

Results for the 12 months ended 31 December 2018

April 2019



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Introduction

- Billington Holdings Plc is a leading UK specialist structural steelwork and ancillary construction safety products and service provider.
- All Group companies performing amongst the best in their respective industries.
- Record turnover for the Billington Group.
- The Company is the third largest steel fabricator in the UK.
- Cash generative and strong year end gross cash balance of £9.3m.
- An annual dividend of 13.0 pence per share (2017: 11.5 pence), representing a yield of 4.8%*.
- Capacity expansion and the development of value added, complimentary products and services is planned.
- The Company has seen consistent growth of revenue, profit and margin over the past five years.
- Non-Executive Directors appointed in the period.

**Based on year end share price of 270p.*

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 35,000 tonnes of fabricated 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.



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. Investments across the business include:
 - Increase in easi-edge barrier stock by 10%.
 - Enhanced office and IT systems.
 - Plate girder production process improvements.
- Largest contract secured to date, a Data Centre Development in Belgium.
- There has been further progression of the dividend policy, an increase of 13%.
- Billington has a strong forward order book, with a number of opportunities spanning throughout 2019 and into 2020.
- Competitive in a challenging market.
- Further market opportunities within Europe currently being explored.

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.



Stephen Wardell *Non-Executive Director*

Stephen is a member of the Institute of Chartered Accountants in England & Wales (ICAEW), having qualified in 1988. He retired from KPMG in 2018 having been a partner for nearly 20 years, and recent Senior Audit Partner working with FTSE 100 and 250 boards.



Mark Smith *Chief Executive Officer*

Mark has an in-depth knowledge of the construction industry with over 35 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*

A fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) with over 15 years' wealth of experience in Construction & Financial Services.

Trevor joined Billington in 2008 as a Group Financial Controller and subsequently became Group Financial Director in 2011.

