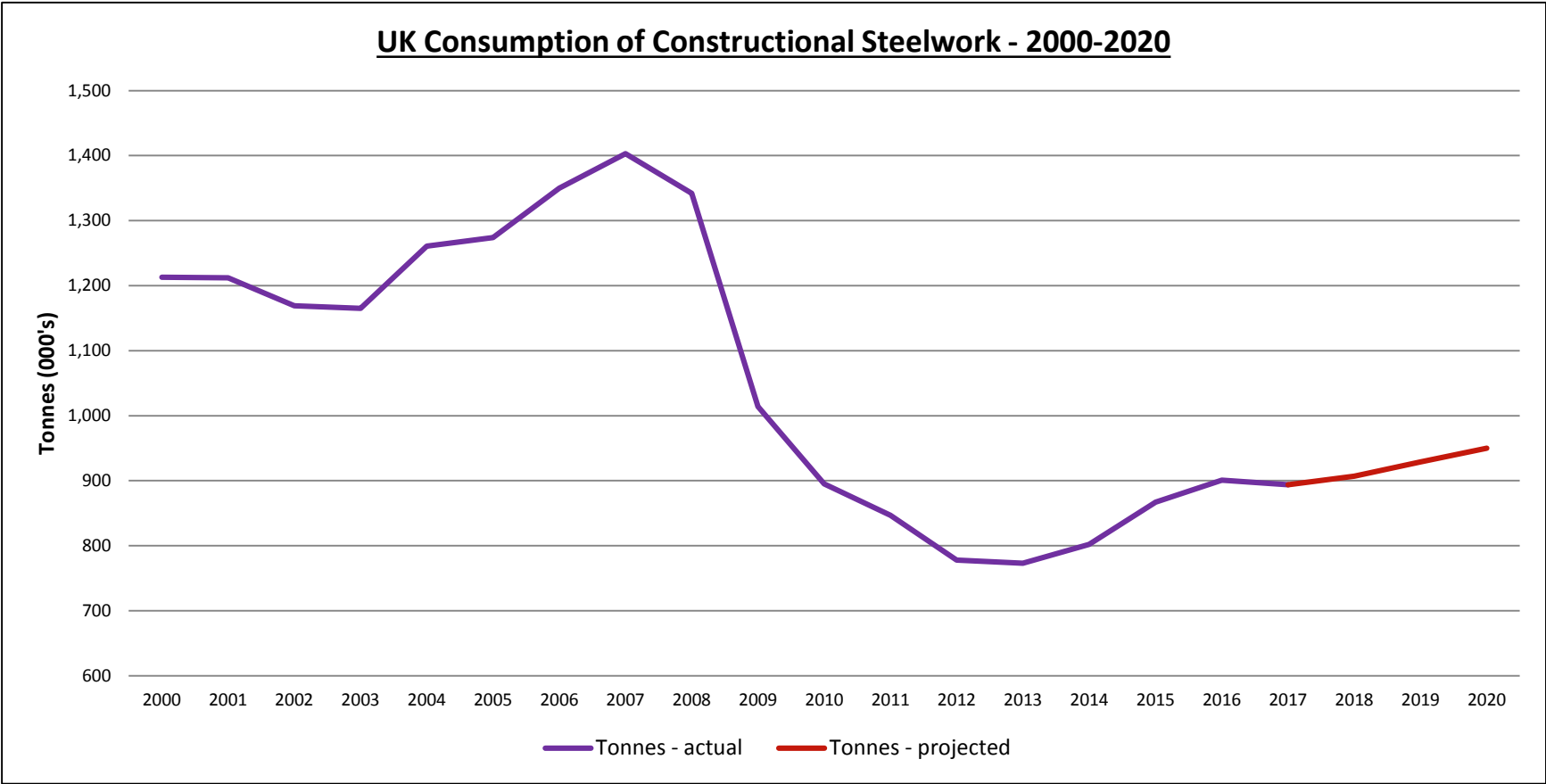
Qualified as a Chartered Accountant in 2006 and is a Fellow of the Institute of Chartered Accountants in England & Wales (ICAEW). Joined Billington in 2008 as Group Financial Controller from Allotts Chartered Accountants, where he specialised in Construction and Financial Services.



Dr Alexander Ospelt *Non-Executive Director*

Alexander has been in independent practice as a lawyer since 1997. In 1993 he worked as a staff member of Liechtenstein's Representation at the UN in New York. From 1994, until establishing his chambers in 1997, he practised at the Princely Court of Justice and in a Liechtenstein law firm. He passed the Liechtenstein Bar Exam in 1997 and has a Doctorate in Law from St. Gallen Uni. in 1999.

