Bilby Plc

(“Bilby” or the “Company”)

Final Results

Bilby Plc (AIM: BILB.L), the holding company for P&R Installation Company Limited (“P&R”), Purdy Contracts (“Purdy”), Spokemead Maintenance Limited (“Spokemead”), and DCB (Kent) Limited (“DCB”), a leading gas heating and building services provider, which was admitted to AIM in March 2015, has today issued its annual results in respect of the 12 months to 31 March 2016.

Financial Highlights

	12 months to 31 March 2016 (audited)	**14 months to 31 March 2015 (audited restated)**
Revenue	£31.5m	£14.7m
Gross profit	£6.7m	£3.7m
Gross margin	*21.1%*	*24.7%*
Underlying operating profit	£3.0m	£1.8m
Underlying operating profit margin	*9.4%*	*12.5%*
Underlying profit before tax	£2.9m	£1.8m
Basic EPS	2.9p	5.6p
Adjusted EPS	7.4p	5.6p
Annual dividend per share	2.75p	2.32p

Operational Highlights

- Purchase and successful integration of Purdy Contracts, an award winning gas and electrical contractor for £8.07 million in July 2015.
- P&R secured new contract wins with London Borough of Tower Hamlets, Royal Borough of Greenwich and Hexagon Housing Association and a contract extension with Central & Cecil Housing Trust
- Purdy secured new contract wins with Peabody Housing, London Borough of Barking and Dagenham, London Borough of Hackney and London Borough of Camden
- P&R finished first in a framework tender process for gas support work for the South East Consortium (SEC), giving access to over 140,000 properties in South East England. Purdy finished second place on the framework for electrical services work for the SEC. In April 2016 P&R was appointed to Fusion21’s £200 million Heating Framework

Post period end highlights

- Acquisition of DCB, a provider of high quality building, refurbishment and maintenance services to housing associations and local authorities for a total consideration of £4.0 million
- Acquisition of Spokemead, a specialist in electrical installation, repairs and maintenance services for local authority owned housing stock for a total consideration of £8.7 million
- Successful placing raising £5.0 million

Phil Copolo, P&R Founder and Executive Deputy Chairman of Bilby plc, said:

“I am pleased to report significant progress on our strategy set out following our admission to AIM to expand Bilby’s businesses via both organic and acquisitive growth to gain the critical mass required to tender for larger contracts. We believe that the fundamental strengths of Bilby’s scalable business model has clearly been demonstrated over the year. The Group has visible future revenues of circa £240 million and continues to tender for a number of significant new local authority and social housing contract opportunities. This, combined with our focus on operational excellence and customer satisfaction and a marketplace with significant opportunity, underpins our confidence for the future.”

Enquiries

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Chairman's Review

Bilby Plc was established as a holding company to provide a platform for select strategic acquisitions in the gas heating and general building services industries. I am therefore extremely pleased to report that during our first year post IPO we have successfully completed three earnings enhancing acquisitions which have augmented the Group's service offerings and extended our geographical footprint.

On 13th July 2015, Bilby purchased the shares of Purdy and since then, have fully integrated financially and operationally the business into the Group infrastructure. Furthermore, I am delighted to report that the Purdy and P&R teams have collaborated effectively to service their customer base, benefits of which are bearing fruit.

Shortly after the year end, Bilby acquired the entire issued share capital of DCB and Spokemead on 11th April 2016. Both are earnings enhancing businesses that have long established and strong customer relationships and, effective management teams. We have begun the post-acquisition integration process and DCB and P&R are already working together on joint projects for key customers.

In summary, we believe these trio of acquisitions are of an excellent strategic and cultural fit to the Group. Together with P&R (the founding entity), the key Directors from these businesses continue to play a vital role in shaping the operations of the Group through their membership of the Group Operations Board.