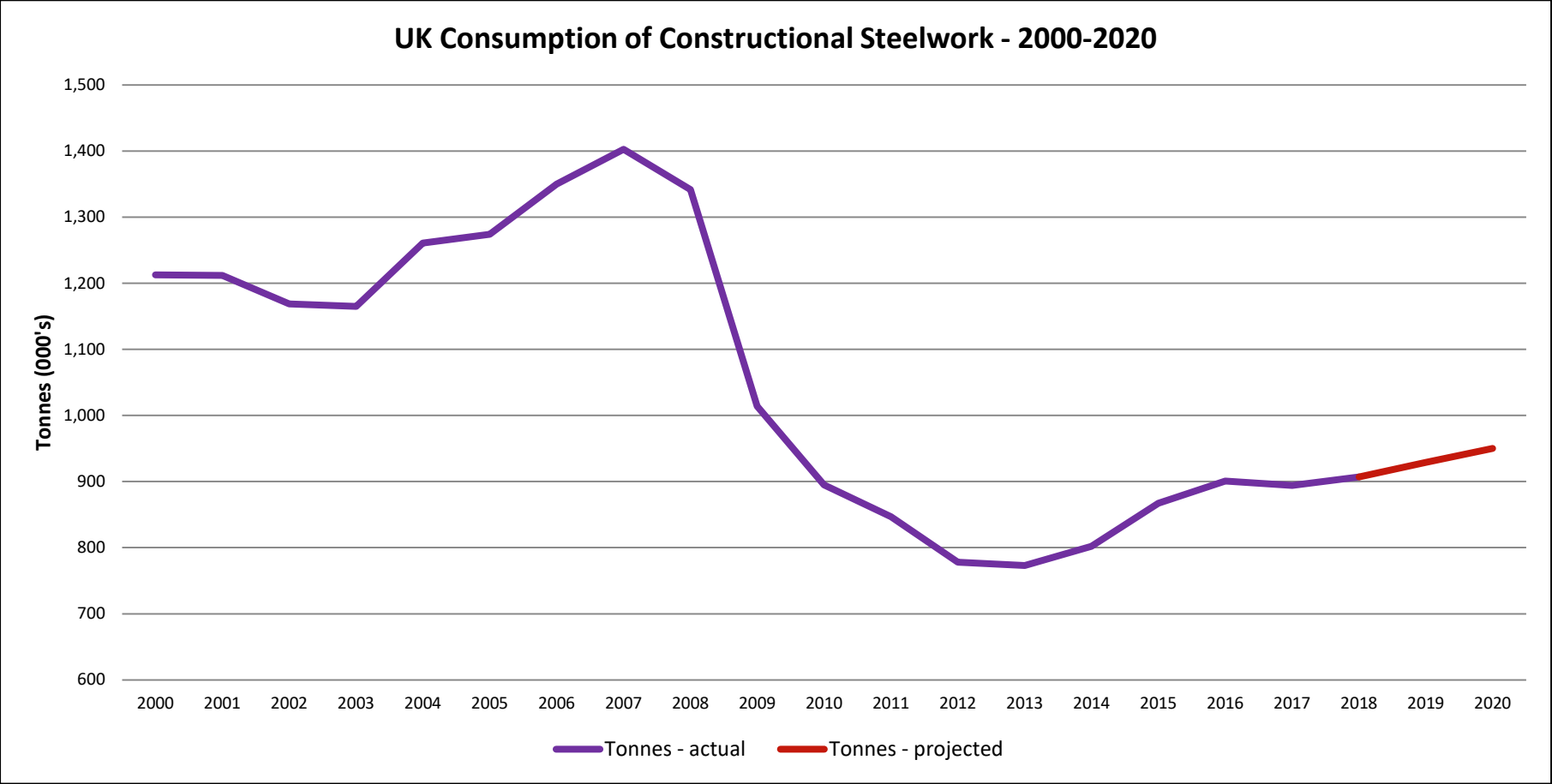


Dr Alexander Ospelt *Non-Executive Director*

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

UK Consumption of Constructional Steelwork - 2000-2020

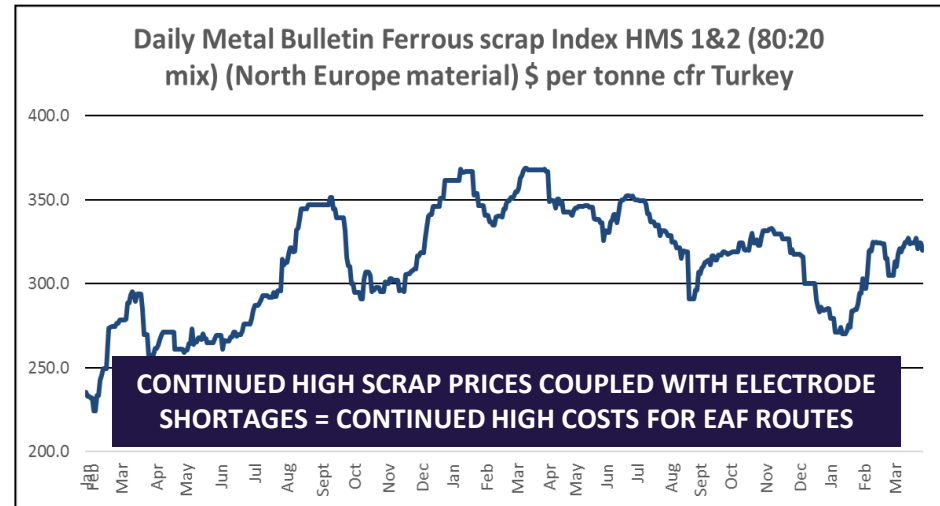
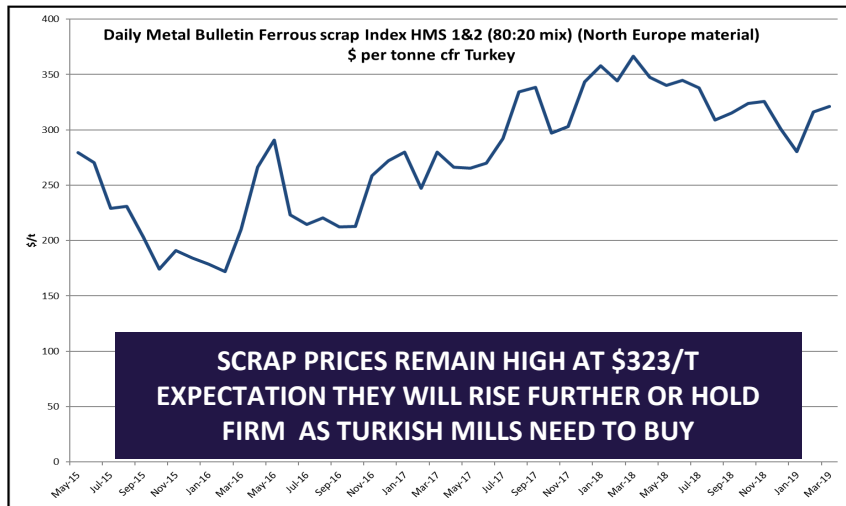
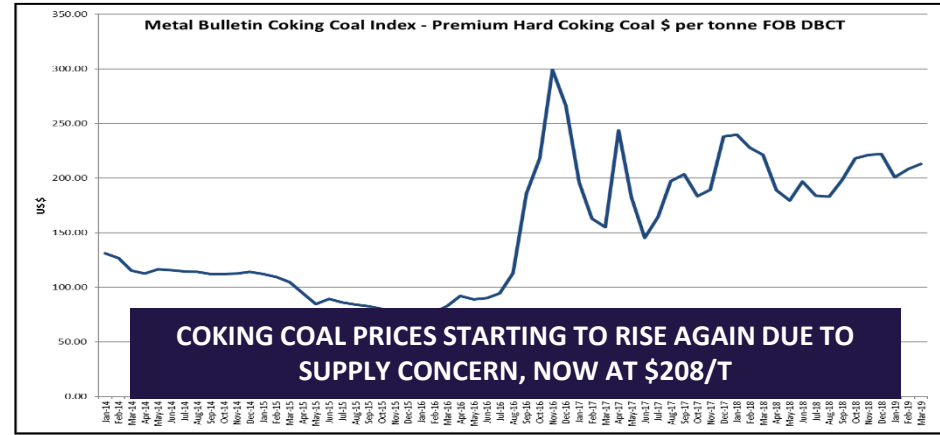
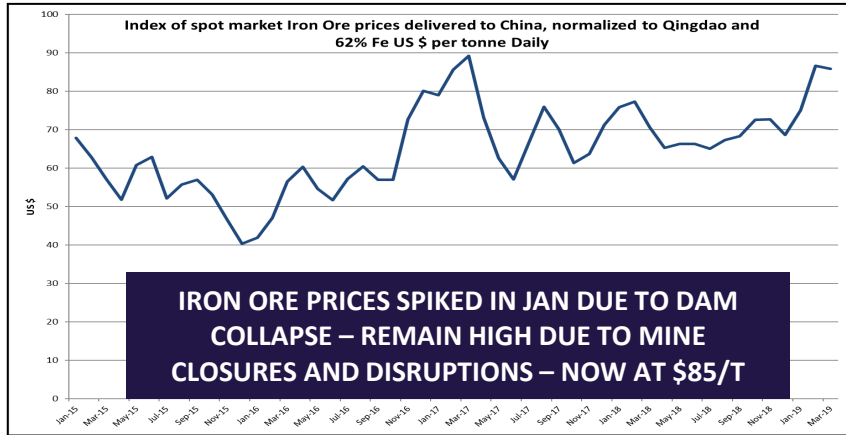


Data Source: BCSA / Steel for Life

The Steel Industry

- 2018 has seen reduced volatility to “H/I” beams supplied to the UK market.
- Prices have risen steadily throughout 2018 as a result of increased Iron Ore, Coking Coal and Scrap Steel prices.
- Reduced global output of Iron Ore relating to the Brazilian dam failure.
- 2019 is expected to see stability in UK steelwork consumption.
- Relationships with partner suppliers / manufacturers ensures price certainty and preferential supply.
- British Steel will report a profit for a third year running since its launch under the ownership of Greybull Capital.
- British Steel has committed £170m to capital expenditure to further enhance its manufacturing operations.