Structural Steel Market Trend Graph



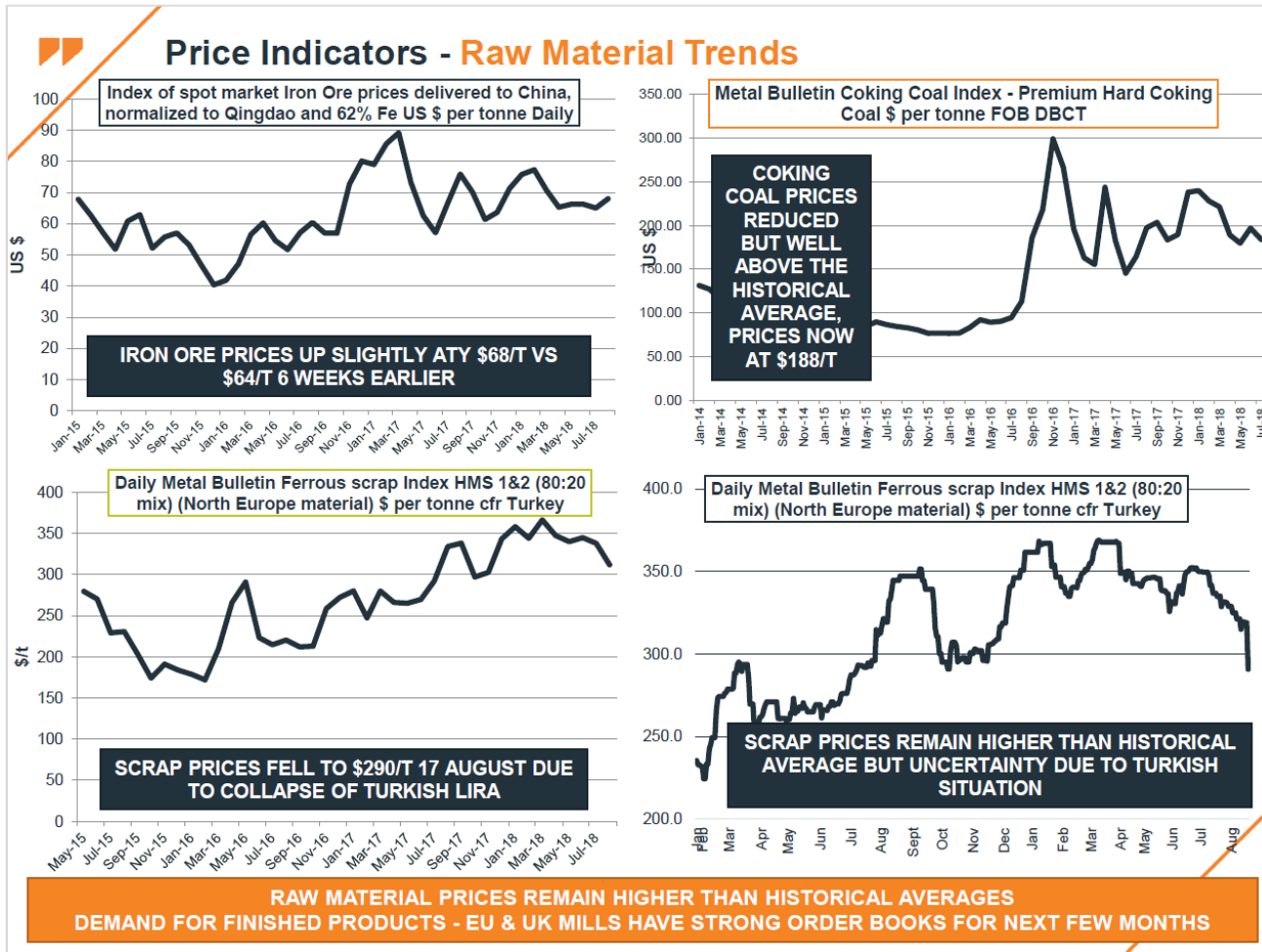
Data Source: BCSA / Steel for Life

The Steel Industry

- Greybull Capital has significant funding in place and are seeking further funds to upgrade their furnace assets.
- Consistent and successive price increases announced to the market by British Steel and Arcelor Mittal.
- TATA has deferred the sale of some of its other production facilities in the UK following the recovery of steel price.
- Plate production by Liberty Steel has not yet significantly impacted the UK plate market.
- 2018 results for British Steel have been adversely impacted through unexpected furnace breakdowns.
- Current exchange rate movements have adversely impacted the price of imported constructional steelwork from Europe.
- Uncertainty over steel tariffs continues to create volatility of steel material prices.

