

Billington Holdings Plc

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('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, today announces its interim results for the six months ended 30 June 2014.

	Unaudited six months to 30 June 2014	Unaudited six months to 30 June 2013	Percentage increase
Revenue	£23.20m	£17.16m	+35%
Adjusted EBITDA ¹	£1.18m	£0.82m	+44%
Profit before tax ¹	£0.79m	£0.34m	+132%
Cash and cash equivalents	£2.80m	£0.42m	+567%
Earnings per share from continuing operations	4.9p	1.6p	+206%

¹ Adjusted for redundancy costs

Highlights

- Strong results - underpinned by the Group's 'stability and return to profitability' initiative
- Board remains confident of further progress and believes that the Group is well positioned to benefit from improving market conditions
 - full year results anticipated to be ahead of current forecasts
 - Board to consider dividend declaration when full year results are announced in March 2015

Commenting on the results, Steve Fareham, Chief Executive, said,

"This is a strong set of results, which continues our recent trend of improving performance. The figures are underpinned by our 'stability and return to profitability' initiative. The first half of 2014 has seen real signs of improvement in the structural sector and we anticipate that our specialist divisions will demonstrate corresponding improvements in the second half. It is expected that the result for the full year will be ahead of the current forecast.

"Looking ahead, the Board is confident of further progress in the Company's trading performance; we believe that the strength of the Company's balance sheet, our strategy and our proven track record make Billington well positioned to benefit from improving market conditions and the new opportunities therein."

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Chief Executive's Statement

Introduction

I am pleased to report that Billington has posted a strong set of results for the six months to 30 June 2014, with revenues up 35 per cent and profit before tax increasing more than threefold year on year. The continuing progress in the Group's financial performance is underpinned by our 'stability and return to profitability' initiative.

Results

Profit before tax for the six months to 30 June 2014 was £0.8 million, after adjusting for redundancy costs (2013: £0.3 million, after adjusting for redundancy costs incurred in the period of £0.1 million).

Group revenue for the period was £23 million (2013: £17 million), with the increase largely attributable to a number of larger projects being completed in the period along with a greater number and quantum of associated sub trade packages within our scope of works.

Businesses

Structural Steel

Based in Barnsley and Bristol, Billington Structures' primary activity is the design, fabrication and erection of structural steelwork for a wide variety of sectors, mostly to the UK construction industry. In the first half of 2014, we have successfully delivered projects into a broad range of market sectors. We have also added to our previously reported work in Scandinavia, with further projects having been secured and completed in the period.

Tubecon, our specialist tubular and complex steelwork division, has completed several major projects and is now seeking new opportunities while complementing our conventional product range.

We have several potential projects in the pipeline with our joint venture with Bourne Construction, BS2.

Recent improvements in the sector have yet to filter through to our Leeds based Peter Marshall Steel Stairs division but we do remain optimistic that projects will be secured in the second half of 2014.

Safety Solutions

Based in Tuxford, North Nottinghamshire, easi-edge's main business is to hire out our patented safety barriers to the UK steel and timber frame construction industries. Following the trading pattern of the previous financial year, the start of 2014 proved slower but, with the clear improvements seen in the structural steel market, our utilisation has grown steadily in the second quarter and forecasts for the third and fourth quarters look strong. We have seen further improvements in our work within the timber frame sector and when dealing directly with main contractors.

Being the first specialist on a construction site, our innovative and sustainable site hoardings division, hoard-it, headquartered in Barnsley, has benefitted from the increase in UK construction activity and has supplied hoardings in many major cities including Edinburgh, Liverpool and London. New products have been introduced to develop onsite customer marketing activities.

Earnings per Share

Earnings per share from continuing operations stood at 4.9 pence in the period, compared with earnings per share of 1.6 pence for the corresponding period in 2013.

Liquidity and Capital Resources

The Group had a cash balance of £2.8 million at 30 June 2014 (2013: £417,000). The net cash flow from operating activities during the period amounted to an inflow of £0.2 million (2013: outflow of £0.6 million). Capital expenditure was £0.5 million in the period (2013: £0.1 million). The increase in asset purchases is primarily the result of extending the hire fleet of the Group's hoarding product in the period.

With confidence continuing to return in the economy as a whole, the Board considers that having a strong balance sheet with adequate available cash resources and funding facilities enables the Group to be well placed to take advantage of the apparent, albeit slow, economic recovery.

Pension

The Group's remaining final salary pension scheme is currently concluding its latest triennial valuation. Additional pension contributions of £0.1 million were paid to the scheme in the six months to June 2014 (2013: nil). The Group remains committed to the scheme and to achieving its overall objective of realising the buyout funding level.

