

18 January 2022

HENRY BOOT PLC
(‘Henry Boot’ or ‘the Group’)

TRADING UPDATE FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Henry Boot PLC issues the following trading update for the year ended 31 December 2021 ahead of the preliminary statement of results which will be issued on 23 March 2022.

Tim Roberts, Chief Executive Officer commented:

“We’ve had a good year ahead of expectations, operating in strong markets and also making very encouraging progress against our recently declared medium term strategic targets which will position the business well for successful growth.”

Henry Boot has performed well in 2021 primarily due to an uplift in industrial & logistics capital values, both within completed retained developments and existing investments, alongside a strong performance from the strategic land business. As a result, the Group expects profit before tax for the year ended 31 December 2021 to be materially ahead of market expectations*.

The Group’s three key markets - industrial & logistics, residential and urban development - have all performed well, helping the business make good progress against its strategic objectives. In total, the Group invested over £66m into new opportunities within these markets, in line with its growth aspirations. The Group’s solid financial position remains intact, with a robust balance sheet and net debt of c.£44m, comfortably within the targeted operating gearing range of 10-20%.

Hallam Land Management (HLM) performed materially ahead of expectations, driven by strong demand from housebuilders for residential land. HLM added over 1,000 acres to its land bank, which has the potential to deliver c7,600 plots, increasing its total land portfolio to over 92,500 plots (2020: 88,070). In addition, HLM submitted a planning application for 3,100 plots, commercial development, and a primary school before the year end, in Bicester.

Henry Boot Developments (HBD) completed on developments with a Gross Development Value (GDV) of £298m (HBD share £68m, 2020: HBD share £58m) and continues to build up its committed development pipeline in line with its strategic objective as a result of strong industrial occupier demand. In 2021, HBD made further acquisitions including Welwyn Garden City (£20m GDV), which is set to deliver 71,000 sq ft of industrial warehouse space, a 20-acre industrial site in Rainham, London (£24m GDV HBD Share) and a significant build to rent scheme in the centre of Birmingham (£110m GDV). HBD has also been selected as preferred bidder to deliver a 200-acre scheme at Cheltenham Borough Council’s Golden Valley Development, which is expected to create 12,000 new jobs, 3,700 new homes and 2m sq ft of commercial space.

The value of the investment portfolio has continued to grow following the acquisition of two industrial sites with medium term development potential in Skelmersdale and Manchester and the completion of industrial developments at Wakefield and Enfield as well as benefitting from valuation gains significantly ahead of expectations.

Stonebridge Homes (SBH) completed on 120 units (2020: 115 units) in a buoyant housing market and achieved a sales rate of 0.83 units per site per week (2020: 0.90). The owned and controlled land bank now stands at 1,157 plots (2020: 1,119 plots) of which 912 plots (2020: 657 plots) have either detailed or outline planning permission, an improvement led by a recent acquisition at Armthorpe, Doncaster, which has detailed permission to deliver 232 plots. Overall, the land bank provides 5.7 years supply based on a one-year rolling forward sales forecast. At the beginning of 2022, SBH has secured 68% of its annual delivery target of 204 units for 2022. The Group’s strategic objective to grow this business to building 600 units per year remains firmly on track.

* Market expectations being the average of current analyst consensus of £30.7m profit before tax, comprising three forecasts from Numis, Peel Hunt and Panmure Gordon.

Henry Boot Construction performed well throughout 2021, and after securing a £47m urban development scheme, the Cocoa Works in York, during H2 2021, has secured 100% of its orderbook for 2022. Banner Plant is trading above pre-CV-19 levels and is experiencing strong demand due to the positive performance of the UK housing and construction markets.

Outlook

Looking ahead, Henry Boot enters 2022 in good shape, with a robust balance sheet, strong momentum within the Group's operations and a healthy store of opportunities secured in its three key markets, leaving the Group confident of further progress in the year.

Already, in early January 2022 one of HBD's joint ventures in Scotland has successfully completed the sale of a 56-acre site with the benefit of detailed planning consent for 540 residential units, retail and community space. It has also concluded a forward land sale and development agreement for the construction of a 260,000 sq ft industrial unit in Wakefield for a German pharmaceutical company.

Whilst market conditions remain supportive for the Group to deliver its short and medium-term targets, Henry Boot continues to monitor the shortage of materials and labour in the UK construction industry, in addition to increasing build costs. However, the business is currently managing these challenges effectively, with the added benefit of sales price increases.

Finally, at the end of the month, the Group will be launching phase two of its Responsible Business Strategy, that will be setting forward looking targets aiming to embed Henry Boot's ESG approach into its commercial decision making and meet its previously declared commitment to Net Zero Carbon by 2030.

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This announcement contains inside information for the purposes of article 7 of EU Regulation 596/2014. The person responsible for making this announcement on behalf of Henry Boot is Amy Stanbridge, Company Secretary.

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About Henry Boot PLC

Henry Boot PLC (BOOT.L) was established over 135 years ago and is one of the UK's leading and long-standing property investment and development, land promotion and construction companies. Based in Sheffield, the Group is comprised of the following three segments:

Land Promotion:

[Hallam Land Management Limited](#)

Property Investment and Development:

[Henry Boot Developments Limited \(HBD\)](#), [Stonebridge Homes Limited](#)

Construction:

[Henry Boot Construction Limited](#), [Banner Plant Limited](#), [Road Link \(A69\) Limited](#)

The Group possesses a high-quality strategic land portfolio, a proven reputation in the property development market for creating places with purpose, backed by a substantial investment property portfolio and an expanding, jointly owned, housebuilding business. It has a construction specialism in both the public and private sectors, a plant hire business, and generates strong cash flows from its PFI contract, Road Link (A69) Limited.

www.henryboot.co.uk