I am delighted to announce a strong performance for the year to 31 March 2016, largely in line with market expectations. We have achieved growth in all three divisions, namely gas heating, building and electrical services through new customer wins and via the acquisition of Purdy Contracts. With our ever broadening service offering, we expect our social housing revenues to continue to grow. Moreover, in spite of the enhanced additions to the Group, I am extremely proud to be part of an organisation which continues to ensure that we maintain high levels of customer service and end user satisfaction, with KPIs being met and exceeded across our key customers.

Despite the recent economic uncertainty post the referendum, we continue to strongly believe that the opportunities for us in social housing remain very strong especially in our targeted geographical locations, namely London and South East England. Clients, existing and prospective, require broader solutions to the daily challenges they face and we believe with our enhanced but disciplined offering we are well placed to help resolve these.

Given the dramatic change in size and composition of the Group, I am pleased to report that we have further enhanced our financial control environment and corporate governance processes.

Dividend

As I stated in my inaugural statement, we will continue to follow a progressive dividend policy. As such, I am delighted to advise our shareholders that the Board has recommended a final dividend of 2.00p per ordinary share. Together with the interim dividend of 0.75p, this represents a total of 2.75p per share. The final dividend is covered 1.45 times by the basic earnings per share. The final dividend will, subject to shareholder approval, be paid to those shareholders on the register at close of business on 31 July 2016. The Group's dividend policy will continue to be actively reviewed by the Board to ensure shareholders receive an appropriate return whilst ensuring the Group retains sufficient resource to invest for growth.

Our People

At the beginning of the calendar year we welcomed our new CFO, Katie O'Reilly to the Board of Bilby Plc. Katie's contribution to the Board and to the business has proved invaluable.

Bilby's success is built on its most important asset – its people. I commend all our longstanding and new employees for their dedication, commitment and drive since IPO. They remain professional, hardworking and loyal to each of their operating businesses and the Group. We also remain extremely proud of our apprentice scheme which provides the training platform to augment our pool of first rate employees in the future.

I very much look forward to announcing further news during the coming year as we continue to build success and value for all our shareholders

Sangita Shah, Chairman

Operational review

Financial performance

I am pleased to report significant progress on our strategy set out following our admission to AIM to expand Bilby's businesses via both organic and acquisitive growth to gain the critical mass required to tender for larger contracts.

Acquisition Growth

In July 2015 the Group took its first step on its post IPO acquisition trail by acquiring Purdy, an award winning gas and electrical contractor based in Essex. The consideration for the transaction was £8.07 million, satisfied by a combination of cash, equity and loan notes. HSBC Bank Plc provided acquisition financing in support of the deal and continues to provide support and assistance in evaluating our acquisition pipeline and supporting us in our strategic decisions. Purdy is now fully integrated into the Group from an operational and financial perspective with opportunities and cost savings being generated from the strength and support of the combined business in areas such as group tendering opportunities, materials purchasing and insurance.

We were also delighted to have acquired DCB and Spokemead shortly after the year end, further expanding the range of services, geographical presence and customer base. DCB provides high quality building, refurbishment and maintenance services to housing associations and local authorities throughout Kent, Sussex, Essex and London. DCB also provides disabled adaptations to occupied homes and public buildings through a specialist division, Living Solutions. Spokemead specialises in electrical installation, repairs and maintenance services for local authority owned housing stock. Both businesses are a perfect fit with the existing Group and have management teams with an excellent reputation. DCB have recently reported to us that they have met their profit based earn out target for the year ended 31 March 2016, which is testament to the DCB team's hard work and commitment and shows encouraging signs for the years ahead. It is also pleasing that Spokemead's performance is tracking with our expectations. Adopting the Purdy approach, the integration of both businesses is well underway. DCB and P&R are already working together on a variety of building services projects for new and mutual customers.

In the future we see a number of opportunities for strategic acquisitions in our target geography of London and South East England. All potential acquisition targets continue to be carefully considered and must meet focused acquisition criteria based around: service synergies, revenue, geographic focus, management strength, margins, cash flows and visible revenues. We continue to review a number of opportunities and expect to be able to announce progress in due course.