Prospects and dividend

The first half of 2014 has seen real signs of improvement in the structural sector and we anticipate that our specialist divisions will demonstrate corresponding improvements in the second half.

CE marking, a key indicator of a product's compliance with EU legislation, was introduced to the structural steelwork industry this summer; Billington complies with CE marking and this will help to differentiate us further from our peers as we explore new opportunities.

Looking ahead, the Board is confident of further progress in the Company's trading performance; we believe that the strength of the Company's balance sheet, our strategy and our proven track record make Billington well positioned to benefit from improving market conditions and the new opportunities therein.

It is anticipated that the result for the full year will be ahead of the current forecast. The Board has previously indicated its intention to recommence the payment of a dividend at the appropriate time. With optimism within the wider UK economy continuing to improve and in view of the anticipated result for the full year, the Board has decided that it is appropriate to give an indication at this stage that it intends to give serious consideration to the declaration of a dividend when the full year results are announced in March 2015. The final decision will depend on the anticipated cash requirements of the business as activity levels increase and capital expenditure plans on replacement of plant and equipment are clarified.

Board and Employees

I would like to take this opportunity to welcome Mark Smith to the Board as Chief Operating Officer. Mark's expertise, enthusiasm and support are already being seen in all of our trading sectors.

Finally, I would like to thank my colleagues on the Board, all of our loyal employees and stakeholders for their continued support and dedication through what was a very challenging and long recession and I look forward to working together to continue growing our business.

Steve Fareham
Chief Executive Officer
8 September 2014

Condensed consolidated interim income statement

Six months ended 30th June 2014

	Unaudited Six months to 30th June 2014 £000	Unaudited Six months to 30th June 2013 £000	Audited Twelve months to 31st December 2013 £000
Continuing operations			
Revenue	23,200	17,156	37,571
(Decrease)/increase in work in progress	<u>(1,886)</u>	<u>1,310</u>	<u>1,833</u>
	21,314	18,466	39,404
Raw material and consumables	13,212	10,274	22,988
Other external charges	1,458	1,475	3,058
Staff costs	4,952	5,109	10,182
Redundancy	27	88	209
Depreciation	384	467	857
Other operating charges	<u>515</u>	<u>791</u>	<u>1,373</u>
	20,548	18,204	38,667
Group operating profit	766	262	737
Share of post tax profit in joint ventures	<u>0</u>	<u>0</u>	<u>0</u>
Total operating profit	766	262	737
Net finance cost	<u>(7)</u>	<u>(10)</u>	<u>(17)</u>
Profit before tax	759	252	720
Tax	<u>(190)</u>	<u>(63)</u>	<u>(256)</u>
Profit for the period from continuing operations and attributable to equity holders of the parent company	569	189	464
Earnings per share (basic and diluted) from continuing operations	4.9 p	1.6 p	4.0 p
Dividends per share	0.00 p	0.00 p	0.00 p

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 ESOP Trust, of 11,580,808. The comparatives are calculated by reference to the weighted average number of ordinary shares in issue which were 11,580,808 for the period to 30 June 2013 and 11,580,808 for the year ended 31 December 2013.

Condensed consolidated interim balance sheet

As at 30th June 2014

	Unaudited 30th June 2014 £000	Unaudited 30th June 2013 £000	Audited 31st December 2013 £000
Assets			
Non current assets			
Property, plant and equipment	7,698	7,670	7,629
Pension assets	653	384	653
Investment in joint ventures	0	0	0
Deferred tax asset	621	878	621
Total non current assets	8,972	8,932	8,903
Current assets			
Inventories and work in progress	6,034	7,246	7,915
Trade and other receivables	5,785	3,973	4,411
Cash and cash equivalents	2,809	417	2,576
Total current assets	14,628	11,636	14,902
Total assets	23,600	20,568	23,805
Liabilities			
Current liabilities			
Current portion of long term borrowings	346	45	368
Trade and other payables	9,570	7,626	10,512
Current tax payable	229	63	39
Total current liabilities	10,145	7,734	10,919
Non current liabilities			
Long term borrowings	0	346	0
Total non current liabilities	0	346	0
Total liabilities	10,145	8,080	10,919
Net assets	13,455	12,488	12,886
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	(909)	(909)	(909)
Accumulated profits	<u>11,075</u>	<u>10,108</u>	<u>10,506</u>
Total equity	<u>13,455</u>	<u>12,488</u>	<u>12,886</u>