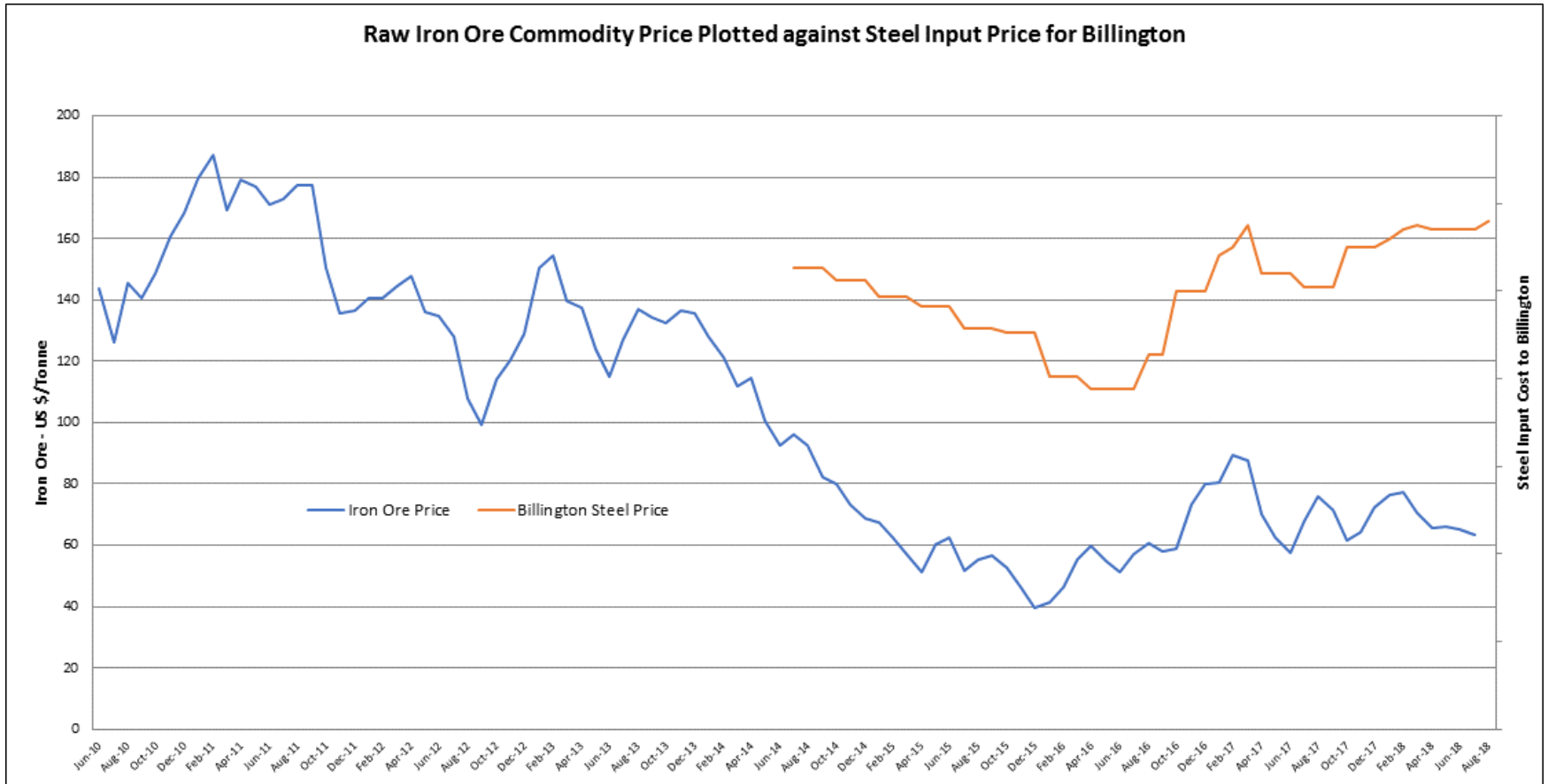


Steel Manufacture – Raw Materials



Source: British Steel

Historical Iron Ore Price – 2012 - 2018





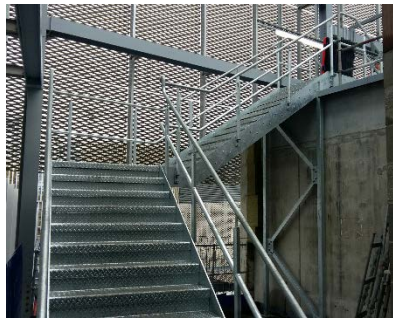
Interim Results for the Six Months Ended 30 June 2018

September 2018



Highlights

- Continued strong revenue generation.
- Positive contribution from all Group divisions.
- Excellent progress at easi-edge and hoard-it with each increasing hire stock levels in the period.
- Margins within structural steelwork remain varied across sectors, complexities and timescales.
- Successful installation and commissioning of new, state-of-the-art machinery at Shafton.
- Gross (net) cash balance of £7.6m (£5.8m).
- A number of large project opportunities are available for 2019.
- Dividend paid of 11.5 pence per share in respect of 2017 (2016: 10 pence per share).
- Skills shortage across multiple disciplines remains an area of focus for the business.



Results Overview

- Increase in share price of 198% over the last five years. (**92p** August 2013 – **274p** 14/09/18)
- Following capital investment in Shafton in 2017 further capacity enhancements are currently being investigated.
- Areas of diversification being considered.
- Busy start to 2018.
- Trading expected to be cash generative in the second half.
- Adequate agreed financing in place to fund business expansion and WIP requirements.
- Collapse of Carillion has focussed attention of unfair payment practices in the construction industry.
- Continued investment and progression in apprentice and training programmes to develop key talent.
- Increased level of capital expenditure relating to hire stock for easi-edge and hoard-it in the period.
- Uncertainty over steel tariffs continues to create volatility of steel material prices.

