



**Interim Results for the six months ended
30 June 2023**

September 2023

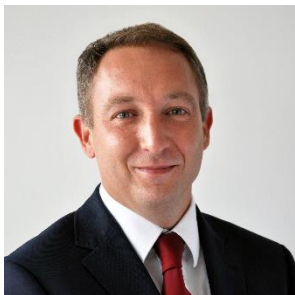


Presentation Team



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 became CEO in January 2015.



Trevor Taylor
Chief Financial Officer

A fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) with over 20 years' experience in Construction & Financial Services. Trevor joined Billington in 2008 and became CFO in 2011.

Units 10B & 3A, Dove Valley Park, Foston



Executive Summary

"Strong performance across all business units"

- Record revenue and profitability in H1. Full year profit guidance upgraded.
- Disciplined cash management with high levels of Work in Progress during the period.
- Repaid debt facility in the period with the Group now debt free.
- Specialist surface treatment acquisition fully integrated into the Group, operational and profitable.
- Strategic capital investment plan continues with tangible efficiency gains noted.
- Increase of c10% in workforce (sourced from UK and overseas), reducing the cost per productive hour, increasing output and ensuring recovery of overheads.
- Continued strong orderbook in a competitive trading environment.

Corporate

London (AIM)

BILN

as of 15/09/2023

Share Price

340.00p

Ordinary Shares in issue (No.)

12,934,327

Market Cap. (GBP, millions)

43.98



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

Major Shareholders

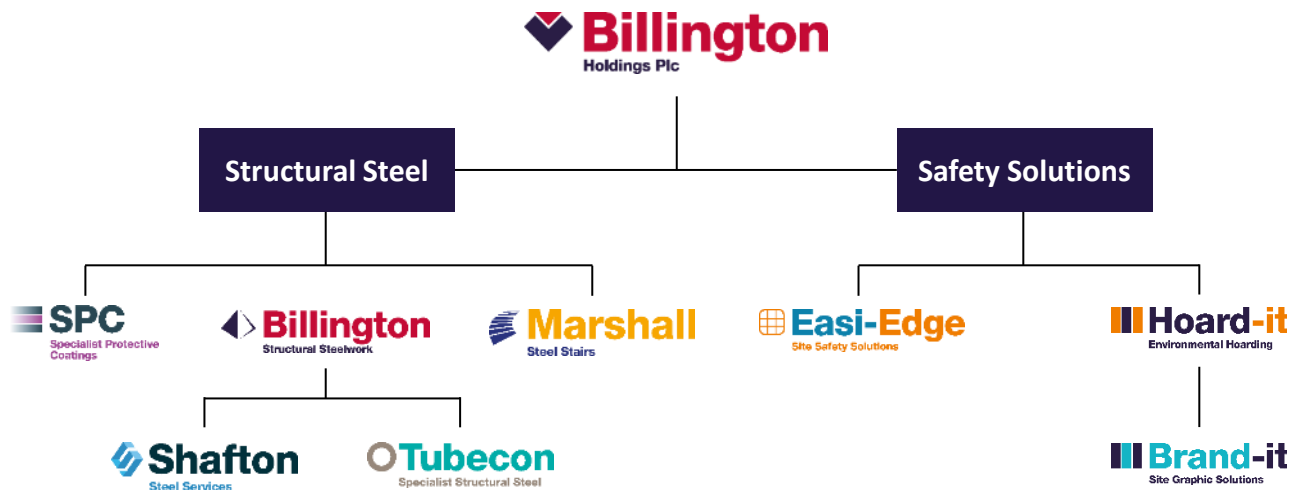
Gutenga Investments PCC Ltd	34.4%
Close Brothers	11.5%
Otus Capital	8.3%
Ocorian Trustees Ltd	6.2%
GPIM	5.4%
Ruffer LLP	3.8%

Advisors

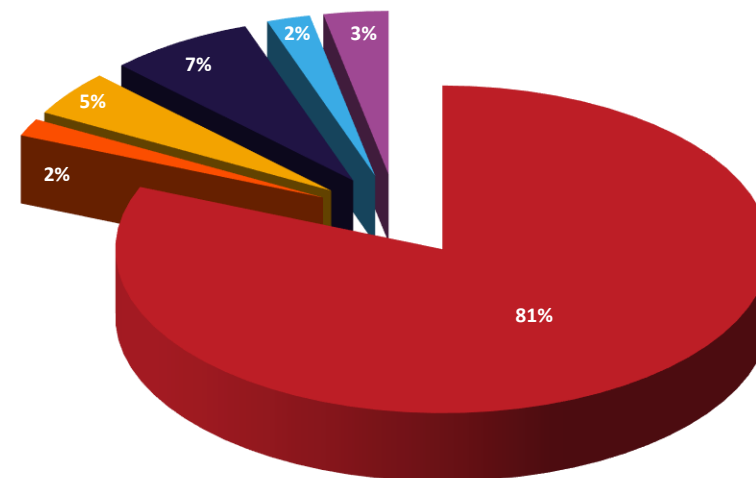
Bankers	HSBC Plc
NOMAD and Broker	Cavendish Capital Markets
Auditors	RSM
Solicitors	Walker Morris
Financial PR & IR	IFC Advisory