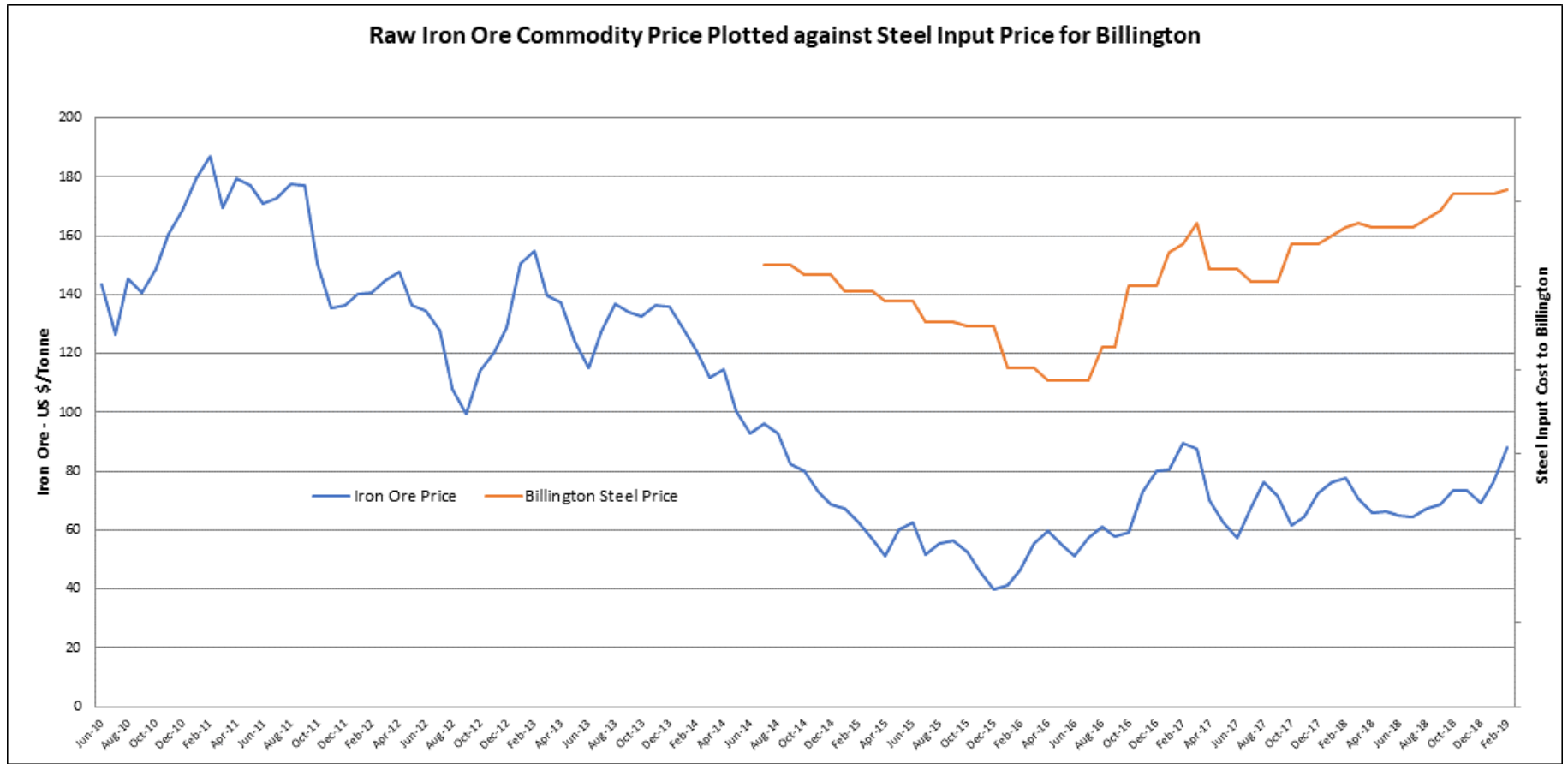




RAW MATERIAL PRICES REMAIN EXTREMELY VOLATILE WITH HIGH PRICES SET TO CONTINUE

Source: Metal Bulletin

Historical Iron Ore Price – 2012 - 2019



Source: www.indexmundi.com, 22/03/2019

Financial Review for the 12 Months Ended 31 December 2018

April 2019

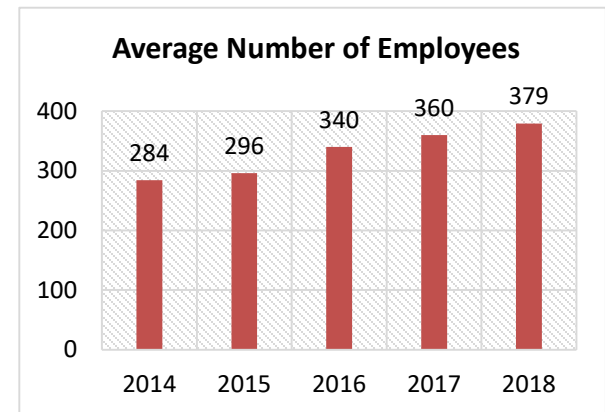
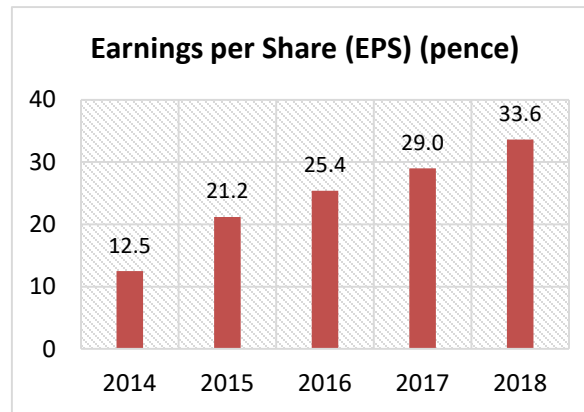
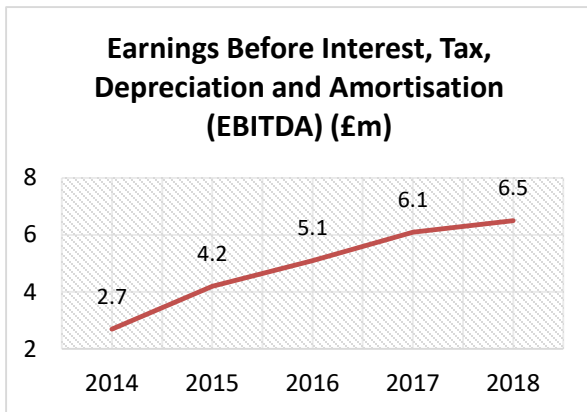
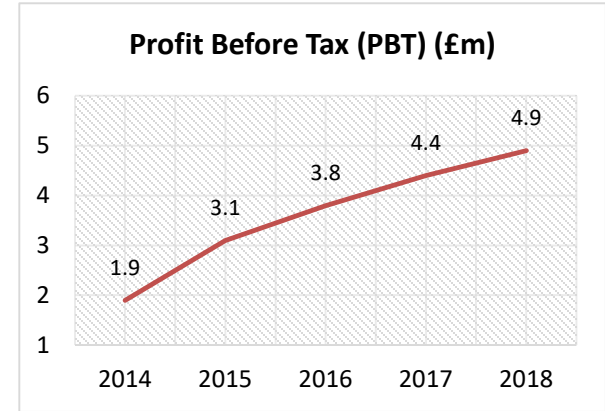
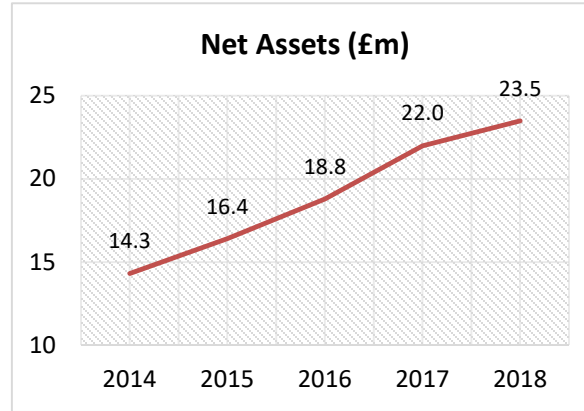
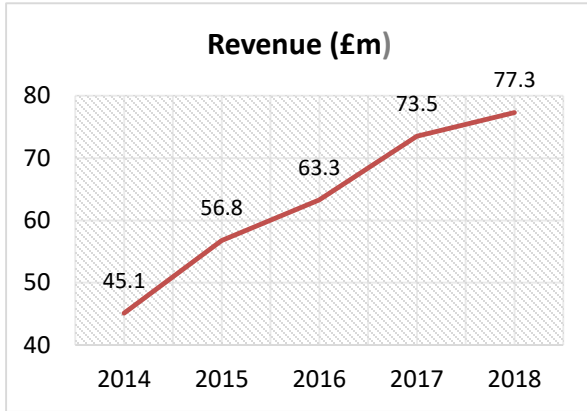


Highlights

- A record turnover for the Billington Group.
- Positive contributions from all Group divisions.
- Excellent profit progression from all Group companies.
- Gross (net) cash balance of £9.3m (£7.6m).
- A number of large projects secured in the period.
- Dividend of 13 pence per share in respect of 2018 (2017: 11.5 pence per share).
- Continued surplus within the Defined Benefit Pension Scheme of £1.4m (net of deferred tax).



Five Year Summary



Overview

- Consistent share price in a turbulent equity market.
- Further capital expenditure projects at Shafton being developed.
- Extremely busy first half of 2019.
- Steel input prices have gradually increased during the period. Improved stability in recent months.
- Trading has been cash generative.
- Agreed financing in place to fund business expansion and WIP requirements.
- Continued investment and progression in apprentice and training programmes to develop key talent.
- Solid, financially secure, credit insured client base.
- Continued positive working relationships with long-term partners, main contractors and developers.

Shafton Steel Services

(a trading division of Billington Structures Ltd)

- On 18 December 2015, the Group completed the acquisition of a 25 acre site in Shafton, Barnsley for £2.5m.
- Shafton provides steel processing services to the wider construction and engineering markets.
- The site contains two large industrial buildings with a combined usable area of 181,000 sq ft.
- Further capital expenditure projects being developed.
- Three new machines are now fully commissioned and productive, contributing to 2018 figures.