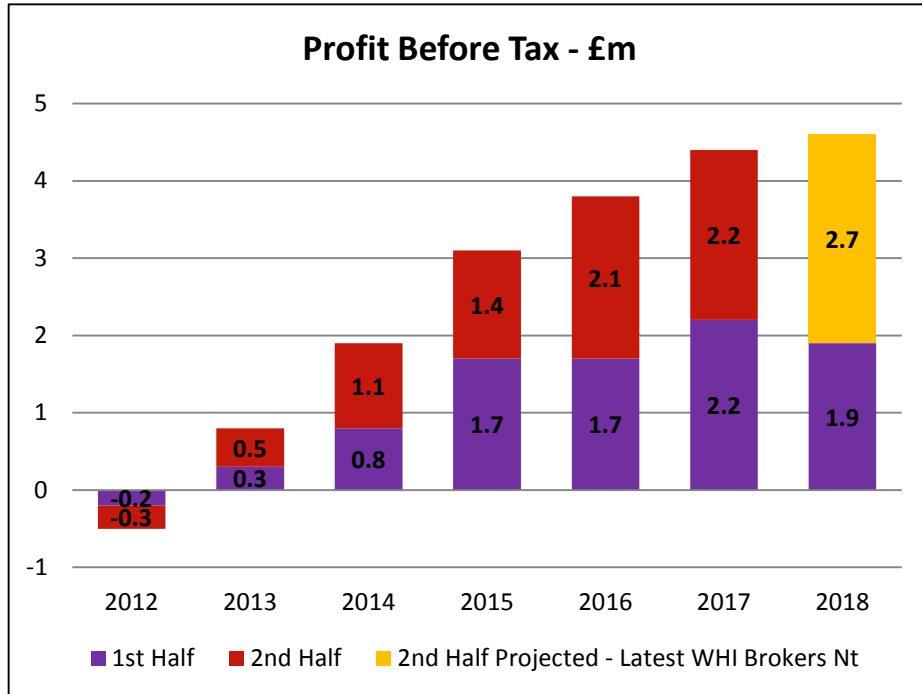
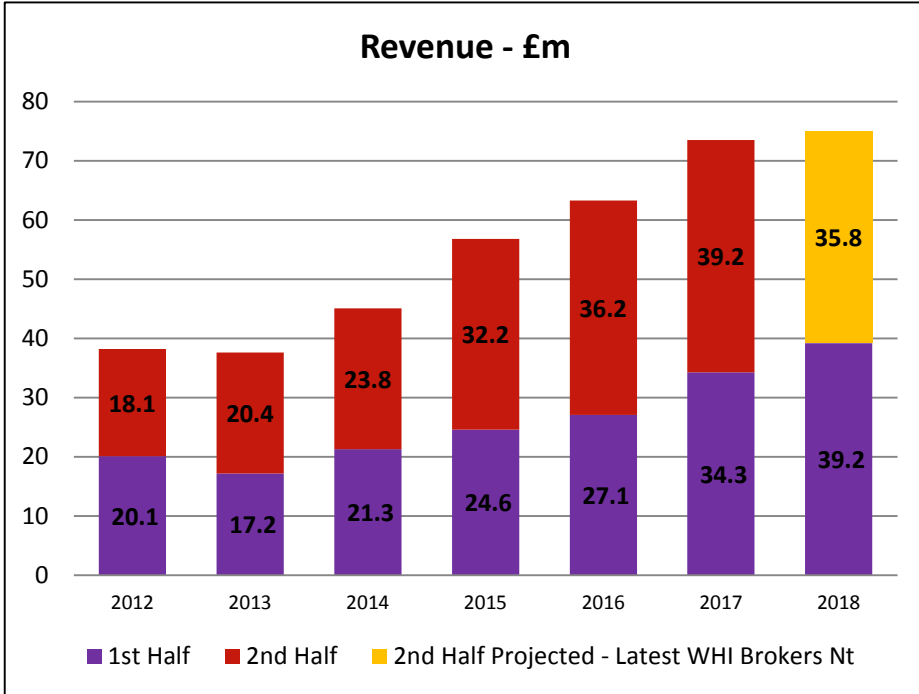
The Impact of Shafton



- On 18 December 2015, the Group realised the acquisition of a 25 acre site in Shafton, Barnsley complete with installed equipment for £4.88m.
- The site contains two large industrial buildings with a combined usable area of 181,000 sq ft.
- Significant progress being made in adaption of the facility for further business diversification.
- Programme of site / building repairs / upgrades largely complete.