Divisional Breakdown

"SPC successfully integrated"



H1 2023 Revenue Breakdown



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

Divisional Highlights

Billington Structures | Shafton Steel Services

"Large, multi sector projects"

"Market leading processing capabilities"

Project Mandolin, Peterborough



JLR South Apron, Liverpool
ISG Ltd

Dove Valley Park, Derby
Roe Developments (UK) Ltd

Data Centre, Slough
ISG Ltd

Magna Park Industrial Units,
Lutterworth
TSL Ltd

Skelton Grange EfW, Leeds Hitachi
Zosen Inova AG

Project Mandolin, Peterborough
ISG Ltd



Countersunk Durbar Plate
John Reid & Sons Ltd

Thick Plate Profiling
ADEY Steel Ltd

Fitting Packages
Nationwide Structures Ltd

Shear Punch Line Fittings
Newbridge Engineering Ltd

Plate Shotblasting
Metinvest/Spartan UK Ltd

Washer Plate Manufacture
BAPP Group Ltd

Divisional Highlights

Peter Marshall Stairs | Specialist Protective Coatings

"Diverse client base"

"Increased demand for intumescent paint treatments on structural steelwork"



JLR South Apron, Liverpool
Billington Structures Ltd

Eastbrook Studios, Dagenham
VolkerFitzpatrick

Skelton Grange EfW, Leeds
Billington Structures Ltd

Project Trent, Wolverhampton
J&D Pierce Ltd

Data Centre, Slough
Billington Structures Ltd



Structural Steel Intumescent
Billington Structures Ltd

Stair Flights and Balustrade
Peter Marshall Steel Stairs Ltd

Pressure Vessels
AJ Metals Ltd

National Grid Gas Pipes
Blackwater Manufacturing Ltd

Heat Exchangers
Portobello Ltd

Structural Steel Intumescent
Adstone Construction Ltd



Data Centre, Slough



Divisional Highlights

Easi-Edge | Hoard-it/Brand-it

“Diverse client base”

“Increased demand for intumescent paint treatments on structural steelwork”

	Hughes House, Liverpool Leach Structural Steelwork Ltd	 	Winsford Town Centre Kier Construction Ltd
	Wirral Waters, Liverpool Kendley Ltd		ARU Peterborough Morgan Sindall Group plc
	Chertsey High School, London Kier Construction Ltd		Wakefield WX William Birch & Sons Ltd
	City Square House, Leeds Billington Structures Ltd		Canvey Island, Essex Balfour Beatty plc
	London Road Hotel, Manchester Warrington Fabrications Ltd		Haigh Hall, Wigan H.H. Smith & Sons Co Ltd
	Willows Primary School, Altrincham Conlon Construction Ltd		Secret Cinema, Birmingham (graphics only) Secret Cinema

City Square House, Leeds



Secret Cinema, Birmingham



Financial Highlights

NewCold, Corby

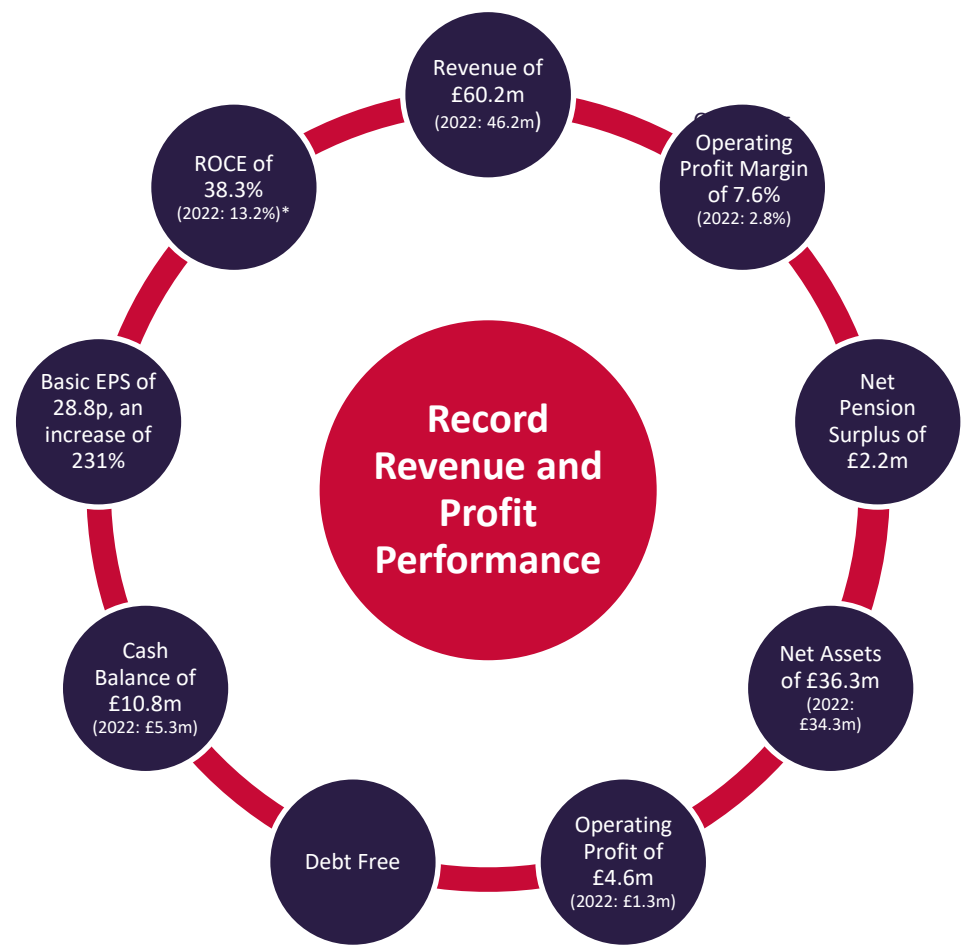
“Strong asset backed balance sheet with zero debt”