FICEP Endeavour Saw / Drill Line

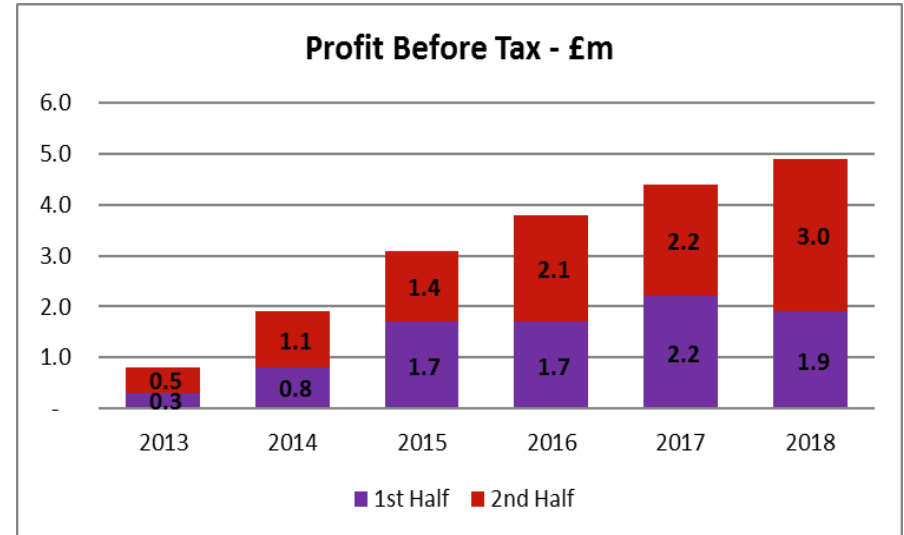
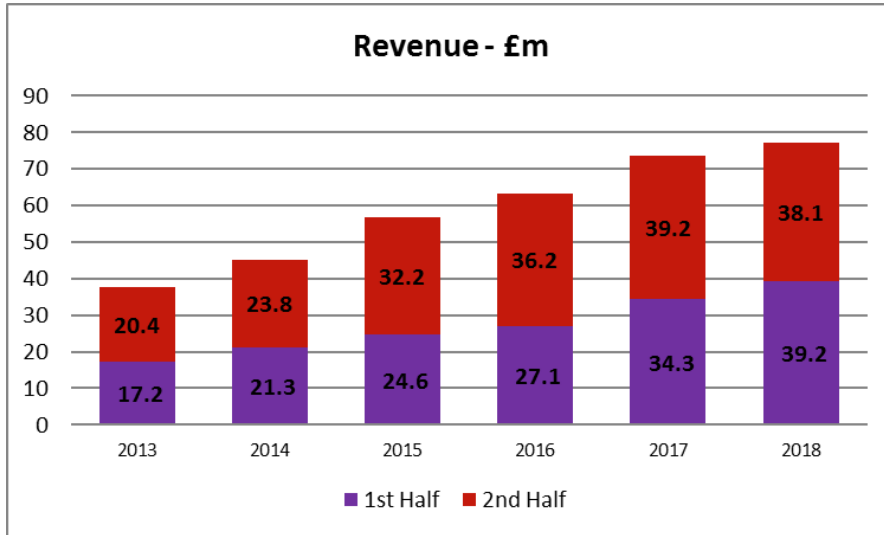