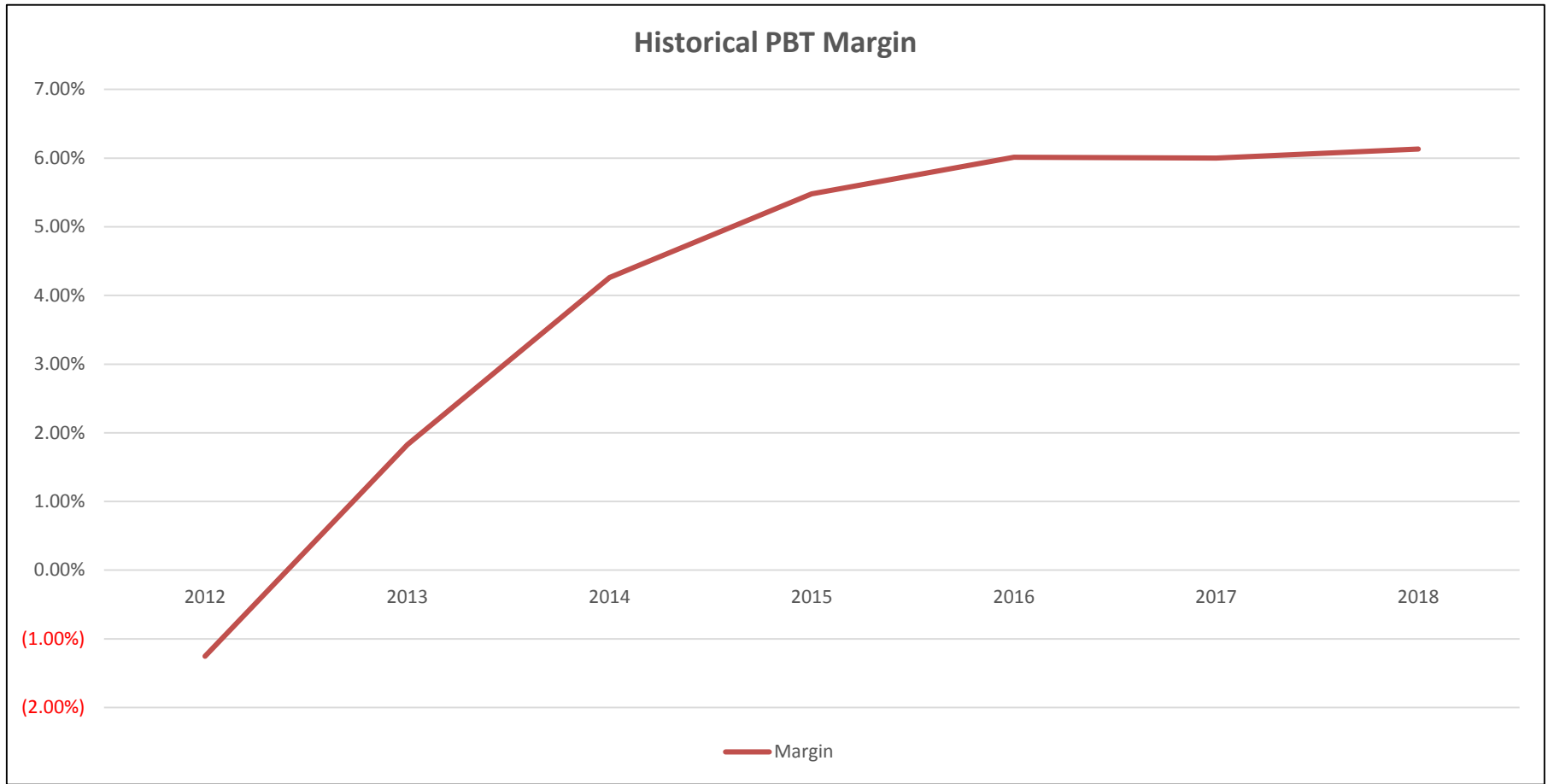


Financial History



- Consistent, steady growth of Revenue and Profit

Financial History



*Results relate to year end published figures, 2018 reflects current WHI projections.

Financial Summary

£'000	Six months to 30 June 2018	Six months to 30 June 2017
Revenue	39,389	34,289
Total costs (excluding depreciation)	36,847	31,387
EBITDA	2,542	2,902
Depreciation	586	635
Group operating profit	1,956	2,267
Net finance costs	(17)	(24)
Profit before tax	1,939	2,243
Taxation	(395)	(448)
Profit from continuing operations	1,544	1,795
Earnings per share	12.8p	14.9p

- Revenue increase by 14.9%
- PBT expected to perform stronger in the second half of the year