- A number of highly profitable contracts across the Group successfully delivered and in progress. Operating profit margin of 7.6% in the period.
- Continued strong trading performances from Billington Structures, Hoard-it and Peter Marshall Steel Stairs.
- Raw material supply, previously impacted through the Ukraine conflict has settled with no further issues noted. Input cost inflation subsided during the period.
- Energy costs have stabilised and are currently below that anticipated during the latter part of 2022.
- Capital investment programme ongoing with new saw/drill line installed at the Yate facility.
- Main contractors’ financial stability under constant review. Notable insolvencies within the industry during the period.
- Securing sufficient credit insurance on the customer base remains challenging.
- Gross and net cash balance of £10.82m at the period end. Further enhancement to cash balances anticipated at the year end.



Financial Highlights – in Numbers

B7 New Bailey, Manchester



* Interim result annualised – (average net assets less cash and pension surplus)



Income Statement

"Record revenue and profitability"

£'000	Six months to 30 June 2023	Six months to 30 June 2022	Year to 31 December 2022
Revenue	60,154	46,189	86,614
Total costs (excluding depreciation)	(54,484)	(43,840)	(78,659)
EBITDA	5,670	2,349	7,995
Depreciation	(1,100)	(1,023)	2,044
Group operating profit	4,570	1,326	5,911
Net finance income/(expense)	29	(27)	(82)
Profit before tax	4,599	1,299	5,829
Taxation	(1,081)	(247)	(1,095)
Profit for the period	3,518	1,052	4,734
Basic earnings per share	28.8p	8.7p	39.1p

- Revenue increased 30 per cent
- 7.6 per cent operating profit margin
- EBITDA increased 141 per cent

Balance Sheet

“Strong asset backed balance sheet with zero debt”

£'000	30 June 2023	30 June 2022	31 December 2022
Non-current assets	22,661	19,254	21,902
Current assets	48,815	34,896	38,774
Total assets	71,476	54,240	60,676
Current liabilities	(31,906)	(20,849)	(22,506)
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