Organic Growth

The Group prides itself on its long-term client relationships, the success of which is evidenced through a number of our clients continuing to extend both the scale of our contracts and the range of our work within them. This is a testament to the growing recognition of our focus on high standards and quality service.

During the year P&R secured new contract wins with London Borough of Tower Hamlets, Royal Borough of Greenwich and Hexagon Housing Association and a contract extension with Central & Cecil Housing Trust.

Since acquisition the Purdy team has secured new contract wins with Peabody Housing, London Borough of Barking and Dagenham, London Borough of Hackney and London Borough of Camden. These contract wins have materially changed the size and capability of the Purdy business and the Directors are pleased to note that the senior management teams of the trading businesses have been working together to ensure the Group's exacting customer service and delivery standards are being upheld.

The combined Group has also been successful in being appointed to a number of frameworks to open doors to future revenue. In November 2015, P&R finished first place in a framework tender process for gas support work for the SEC, giving access to over 140,000 properties in South East England for which SEC is responsible. Purdy finished second place on the framework for electrical services work for the SEC. In April 2016 P&R was appointed to Fusion21's £200 million Heating Framework. The Group's procurement team, which has recently been formalised, is in the process of tendering on these frameworks and the Directors are hopeful of being able to announce developments in due course.

Service Offering and Geography

We have continued to extend our service offering to firmly establish the Group's building services division alongside the market-leading gas, plumbing and drainage services on which the business was founded. The acquisition of Purdy in July 2015 not only added to our existing domestic and commercial gas offering by virtue of its well established clients and reputation but enhanced our service offering to include the provision of electrical services.

This key driver for acquisitions - a complementary service offering to an expanding geography – underpinned our rationale in acquiring Spokemead in the first quarter of this year. And again, with the acquisition of DCB, not only did we further expand our geographic footprint but we also reaped the benefit of its more diverse building services offering which extends to specialist areas highly sought after by our customer base.

Collectively, our strategic acquisitions now enable us to provide our clients with a wider range of services and the opportunity to participate in broader contract opportunities.

Our strict operational disciplines, already demonstrated in our gas division across all of our portfolio to achieve stronger margins than many of our peers, have been applied to all our newly enhanced service offerings.

Over the reporting period to 31 March 2016, Bilby's total headcount increased by more than 200% through the Purdy acquisition and with the hiring of additional inspectors, managers, surveyors and sub-contractors to control standards across our services. This investment will support the continued focus on high quality service set by the Group.

I am proud to report that we remain committed to constantly investing in the training and development of our employees, ensuring they have the necessary technical skills and are inducted on the latest appliances in the market. In response to the every complex regulatory obligations and customer requirements, we have set up an in-house Safety, Health, Environmental and Quality "SHEQ" team, and established a group of accredited providers and a thriving apprentice scheme.

Controls

We have evolved our KPIs in line with the expansion of the business, which we regularly monitor and benchmark ourselves against. We maintain a risk matrix and continue to evaluate our risk management process. We have invested further time and resources into ensuring the Group organisational infrastructure continues to control and manage our growth.

Marketplace

We remain confident that existing initiatives, such as the Decent Homes Standard and the Right to Repair scheme, will remain a core focus with committed investment maintained.

Notably, even after the Mayor of London secured £821 million in the 2011-2015 spending round period for London to improve circa 45,000 homes, London will still have 11 of the 12 UK local authorities where 10% of the housing still does not meet the Decent Homes Standard. This continues to provide Bilby with significant opportunities.

Outlook

We believe that the fundamental strengths of Bilby's scalable business model has clearly been demonstrated over the year. The Group has visible future revenues of circa £240 million and continues to tender for a number of significant new local authority and social housing contract opportunities. We have several tender opportunities where we are awaiting outcomes at the current time. This, combined with our focus on operational excellence and customer satisfaction and a marketplace with significant opportunity, underpins our confidence for the future.