Balance Sheet

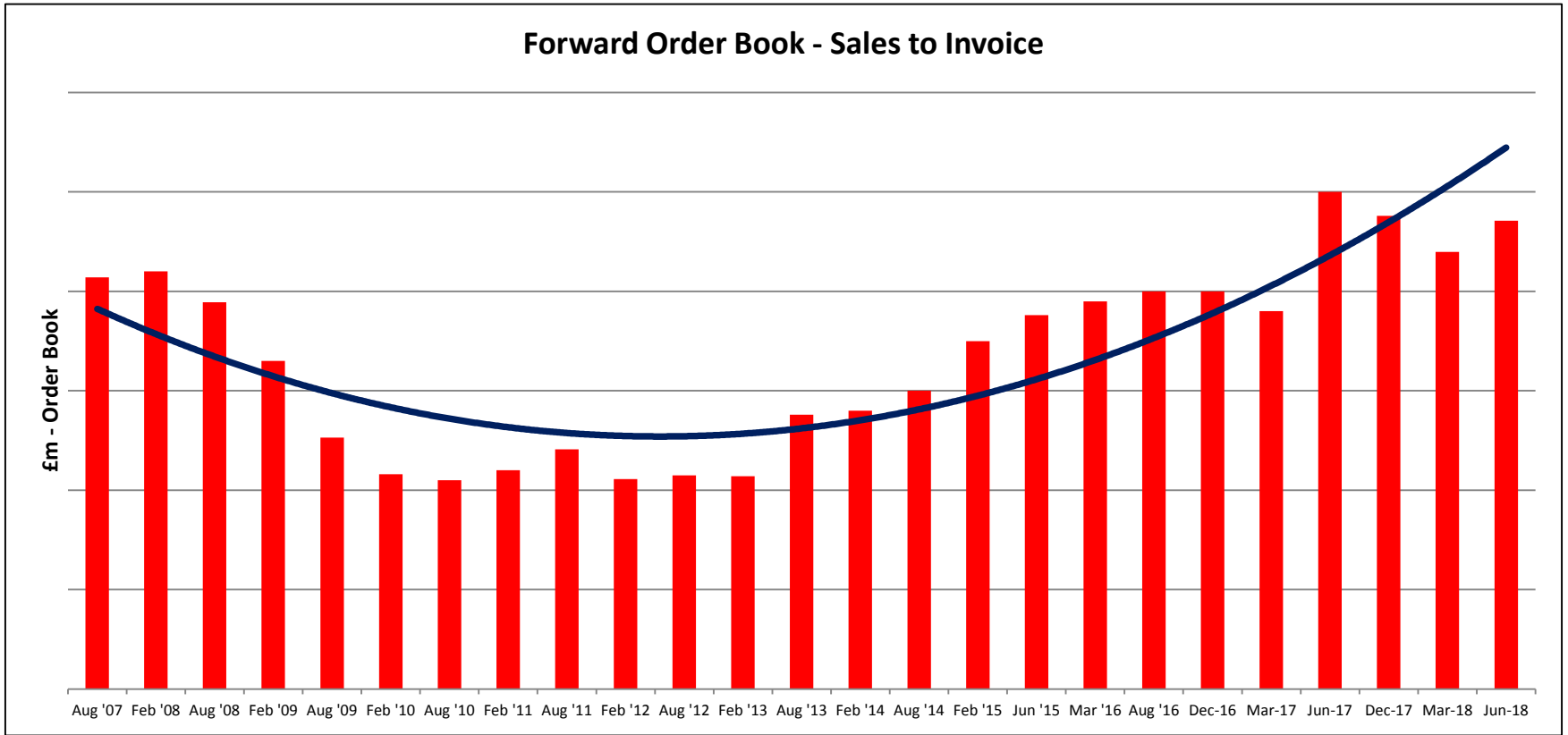
£'000	30 June 2018	30 June 2017
Non-Current Assets	15,890	14,403
Current Assets	26,979	24,156
Total Assets	42,869	38,559
Current Liabilities	(18,785)	(17,045)
Non-Current Liabilities	(1,914)	(2,125)
Total Liabilities	(20,699)	(19,170)
Net Assets	22,170	19,389