Continued Capital Investment

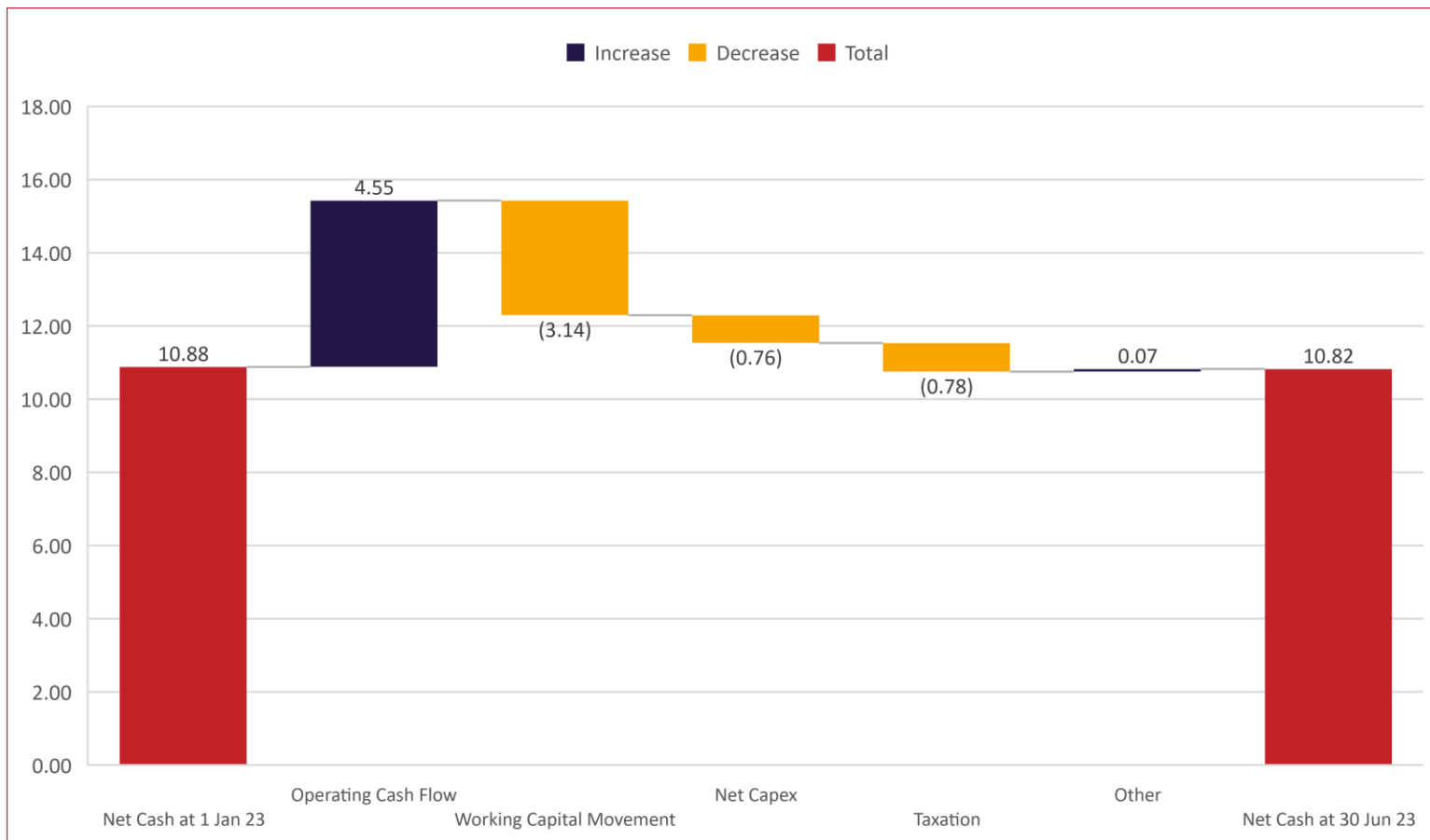
"Continued capital investment programme"

H1 2023 Capital Investment – Plant, equipment & machinery	£m
New Valiant Saw/Drill Line (Yate)	1.15
Hoard-it and Easi-Edge Hire Stock	0.39
Vehicles	0.26
Plant & Machinery	0.21
Other	0.17
Total	2.18



Saw and Drill Line, Yate

Net Cash Movement H1 2023



- Continued implementation of capital investment programme
- Debt facility repaid in period
- Disciplined capital allocation policy

The Wider Steel Market

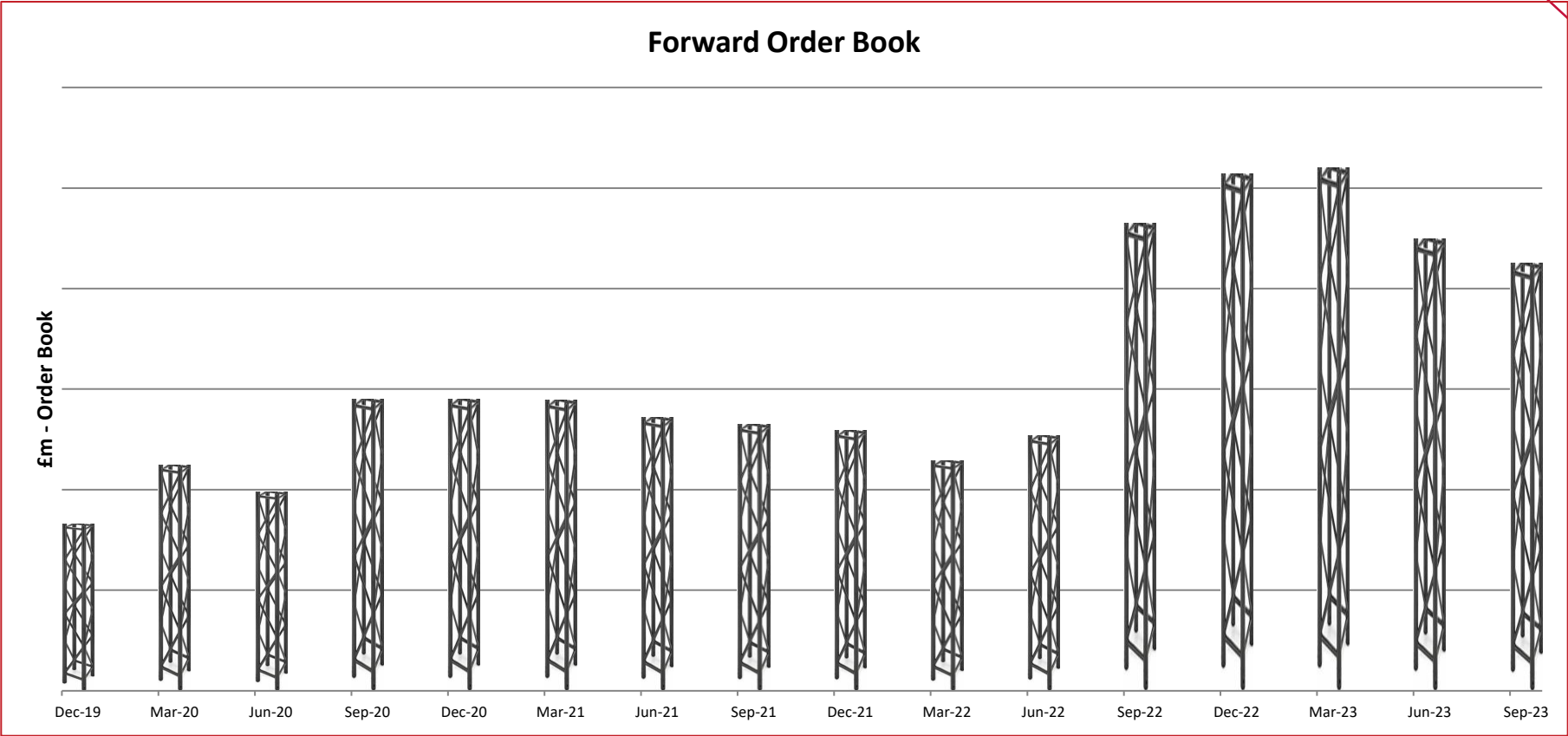
"More stable steel supply environment"