Corimpex Beam Welding Line



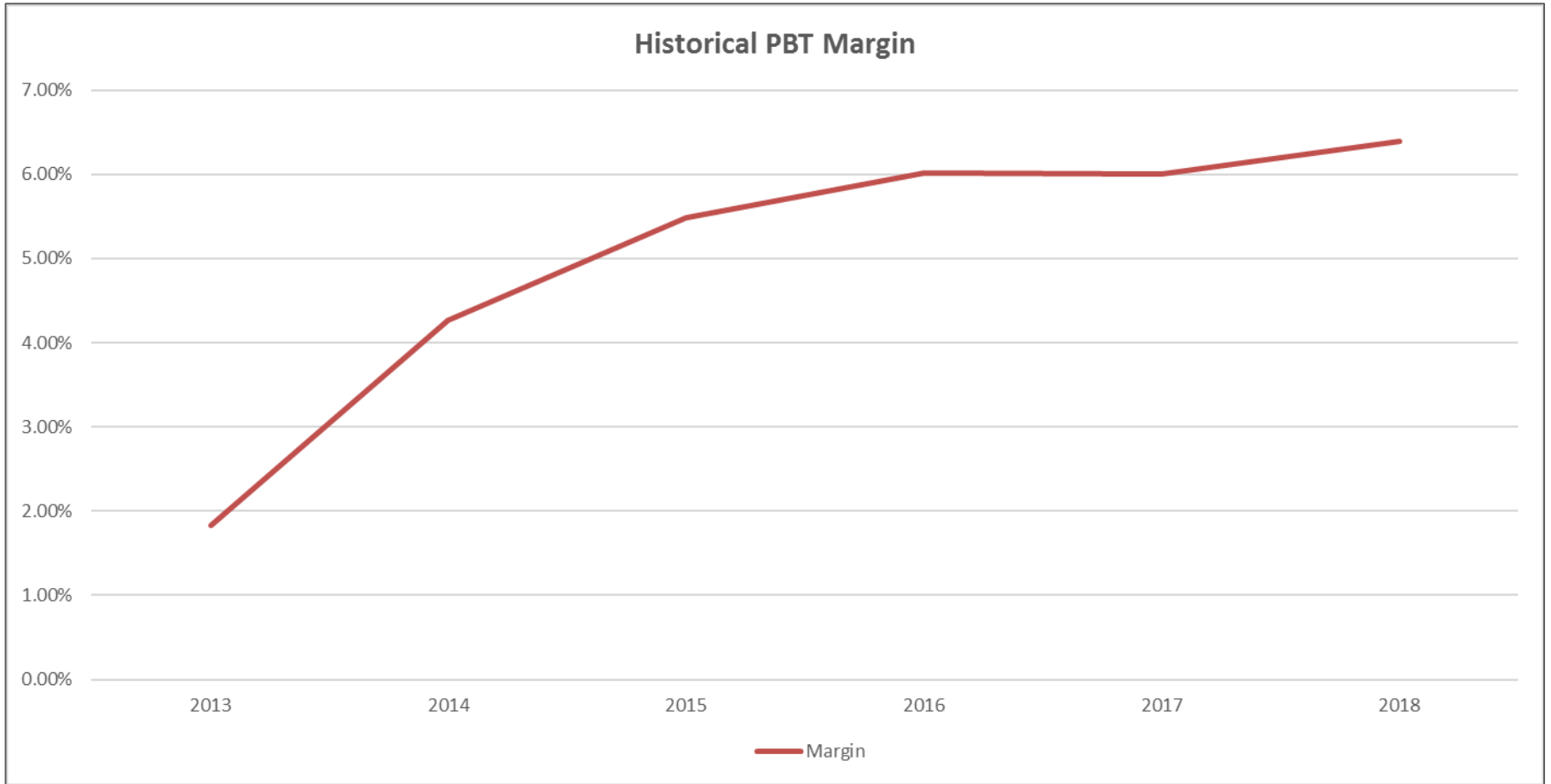
FICEP Gemini Plate Processing System

Financial History



Consistent, steady growth of Revenue and Profit.

Financial History



Financial Summary

£'000	12 months to 31 December 2018	12 months to 31 December 2017
Revenue	77,266	73,518
Total costs (excluding depreciation and one-off redundancy costs)	70,763	67,459
Adjusted EBITDA	6,503	6,059
Depreciation and redundancy costs	1,502	1,631
Group operating profit	5,001	4,428
Net finance costs	(58)	(17)
Profit before tax	4,943	4,411
Taxation	(894)	(907)
Profit from continuing operations	4,049	3,504
Earnings per share	33.6p	29.1p

- Adjusted EBITDA improved 7% to £6,503,000
- PBT improved by £532,000 to £4,943,000

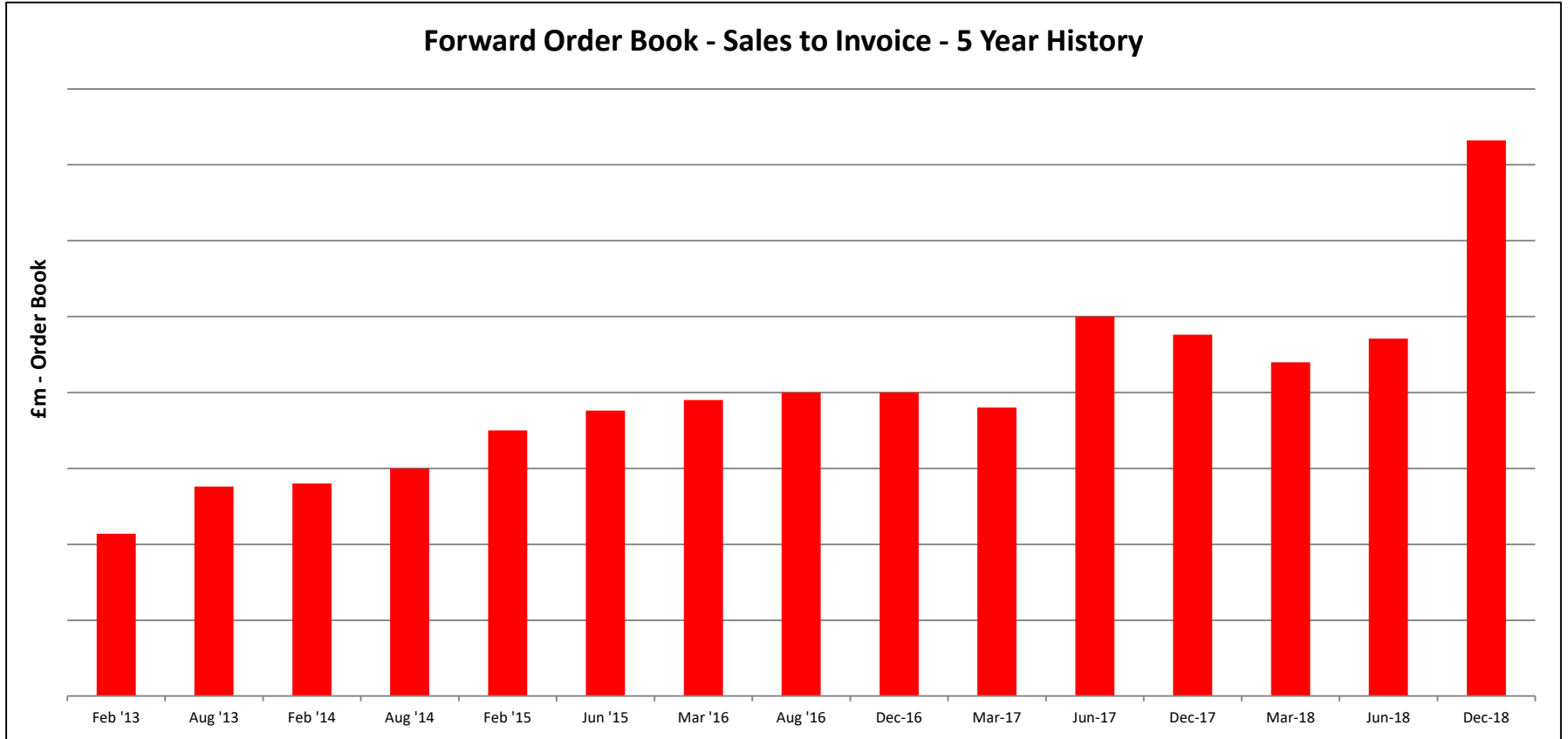
Balance Sheet

£'000	31 December 2018	31 December 2017
Non-Current Assets	15,711	15,789
Current Assets	28,849	24,775
Total Assets	44,560	40,564
Current Liabilities	(19,609)	(16,670)
Non-Current Liabilities	(1,500)	(1,918)
Total Liabilities	(21,109)	(18,588)
Net Assets	23,451	21,976