Cash Flow

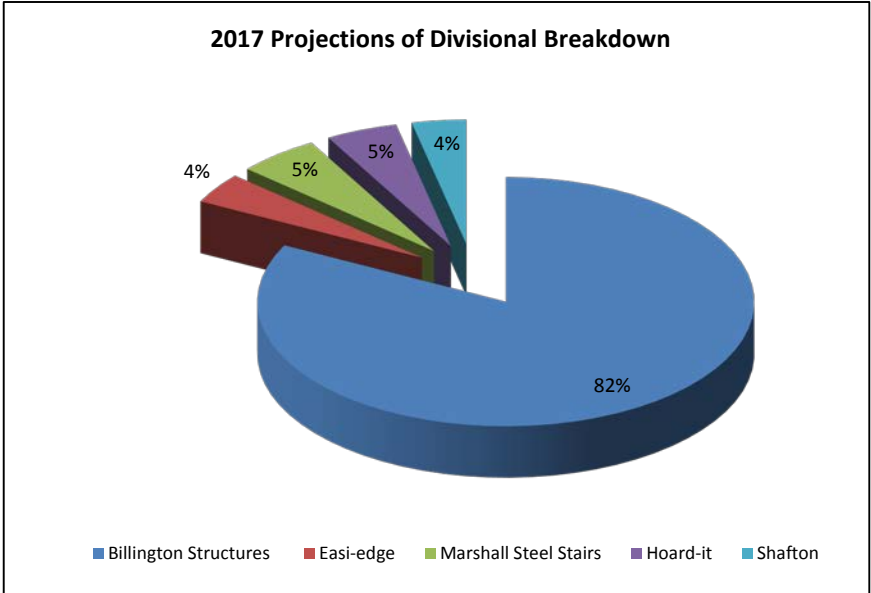
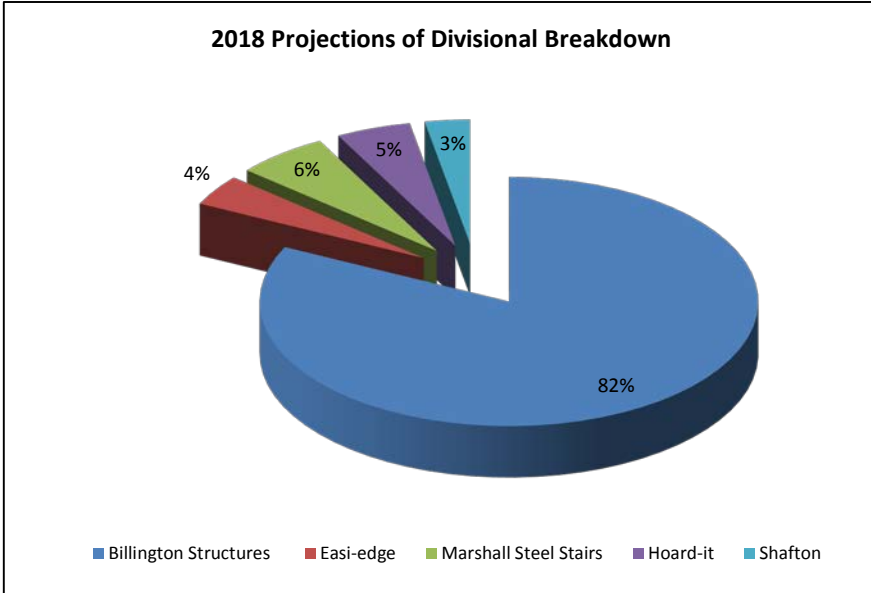
£'000	30 June 2018	30 June 2017
Profit after tax	1,544	1,795
Net cash flow from operating activities	99	1,000
Net cash flow from investing activities	(417)	(638)
Net cash from financing activities	(1,529)	(1,378)
Cash at beginning of period	8,063	6,033
Cash at end of period	7,562	6,812

- Dividend paid in period of £1.4m (2017: £1.2m).

Forward Order Book



Divisional Breakdown



Divisional Highlights

- Structural Steel business accounts for 82% of Group revenue.
- Solid performance from easi-edge, hoard-it and Peter Marshalls.
- Number of larger project tenders in the marketplace.
- hoard-it continues to make good progress in establishing its client base and product development.
- New barrier implemented into the marketplace at easi-edge with stock levels significantly increased in the period.
- Contracting landscape post Carillion collapse had a difficult period.



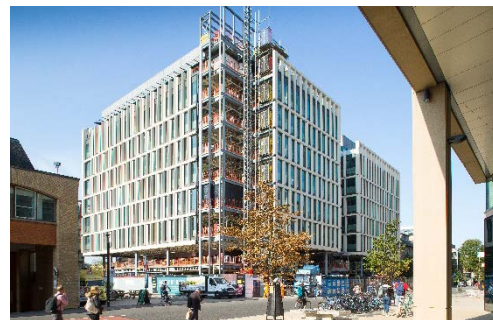
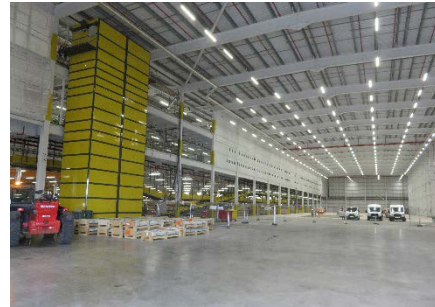
Divisional Highlights



Billington Structures Ltd

Recent Projects:

- Coventry Leisure Centre – Buckingham Group
- Distribution Centre, Avonmouth - ISG
- 50-60 Station Road, Cambridge – Galliford Try
- 7&8 Wellington Place, Leeds – Wates
- Boeing, Sheffield – JF Finnegan
- London School of Economics - Mace



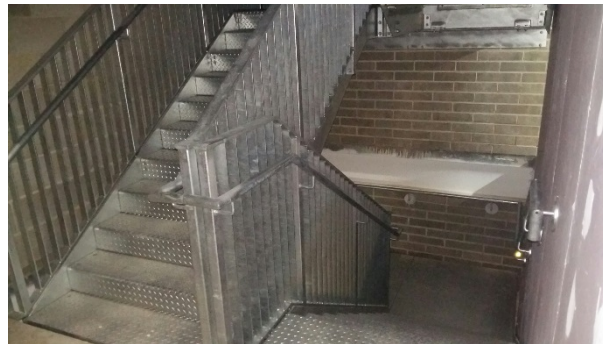
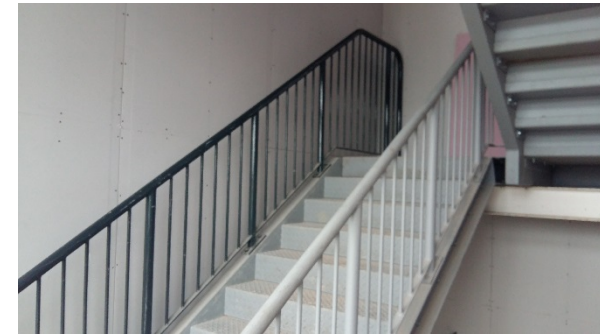
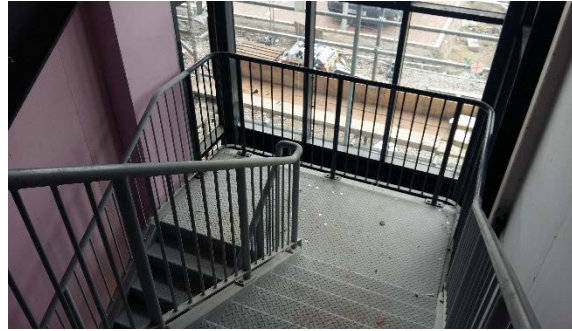
Divisional Highlights