- Reducing wholesale energy costs, combined with moderate demand levels has seen a softening in the retail price for a number of steel products.
- Solid supply chains have ensured no disruption of material supply following the onset of the Ukraine conflict.
- Group continues to ensure that primary raw material costs are hedged with steel manufactures and stockholders to ensure risks are mitigated.
- Stable raw material pricing is anticipated in the short term, providing cost certainty to developers and main contractors.
- British Steel remains the dominant steel producer in the UK.
- British Steel continue with developing and implementing their capital investment programme to reduce carbon emissions and balance their steel making methods between Blast Furnace and Electric Arc production.



Forward Order Book

“Continued strong orderbook levels”



ESG Commitments

Environmental

- Creation of Group ESG committee to identify, develop and implement carbon reduction projects.
- BSL subsidiary accredited Carbon Neutral in August 2023.
- 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.
- Energy reduction projects implemented.
- Biofuels implementation to be rolled out.
- New energy contracts on green tariffs.
- Billington has joined the SteelZero initiative committing to procure 100% net zero steel by 2050.

Social

- Early pay reviews for all employees in the year to support during the cost of living crisis.
- Support the communities in which the companies operates through taking active involvement in community projects.
- Support packages provided to overseas employees and families relocating to the UK.
- 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.
- Be actively involved with and support STEM commitments in education.

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.
- Significant experience and diverse range of expertise on the Board.
- New independent NED appointed in September 2023.
- Cyber essentials accreditation obtained in the period.



Carbon Roadmap – Billington Structures

- Certified Carbon Neutral in August 2023 with the plan to roll out to the rest of the Group companies.
- Part of a significant global initiative for clean steel and are proud to be a member of SteelZero.
- A steadfast commitment to achieving, as a minimum, the goal set by SBTi*, of 50% carbon emissions reduction by 2030 and net zero by 2050.
- Since May 2023, electricity procured from 100% green energy with a REGO accredited 0% emissions factor.
- Vehicle fleet to become primarily electric, reducing carbon emissions by approximately 15% annually.
- Further planned reductions include the introduction of Biodiesel (HVO) across factories and site-based activities.
- 1,770 tonnes CO₂e emissions offset via the Woodland Fund™ portfolio of verified carbon offsetting projects.

* Science Based Targets Initiative



Make a Difference to Climate Change

**WE ARE A CARBON
NEUTRAL BUSINESS**



**We have calculated
and offset our total emissions**



#carbonneutralbritain
@carbonneutralbritain
carbonneutralbritain.org

Growth Strategy

DRIVING LONG TERM GROWTH		
ORGANIC		INORGANIC
Internal Enhancements	Commercial Focus	Acquisitions
<ul style="list-style-type: none"> Continued focus on margin improvement and driving efficiencies: Continued implementation of margin enhancing projects across the Group. Capital machinery replacement programme to improve factory efficiencies maintained. Objective to increase factory capacities and reduce overhead cost per unit. Increase in direct labour recruited from UK and overseas. 	<ul style="list-style-type: none"> Active identification and targeting of projects within the EU. European sales office and resource under consideration. More selective partnering with financially stable clients. Targeting of larger, higher margin contracts. Increased focus on expanding markets. 	<ul style="list-style-type: none"> Identification of complementary acquisitions with a focus on diversifying Group activities.