Cash Flow

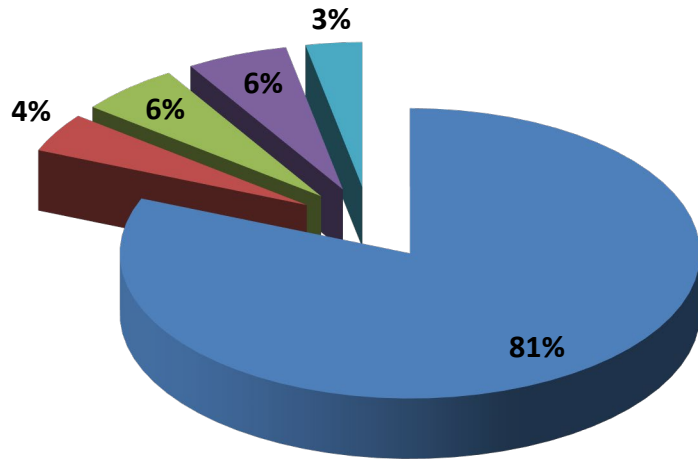
£'000	31 December 2018	31 December 2017
Profit after tax	4,049	3,504
Net cash flow from operating activities	562	2,146
Net cash flow from investing activities	(1,679)	(1,858)
Net cash from financing activities	(1,684)	(1,762)
Cash at beginning of period	8,063	6,033
Cash at end of period	9,311	8,063

Forward Order Book



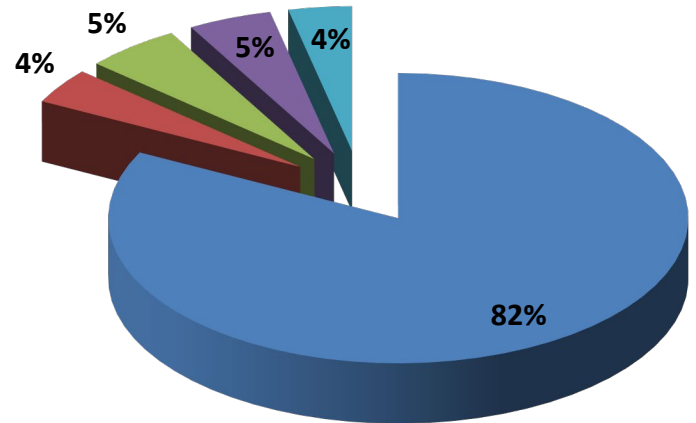
Divisional Breakdown

2018 Divisional Breakdown



■ Billington Structures ■ Easi-edge ■ Marshall Steel Stairs ■ Hoard-it ■ Shafton

2017 Divisional Breakdown



■ Billington Structures ■ Easi-edge ■ Marshall Steel Stairs ■ Hoard-it ■ Shafton

Divisional Highlights

- Billington Structures accounts for 81% of Group revenue.
- Solid performance from all Group divisions.
- A positive start by all Group divisions in 2019.
- A good number of opportunities exist in a buoyant marketplace.
- Continued focus on future capital expenditure projects.
- Expansion of easi-edge barrier fleet in the period.



Billington Structures Ltd

Completed Projects include:

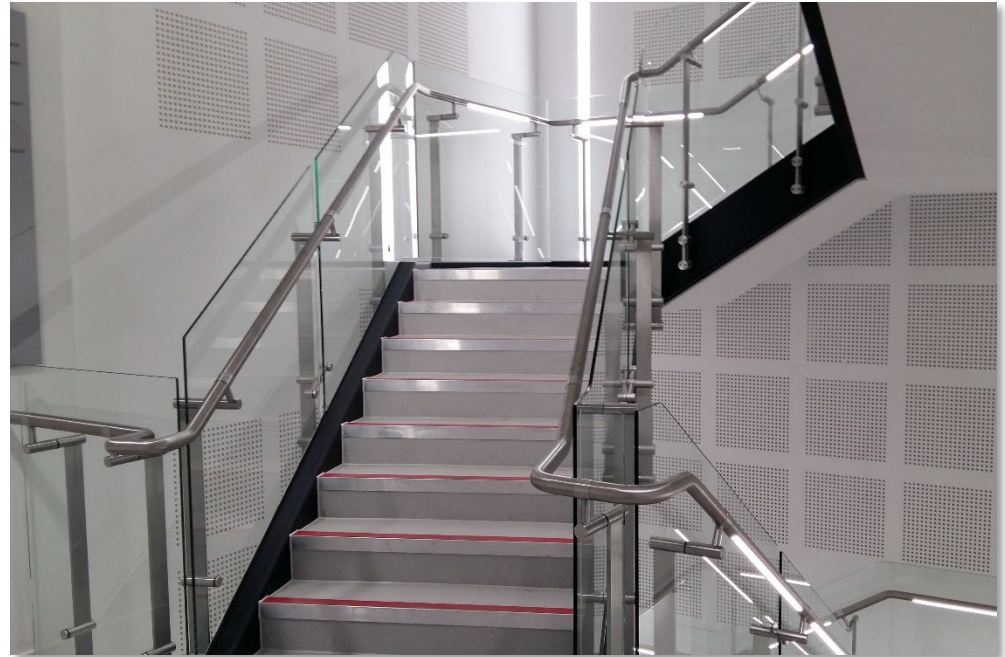
- Boeing Facility, Sheffield – JF Finnegan
- Pinewood Studios, Buckinghamshire – McAlpine
- 125 Deansgate, Manchester – Marcus Worthington
- 7&8 Wellington Place, Leeds – Wates
- Amazon Centre, Avonmouth – ISG