Phil Copolo, Founder and Deputy Chairman

Statement of Comprehensive Income

	Notes	12 months ended 31 March 2016 Underlying items	Non-underlying items (note 2)	Total	*14 months ended 31 March 2015* Underlying items *Restated*	Non-underlying items (note 2) *Restated*	Total *Restated (note 5)*
		£'000	£'000	£'000	£'000	£'000	£'000
REVENUE	1	31,544	-	31,544	*14,747*	-	*14,747*
Cost of sales		(24,886)	-	(24,886)	*(11,093)*	-	*(11,093)*
GROSS PROFIT		6,658	-	6,658	*3,654*	-	*3,654*
Administrative expenses		(3,690)	(1,479)	(5,169)	*(1,814)*	-	*(1,814)*
OPERATING PROFIT		**2,968**	**(1,479)**	**1,489**	***1,840***	**-**	***1,840***
Finance income		2		2	-		-
Finance costs		(117)		(117)	*(20)*	-	*(20)*
Net finance costs		(115)		(115)	*(20)*	-	*(20)*
PROFIT BEFORE TAX		**2,853**	**(1,479)**	**1,374**	***1,820***	**-**	***1,820***
Income tax expense				(420)			*(394)*
PROFIT FOR THE YEAR/PERIOD attributable to the equity holders of the parent company				**954**			***1,426***
Other comprehensive income				-			-
Total comprehensive income for the year/period attributable to the equity holders of the parent company				**954**			***1,426***
Basic earnings per share (per pence)	3			**2.9**			*5.6*
Diluted earnings per share (per pence)	3			**2.8**			*5.6*

Consolidated Statement of Financial Position

	Notes	2016 £'000	*2015* *£'000* *Restated* *(note 5)*
;			
URRENT ASSETS			
ble fixed assets and goodwill		6,773	*-*
ty, plant and equipment		1,323	*524*
ɜd tax assets		218	*-*
		8,314	524
NT ASSETS			
ɔries		723	*347*
ınd other receivables		11,576	*3,873*
ıd cash equivalents		444	*1,770*
CURRENT ASSETS		12,743	*5,990*
ASSETS		21,057	*6,514*
/ AND LIABILITIES ATTRIBUTABLE TO EQUITY HOLDERS			
: PARENT COMPANY			
ı CAPITAL AND RESERVES			
:apital		3,425	*2,931*
ɔremium		3,659	*1,213*
ɔased payment reserve		163	*-*
· reserve		(1,624)	*(2,499)*
ɜd earnings		2,906	*2,814*
EQUITY		8,529	*4,459*
URRENT LIABILITIES			
'ings		3,878	*-*
ions under finance leases		31	*57*
ɜd tax liabilities		957	*20*
		4,866	*77*
NT LIABILITIES			
'ings		888	*31*
ions under finance leases		44	*50*
t income tax liabilities		373	*414*
ınd other payables		6,357	*1,483*
CURRENT LIABILITIES		7,662	*1,978*
EQUITY AND LIABILITIES		21,057	*6,514*

Consolidated Statement of Cash flows

	Notes	12 months ended 31 March 2016 £'000	14 months ended 31 March 2015 £'000
Net cash (used in)/ generated from operating activities	4	(134)	95
Cash flow from investing activities			
Interest received		2	-
Acquisition of subsidiary		(6,570)	-
Overdraft acquired on acquisition		(22)	-
Purchases of property, plant and equipment		(98)	(22)
Purchase of intangible assets		(38)	
Proceeds on disposal of property, plant and equipment		55	376
Net cash (used in)/ generated from investing activities		(6,671)	354
Cash flow from financing activities			
Proceeds from borrowings		4,897	-
Repayment of borrowings		(1,003)	(262)
Interest paid		(103)	(20)
Repayment of Director loans		-	(4)
Capital element of finance lease payments		(75)	(134)
Issue of ordinary share capital		2,950	2,500
Issue costs		(136)	(856)
Dividend paid		(1,051)	-
Net cash generated from financing activities		5,479	1,224
Net (decrease)/increase in cash and cash equivalents		(1,326)	1,673
Cash and cash equivalents at beginning of year/period		1,770	97
Cash and cash equivalents at end of year/period		444	1,770