Long term capital allocation strategy

Summary – Outlook & Prospects

Next Brookfield Park, Rotherham

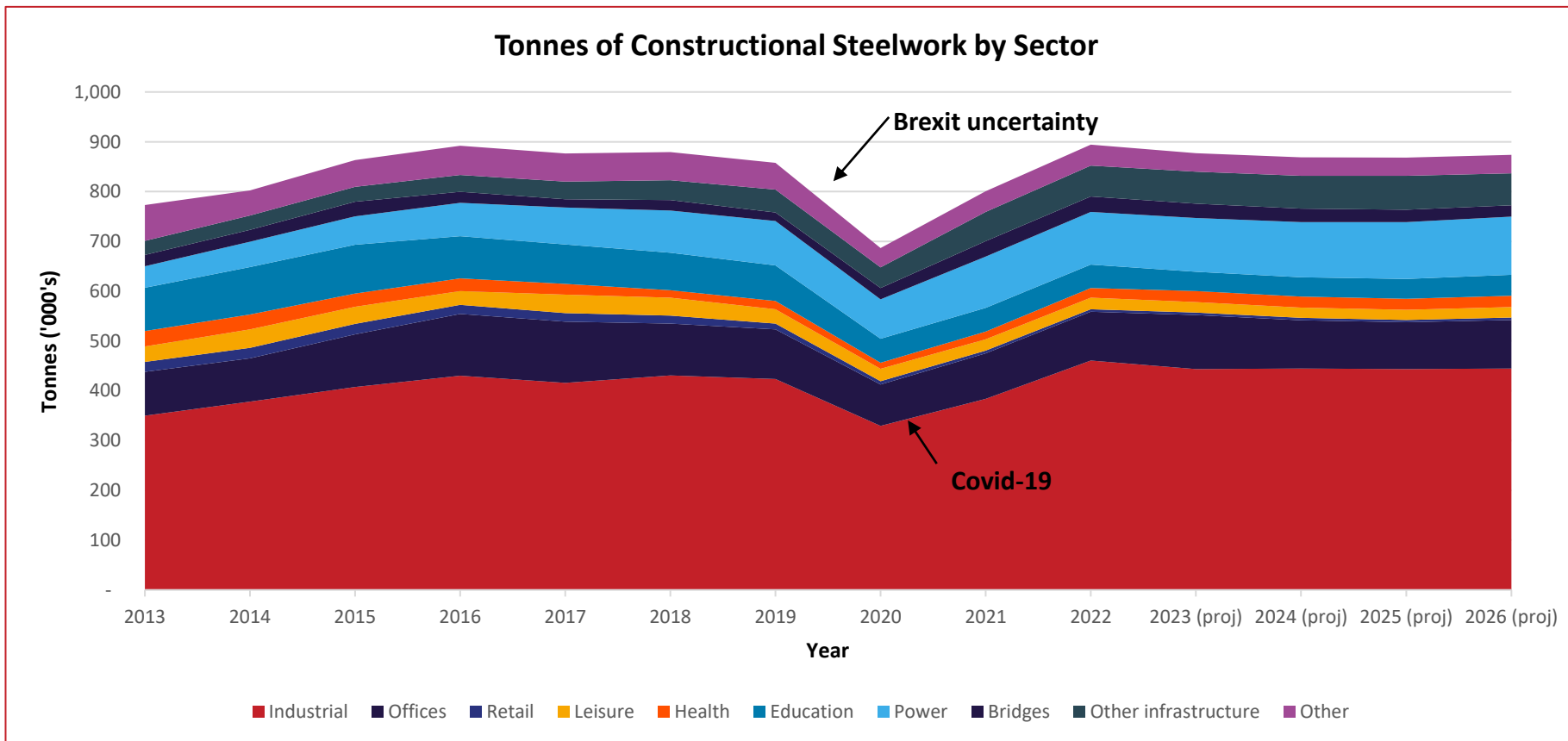
- Structural steelwork market forecast to contract by 3.0% in 2023 before returning to growth in 2024.
- A number of large project opportunities in the power generation and data centre sectors.
- Steel supply and pricing more stable moving forward.
- More stable energy supply market moving forward.
- Further major capital expenditure projects planned for 2023-2026 to further improve operational efficiencies and enhance quality.
- Robust balance sheet underpinned by cash and property assets.
- Close monitoring of the financial stability of the Group's client base.
- Debt free Group providing opportunity for complementary acquisition targets.
- Continued expansion of the graduate, apprentice and welding school programmes.
- Successful recruitment of fabrication labour from UK and overseas.
- Implementation of a welding training school at the Shafton facility in September 2023.



