

Full Year Results 2022

March 2023

Henry Boot

GROUP OF COMPANIES



Our Values | Respect | Integrity | Loyalty | Delivery | Adaptability | Collaboration

Agenda

- **Introduction and strategy** 01
Tim Roberts
- **Financial review** 06
Darren Littlewood
- **Operational review** 10
Tim Roberts/Darren Littlewood
- **Outlook** 20
Tim Roberts



Tim Roberts
Chief Executive Officer



Darren Littlewood
Chief Financial Officer

Introduction and Strategy

Speaker
Tim Roberts



Investment case

A long track record of generating attractive returns through cycles

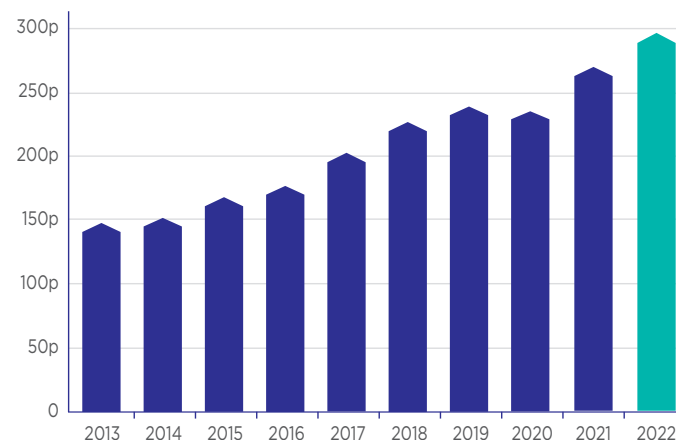
Focus on three key markets driven by positive long-term structural trends with clear approach to ESG

Low gearing, and track record of effectively managing balance sheet

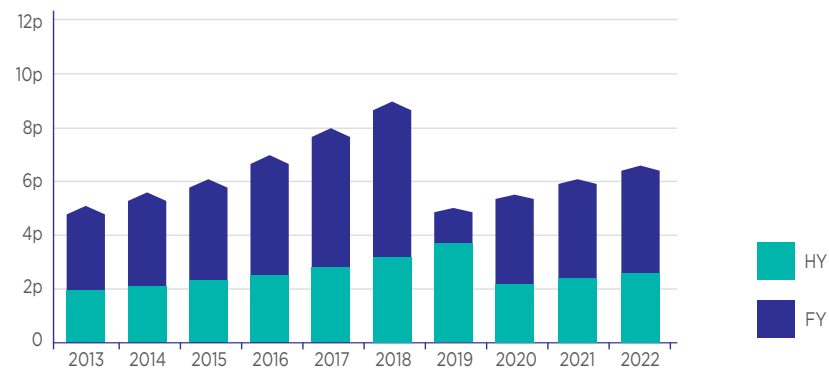
Significant embedded value with approximately 96,000 strategic land plots and a £1.25bn development pipeline held at cost

10.5% pa total shareholder return over 20 years (FTSE All Share: 7.9%)




Net Asset Value per share



Dividend per share



Strong operational performance

 <p>LAND PROMOTION</p>	<ul style="list-style-type: none"> ■ Sold 3,869 plots at an average gross profit of £6.1k per plot, including 2,170 at Didcot ■ Land bank increased to c.96,000 plots, with c.9,400 permitted and c.60% SE/Midlands ■ Sales contracts exchanged on 992 plots for completion over 2023/24 	<p>OPERATING PROFIT</p> <p>£17.3m</p> <p>FY21: £17.5m</p>
 <p>PROPERTY INVESTMENT & DEVELOPMENT</p>	<ul style="list-style-type: none"> ■ Completed £117m (HBD share: £83m) of developments with 92% let/pre-sold ■ £395m of committed development (HBD share: £240m) including over 1m sq ft of Industrial & Logistics ■ Accretive sales and unrealised valuation movements reduced investment portfolio to £106m ■ Stonebridge maintained a strong average selling price for private homes of £503k 	<p>OPERATING PROFIT</p> <p>£25.7m</p> <p>FY21: £18.3m</p>
 <p>CONSTRUCTION</p>	<ul style="list-style-type: none"> ■ 2023 order book 68% secured - 94% of costs are fixed ■ Banner Plant experienced record levels of trading activity, and Road Link performed well as a result of increased traffic levels 	<p>OPERATING PROFIT</p> <p>£12.1m</p> <p>FY21: £9.0m</p>
<p>GROUP</p>	<ul style="list-style-type: none"> ■ Increased ROCE of 12.0% (2021: 9.6%), up 240 bps ■ Central operating costs of £8.6m (2021: £9.3m) 	<p>OPERATING PROFIT</p> <p>£46.5m</p> <p>FY21: £35.5m</p>