Consolidated Statement of Changes in Equity

	Issued share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 February 2014	**2,500**	**-**	**-**	**(2,499)**	**1,388**	**1,389**
Profit and total comprehensive income for the period	-	-	-	-	1,552	1,552
Prior year adjustments (see note 5)	-	-	-	-	(126)	(126)
Restated profit and total comprehensive income for the period					1,426	1426
Issue of share capital	431	2,069	-	-	-	2,500
Issue costs	-	(856)	-	-	-	(856)
Total transactions with owners recognised directly in equity	431	1,213	-	-	-	1,644
Restated balance at 31 March 2015	**2,931**	**1,213**	**-**	**(2,499)**	**2,814**	**4,459**
Balance at 1st April 2015	2,931	1,213	-	(2,499)	2,814	4,459
Profit and total comprehensive income for the year	-	-	-	-	954	954
Issue of share capital	494	2,582	-	875	-	3,951
Issue costs		(136)	-	-	-	(136)
Share-based payment charge	-	-	163	-	-	163
Tax credit relating to share option scheme					189	189
Dividend paid	-	-	-	-	(1,051)	(1,051)
Total transactions with owners recognised directly in equity	494	2,446	163	875	(862)	3,116
Balance at 31 March 2016	**3,425**	**3,659**	**163**	**(1,624)**	**2,906**	**8,529**

Notes

1. REVENUE

Revenue can be broken down as follows:

	12 months ended 31 March 2016 £'000	*14 months ended 31 March 2015 Restated £'000*
Gas Maintenance	12,096	*6,362*
Building Services	11,107	*8,137*
Electrical services	8,104	-
Trade Counter	237	*248*
	31,544	*14,747*

All results in the current and prior period derive from continuing operations and all revenues are derived from the UK.

2. NON UNDERLYING ITEMS

Underlying operating profit is stated before charging the following items which are considered by the board to be one off in nature, non-cash expenses or necessary elements of expenditure to derive future benefits for the Group which have not been capitalised on the Consolidated Balance Sheet.

	12 months ended 31 March 2016 £'000	*14 months ended 31 March 2015 £'000*
Framework development costs	275	-
Amortisation of acquisition intangible assets	582	-
Share based payment charge	163	-
Acquisition costs	459	-
	1,479	-

Since the date of the last Annual Report, the Group has been successful in being appointed to two frameworks, the SEC (South East Consortium) Framework (P&R is first place provider for gas services and Purdy is second place for electrical services) and the Fusion 21 Framework (P&R for gas services). The costs incurred are significant and consist of the salary of an individual who was specifically recruited to bring his expertise to the process and also some management time as the management team assisted with these tender projects themselves rather than incurring the added cost of external consultants. The directors are confident of deriving future economic benefit from these frameworks and have therefore separately identified these costs within the Consolidated Income Statement.

Amortisation of acquisition intangibles was £582,000 for the year (2015: £nil) and relates to nine months of amortisation of the customer relationships identified by the directors on the acquisition of Purdy Contracts.

A group share option scheme is in place and options were granted during the year. The share based payment charge has been separately identified as it is a non-cash expense.

Acquisition costs comprise legal, professional and other expenditure in relation to acquisition activity during the year and amounted to £459,000 (2015: £nil). Of the £459,000 of expenses incurred during the year ended 31 March 2016, £87,000 related to acquisition costs incurred on the acquisitions of Spokemead Maintenance Limited and DCB (Kent) Limited which took place shortly after the year end. In accordance with the requirements of IFRS 3 Business Combinations, these have been expensed as incurred. In addition, acquisition costs include the cost of the group's Business Development and Managing Director who devotes all of his time to sourcing, researching and negotiating our acquisitions and an allocation of the cost of the Founder and Deputy Chairman who is involved in discussions with potential target companies from an early stage.

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share amounts are calculated by dividing net profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The Group has 3,137,067 potentially issuable shares all of which relates to potential dilution from the Group's share options issued to Directors and employees in the period.