Appendix

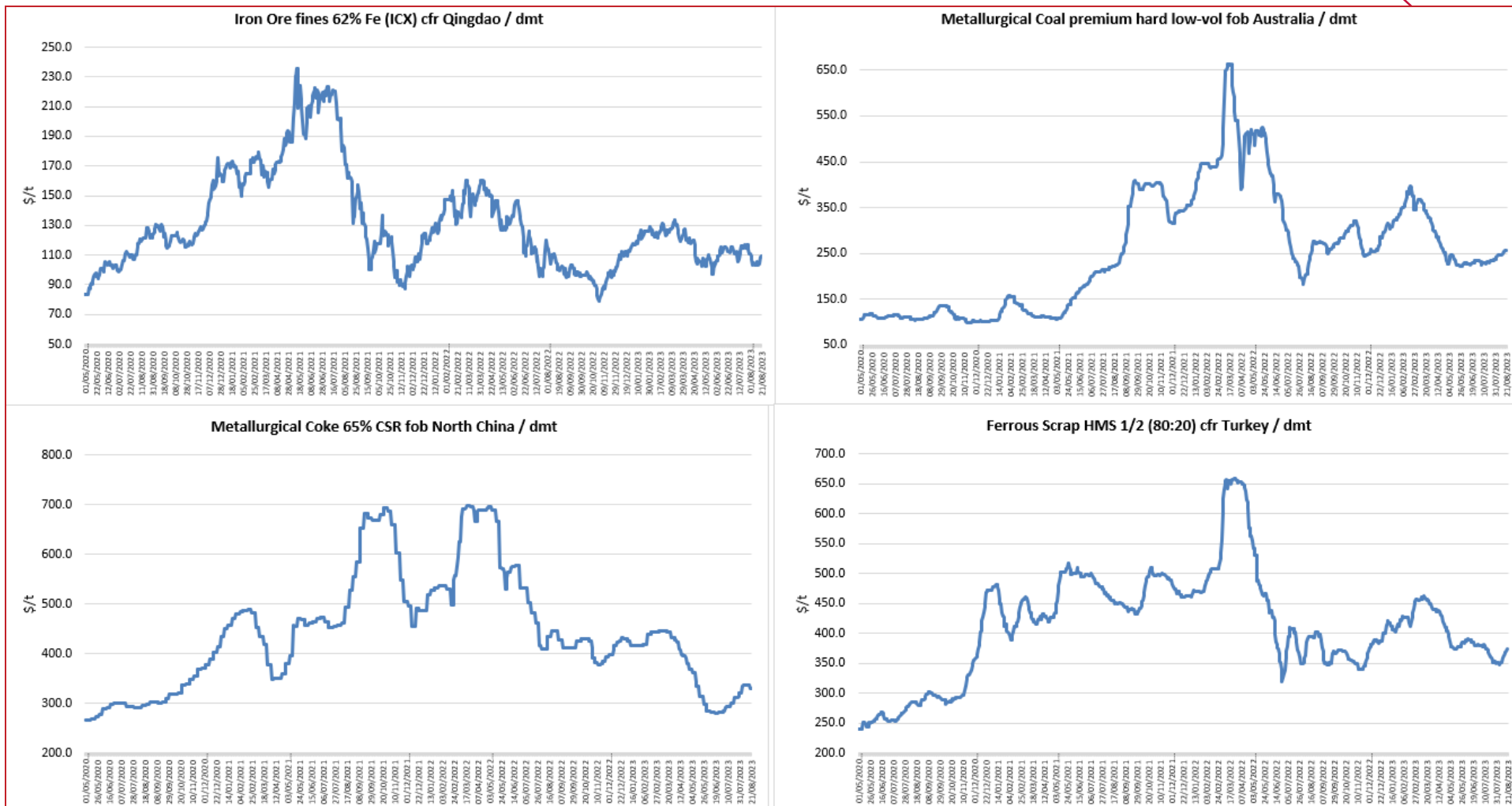
Market Sectors

“Anticipated further growth in industrial and power sectors”