Condensed consolidated interim statement of comprehensive income

Six months ended 30th June 2014

	Unaudited Six months to 30th June 2014 £000	Unaudited Six months to 30th June 2013 £000	Audited Twelve months to 31st December 2013 £000
Profit for the period	569	189	464
Other comprehensive income			
Remeasurement of net defined benefit surplus	0	0	163
Movement on deferred tax relating to pension liability	0	0	(65)
Current tax relating to pension liability	<u>0</u>	<u>0</u>	<u>25</u>
Other comprehensive income, net of tax	<u>0</u>	<u>0</u>	<u>123</u>
Total comprehensive income for the period attributable to equity holders of the parent company	<u>569</u>	<u>189</u>	<u>587</u>

Condensed consolidated interim statement of changes in equity
(Unaudited)

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other reserve - ESOP £000	Accumulated profits £000	Total equity £000
At 1st January 2013	1,293	1,864	132	(909)	9,919	12,299
Transactions with owners	0	0	0	0	0	0
Profit for the six months to 30th June 2013	0	0	0	0	189	189
Total comprehensive income for the period	0	0	0	0	189	189
At 30th June 2013	1,293	1,864	132	(909)	10,108	12,488
At 1st July 2013	1,293	1,864	132	(909)	10,108	12,488
Transactions with owners						
ESOP movement in period	0	0	0	0	0	0
Transactions with owners	0	0	0	0	0	0
Profit for the six months to 31st December 2013	0	0	0	0	275	275
Other comprehensive income						
Actuarial gain recognised in the pension scheme	0	0	0	0	163	163
Income tax relating to components of other comprehensive income	0	0	0	0	(40)	(40)
Total comprehensive income for the period	0	0	0	0	398	398
At 31st December 2013	1,293	1,864	132	(909)	10,506	12,886
At 1st January 2014	1,293	1,864	132	(909)	10,506	12,886
Transactions with owners	0	0	0	0	0	0
Profit for the six months to 30th June 2014	0	0	0	0	569	569
Total comprehensive income for the period	0	0	0	0	569	569
At 30th June 2014	1,293	1,864	132	(909)	11,075	13,455

Condensed consolidated interim cash flow statement
Six months ended 30th June 2014

	Unaudited Six months to 30th June 2014 £000	Unaudited Six months to 30th June 2013 £000	Audited Twelve months to 31st December 2013 £000
Cash flows from operating activities			
Group profit after tax	569	189	464
Tax paid	0	0	0
Interest received	0	0	0
Depreciation on property, plant and equipment	384	467	857
Difference between pension charge and cash contributions	(133)	0	(106)
Profit on sale of property, plant and equipment	(32)	(58)	(110)
Taxation charge recognised in income statement	190	63	256
Net finance expense	7	10	17
Decrease/(increase) in inventories and work in progress	1,881	(1,349)	(2,018)
(Increase)/decrease in trade and other receivables	(1,241)	245	(193)
(Decrease)/increase in trade and other payables	(942)	(120)	2,766
Net cash flow from operating activities	<u>683</u>	<u>(553)</u>	<u>1,933</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	(455)	(74)	(449)
Proceeds from sale of property, plant and equipment	34	64	142
Net cash flow from investing activities	<u>(421)</u>	<u>(10)</u>	<u>(307)</u>
Cash flows from financing activities			
Interest paid	(7)	(10)	(17)
Repayment of bank and other loans	(22)	(22)	(45)
Net cash flow from financing activities	<u>(29)</u>	<u>(32)</u>	<u>(62)</u>
Net decrease in cash and cash equivalents	233	(595)	1,564
Cash and cash equivalents at beginning of period	<u>2,576</u>	<u>1,012</u>	<u>1,012</u>
Cash and cash equivalents at end of period	<u><u>2,809</u></u>	<u><u>417</u></u>	<u><u>2,576</u></u>

Notes to the interim accounts - as at 30 June 2014

Segmental Reporting

The continuing operations of Billington Holdings plc operate only in Structural Steel. The Structural Steel segment includes the activities of Billington Structures Limited, Peter Marshall Steel Stairs Limited and easi-edge Limited. The Group activities, comprising services and assets provided to Group companies and a small element of external property rentals and management charges, are considered incidental to the activities of Billington Structures Limited and have therefore not been shown as a separate operating segment but have been subsumed with Structural Steel. All assets of the Group reside in the UK.

Basis of preparation

These consolidated interim financial statements are for the six months ended 30 June 2014. 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 2013 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 2014 Billington Holdings Plc has not declared a final dividend in respect of 2013 to its equity shareholders (2013: nil). No interim dividend for 2014 has been declared (2013: nil).

These results were approved by the Board of Directors on 8 September 2014.