Basic and diluted profit per share from continuing operations is calculated as follows:

	12 months ended 31 March 2016 £'000	*14 months ended 31 March 2015 Restated £'000*
Profit used in calculating basic and diluted earnings per share	954	*1,426*
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	32,854,523	*25,359,195*
Weighted average number of shares for the purpose of diluted earnings per share	33,440,052	*25,493,534*
Basic earnings per share (pence)	2.9	*5.6*
Diluted earnings per share (pence)	2.8	*5.6*

Adjusted EPS

Profit after tax is stated after deducting non underlying items totalling £1.41 million. Non underlying items are either one-off in nature, non-cash expenses or necessary elements of expenditure to derive future benefits for the Group which have not been capitalised in the Consolidated Balance Sheet. These are shown separately on the face of the Consolidated Income Statement.

The calculation of adjusted basic and adjusted diluted earnings per share is based on the result attributable to shareholders, adjusted for exceptional items, divided by the weighted average number of ordinary shares in issue during the year.

	12 months ended 31	*14 months ended 31*

	March 2016 £'000	*March 2015 £'000*
Profit after tax	954	*1,426*
Add back		
Framework development costs	275	-
Amortisation	582	-
Share based payment charge	163	-
Acquisition costs	459	-
Adjusted EPS	2,433	*1,426*

Number of shares		
Weighted average number of shares for the purpose of adjusted earnings per share	32,854,523	*25,359,195*
Weighted average number of shares for the purpose of diluted adjusted earnings per share	33,440,052	*25,493,534*
Adjusted earnings per share (pence)	7.4	*5.6*
Diluted adjusted earnings per share (pence)	7.3	*5.6*

4. NOTES TO THE CASH FLOW STATEMENT

	12 months ended 31 March 2016	*14 months ended 31 March 2015*
	£'000	*£'000*
		Restated
Cash flow from Operating Activities		
Profit before income tax	1,374	1,820
Adjustments for:		
Net Finance cost	115	20
Loss on disposal of property, plant and equipment	20	16
Depreciation	139	126
Amortisation of intangible assets	590	-
Share base payments	163	-
Movement in receivables	(4,543)	(2,269)
Movement in payables	2,555	597
Movement in inventories	(122)	(27)
Tax paid	(425)	(188)
Net cash(used in)/from operating activities	(134)	95

5. PRIOR YEAR ADJUSTMENT

During the year ended 31 March 2016 the Group was notified by one of its customers that they had discovered a billing system error in relation to the year ended 31 March 2015. The result of this error was they had incorrectly advised the Group to invoice for certain work twice and had paid for this work twice. The customer recouped these duplications by deducting them from valuations raised in the year ended 31 March 2016 rather than requesting a credit note. Therefore income for this customer in the year ended 31 March 2016 was understated and the income in the year ended 31 March 2015 was overstated. This has been quantified at £160,000 by the Directors and this amount has been agreed by the customer. Costs incurred remain unaffected. This has resulted in an adjustment to the revenue and profits in the year ended 31 March 2015 of £160,000 and gives rise to a tax refund of £33,600. The net adjustment is £126,400.

The income statement and statement of financial position have been restated for the above adjustments with a reconciliation of reserves being presented in the Consolidated Statement of Changes in Equity.

6. OTHER INFORMATION

Financial information

The financial information set out above does not constitute the Company's statutory accounts for the period ended 31 March 2016 or for the period ended 31 March 2015, but is derived from those accounts. Statutory accounts for the year ended 31 March 2016 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under either Section 498(2) or (3) of the Companies Act 2006.

Report and Accounts

Copies of the 2016 Annual Report and Accounts will be posted to shareholders shortly. Further copies may be obtained by contacting the Company Secretary at the registered office. Alternatively, the 2016 Annual Report and Accounts will be available to download from the investor relations section on the Company's website **www.bilbyplc.com**

Key dates

The Annual General Meeting of the Company is scheduled to take place at 9.30am on 26 August 2016 at the offices of Hudson Sandler Limited, 29 Cloth Fair, London EC1A 7NN.