Peter Marshall Steel Stairs Ltd

Completed Projects include:

- Lime Street, London - William Hare
- Amazon Centre, Avonmouth – ISG / BSL
- Redevelopment Project, London – William Hare
- Park Drive, Abingdon – Mifflin Construction Ltd
- Balmoral Tanks Factory, Barnsley



easi-edge Ltd

Completed Projects include:

- X1 The Landmark, Manchester – Forrest Construction
- Scotway Accommodation, Glasgow – Graham Construction
- Avebury Boulevard, Milton Keynes – Galliford Try
- Keiper School, Durham – BAM Construction
- Forth Banks, Newcastle Upon Tyne – James Killelea & Co Ltd



hoard-it Ltd

Completed Projects include:

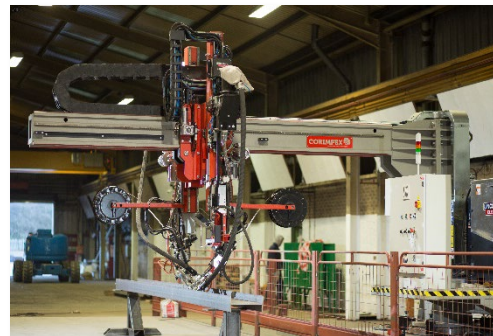
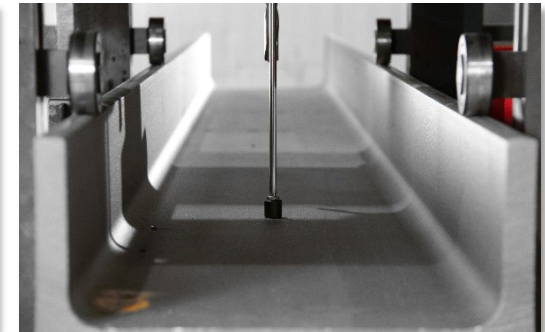
- Warwick University, Coventry – Kier
- Prince Charles Hospital, Wales – Interserve
- Riverside, Rochdale – Willmott Dixon
- Meadowbank Stadium, Edinburgh – Maxi Construction
- Lloyds Banking, Belfast – Wates



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
- Section Drilling

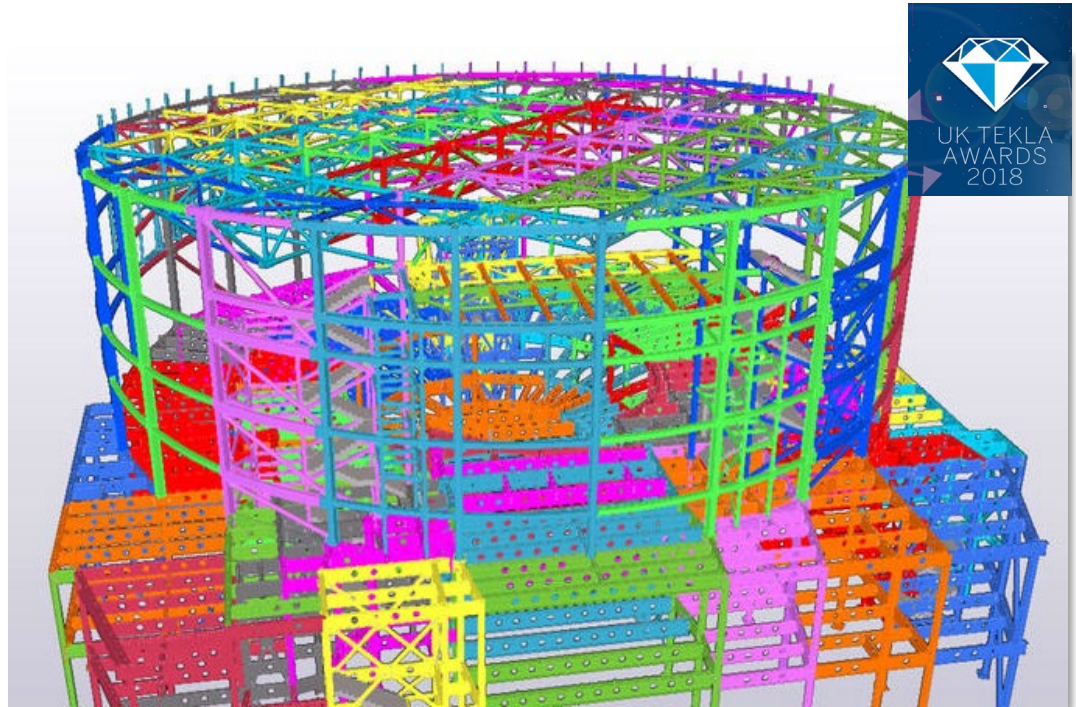


Awards

Greenwich Peninsula Energy Centre received a Commendation for at the 2018 Structural Steel Design Awards.



Coventry Waterpark was a two time Winner at the UK Tekla Awards, taking home both the Public Vote 2018 and Sports & Recreation Award 2018.



Summary – Outlook & Prospects

- New value added services brought inhouse as a result of the new machinery at Shafton.
- Further enhancement of the 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 2020.
- Further opportunities available for projects in Europe.
- Strong hire product utilisation.
- Strong dividend policy.
- Strong balance sheet underpinned by cash and fixed assets providing a solid platform for further growth.
- Trading has been cash generative resulting in a strong year end cash balance.

Contacts

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