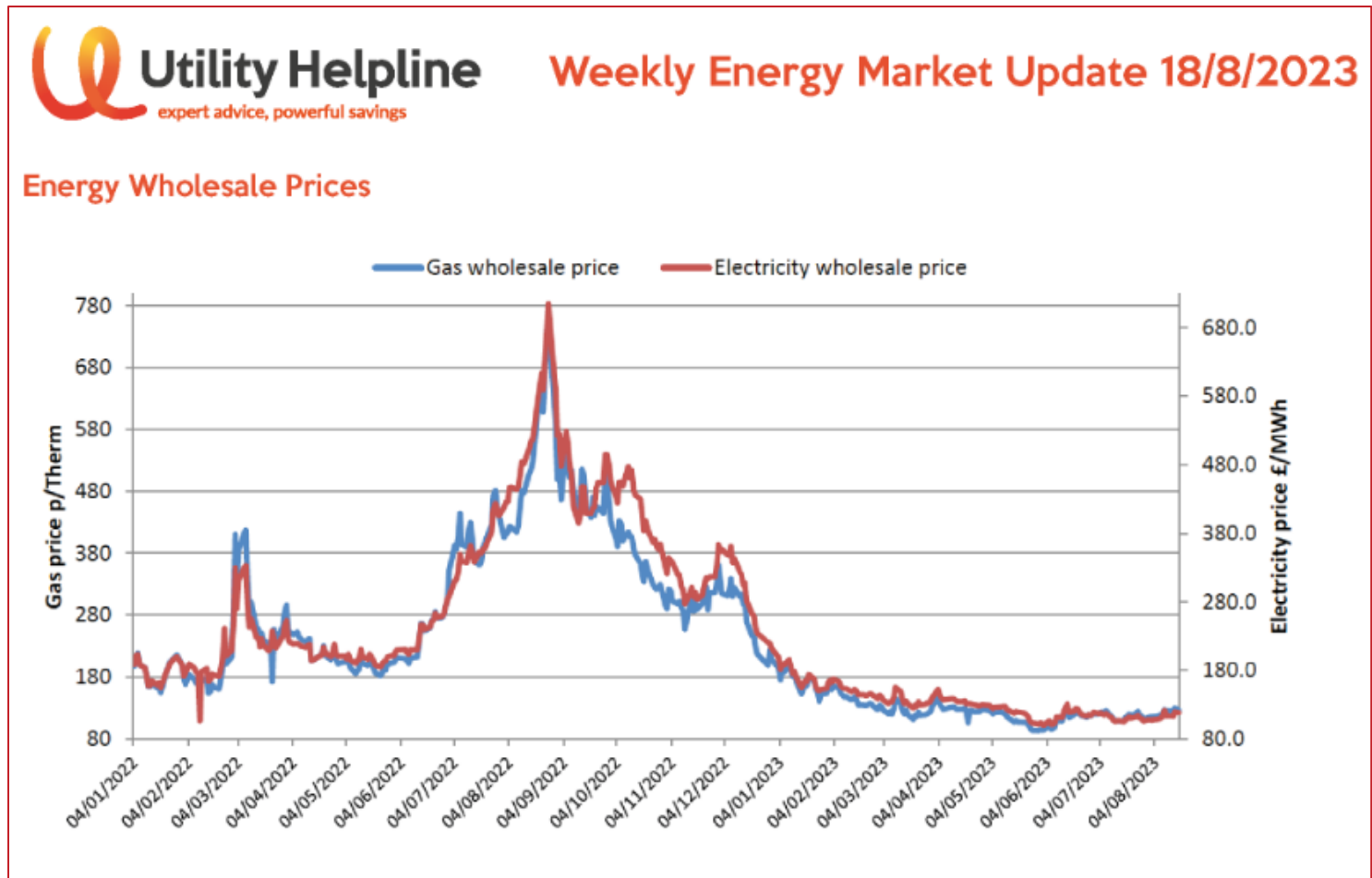


Source – British Steelwork Constructional Association (BCSA) – July 2023

Steel Manufacture – Raw Materials Trends



Steel Manufacture – Energy Trend



Cash Flow

"Disciplined cash management"

£'000	30 June 2023	30 June 2022	31 December 2022
Profit after tax	3,518	1,052	4,734
Net cash flow from operating activities	1,728	(4,479)	6,606
Net cash flow from investing activities	(1,683)	(1,484)	(4,572)
Net cash from financing activities	(859)	(165)	(782)
Cash at beginning of period	11,634	10,382	10,382
Cash at end of period	10,821	5,306	11,634

Awards Success

- **Kentmere Ward Project** – Kier Construction Northwest Specialist Supply Chain Partner Award for Hoard-it.
- **Shepperton Studios** – Sir Robert McAlpine Safety Award.
- **Castlepoint Car Park, Bournemouth** – Kier Construction Health and Safety Ambassador Award.
- **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.



ESG Successes

Small changes, Big Green Returns

Replaced all its traditional lighting throughout the factories and offices with LED lighting units during the latter half of 2022 and early 2023.

The electricity consumption of LED units is far less than traditional lighting and with an estimated yearly saving of over 170MWhr.

The transition to LED lighting represents a **6% reduction** in our annual electricity usage. This equates to an **annual reduction of 42 tonnes** of scope 2 CO2 emissions, contributing to level 4 targets.



Diesel to HVO

Having completed a successful trial of the use of HVO in plant instead of diesel, the transition to HVO in all our factory and site vehicles and plant forms part of our carbon roadmap and is to be fully implemented over the course of the next few years to ensure we meet our 2030 carbon reduction target.

Whilst HVO is more expensive than diesel, it has the potential to reduce CO2 emissions by up to 90%, NOX emissions by up to 27% and our PM emissions by up to 84%. We estimate that this will eventually provide **savings in excess of 340 tonnes of scope 1 CO2 emissions annually**, contributing to lever 4 targets.



New Green Energy Contract

Billington Structures have recently **switched to 100% green energy** generated electricity supply.

The net result of this is a significant saving of over 525 tonnes of scope 2 CO2 emissions annually, contributing to lever 4 targets.

Billington Structures are now certified Carbon Neutral in August 2023.



Sustainable Motor Vehicle Fleet

With our first electric vehicle purchased in 2020, the proportion has since risen to **30% of our current fleet** – a trend that we will continue over coming years until we are 100% electric. When complete, we estimate this will reduce our carbon emissions by approximately 250 tonnes annually, contributing to lever 4 targets.

Installed a number of **EV charging points** at Head Office and plans to expand in the future. This will assist with the transition to a cleaner and more sustainable vehicle fleet. These are available to all employees and visitors as well as company car drivers.



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



Lyndsey Scott
Non-Executive Director



Shafton Steel Services

Contacts



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