Peter Marshall Steel Stairs Ltd

Recent Projects:

- 100 Liverpool Street, London – William Hare
- Milton Park, Oxfordshire – MEPC
- Westfield Phase 2 – Westfield Europe Ltd
- Mill D, Victoria Riverside, Leeds – JM Construction



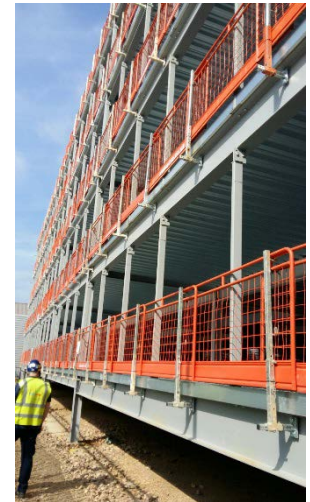
Divisional Highlights



easi-edge Ltd

Recent Projects:

- Abbey House, Coventry – Torsion Group
- Avebury Boulevard, Milton Keynes – Galliford Try
- Burnley Hospital – Vinci Construction
- X1 The Landmark, Manchester – TW Fabrications
- Renshaw Street, Liverpool – Warrington Fabrications
- Mill Chase Academy, Hampshire – Kier Construction



Divisional Highlights



hoard-it Ltd

Recent Projects:

- Riverside Apartments, Rochdale – Willmott Dixon
- The Strand, Liverpool – Graham Construction
- Prince Charles Hospital, South Wales – Interserve
- Boulevard Hotel, Blackpool – Truman Design & Build
- South Shields 365 – Bowmer & Kirkland



Divisional Highlights



Shafton Steel Services

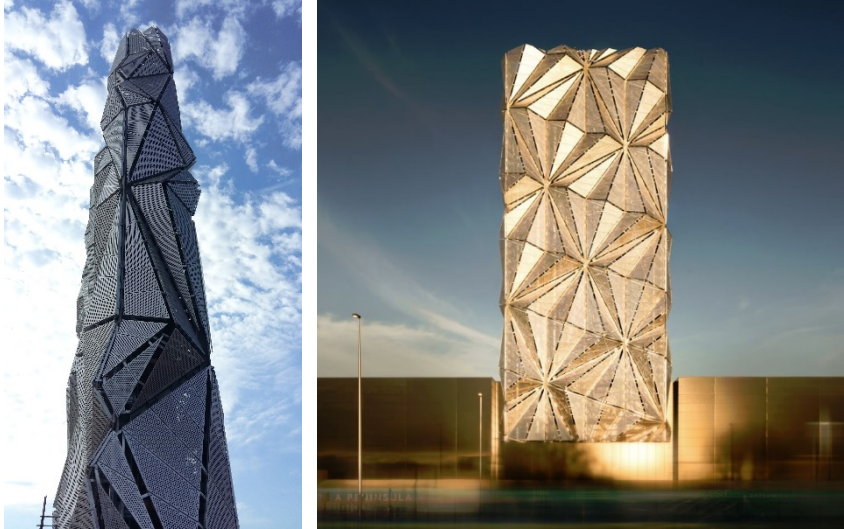
Services Include:

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



Awards

Billington Structures have been shortlisted for the 2018 Structural Steel Design Awards with Greenwich Peninsula Energy Centre.



Winner of the 2018 UK Tekla Awards Sports and Recreation Project and Public Vote with Coventry Leisure Centre. Also shortlisted for the 2018 Global Tekla Awards.



UK TEKLA AWARDS
PUBLIC VOTE
WINNER 2018



UK TEKLA AWARDS
SPORTS AND RECREATION
WINNER 2018

Shortlisted for the Building Awards (Specialist Contractor of the Year) and Construction Enquirer Awards (Best Specialist Contractor to Work For/With)



Summary – Outlook & Prospects

- Encouraging potential volumes and quality of work moving into 2019.
- New value added services brought inhouse as a result of the new machinery at Shafton.
- Further enhancement of apprentice programme. Billington have been working closely with the BCSA to develop and promote the new industry specific apprentice programme (CRAFT).
- Billington Structures' order book remains strong with projects spanning into 2019.
- Opportunities remain available for projects in Europe.
- Strong hire product utilisation.
- Progressive dividend policy.

Contacts

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