Clear medium-term objectives set out in 2021

Material progress towards targets

Measure	Medium-term target	FY 22
Capital employed	£500m	£399m ¹ and on track to grow
Return on average capital employed	10-15% pa	12.0%, middle of the range
Land Promotion plot sales	c.3,500 pa	3,869, exceeding target, forward sales of 992 plots
HBD development completions	c.£200m pa	Our share, £83m completed with committed programme of £240m in 2023. Pipeline increased to £1.25bn.
Grow investment portfolio	Around £150m	£106m ² as at 31 Dec 2022
Stonebridge homes sales	Up to 600 units pa	175 units completed in 2022, and expect 250 completions in 2023
Construction order book secured	Minimum of 65% for the year ahead	68% secured for 2023

¹excluding the defined benefit pension scheme surplus

²including JVs

Responsible Business Strategy

Our strategy is to embed ESG into our commercial decision making

	2025 Target	Performance	2025 Target	Performance
Our People	Develop and deliver a Group-wide Health and Wellbeing Strategy.	The development of our strategy, in collaboration with our people, was launched in February 2023.	Increase gender representation in management positions with 25% of our team and Line Managers being female.	Strong progress, with female representation across our workforce increasing to 26%.
Our Places	Contribute £1m of financial and equivalent value to our charitable partners.	In 2022, we contributed (financial and equivalent value of) over £285,000 to our charitable and community partners.	Contribute 7,500 volunteering hours across the Group to community, charity and education projects.	Over 2,250 volunteering hours delivered in 2022.
Our Planet	Reduce Scope 1 and 2 GHG emissions by over 20% to support reaching NZC by 2030.	Total direct GHG emissions (Scopes 1 & 2) in 2022 were 2,930 tonnes, equating to a 12% reduction from the 2019 baseline.	Reduce consumption of avoidable plastic by 50%.	Sustainability audits completed and a reduction action plan in development.
Our Partners	Pay all suppliers the real living wage and secure accreditation with the Living Wage Foundation.	The Living Wage Foundation has been engaged and a review is currently being undertaken of the requirements to secure membership.	Collaborate with all our partners to reduce our environmental impact.	We continue to engage with membership organisations (including Yorkshire Climate Action Coalition) to share knowledge and best practice. In 2022 we became members of the UK Green Building Council (UKGBC)

Financial Review

Speaker

Darren Littlewood



Financial highlights

Higher operating profit driving significant increase in ROCE

- Revenue increased 48% reflecting higher development activity and land and property sales
- Best ever underlying profit before tax of £56.1m (excludes downward revaluation on completed investment properties of £10.5m)
- Operating profit increased 31% to £46.5m despite impact of property revaluation losses
- Higher operating profit increased ROCE to 12.0% from 9.6% in FY 21
- Dividend increased by 10% to 6.66p with dividend cover increased to 3.8x

	FY 22	FY 21	Change
Revenue	£341.4m	£230.6m	+48%
Operating profit	£46.5m	£35.6m	+31%
Underlying profit ¹	£56.1m	£29.3m	+91%
Profit before tax	£45.6m	£35.1m	+30%
ROCE	12.0%	9.6%	+240 bps
Earnings per share	25.0p	21.2p	+18%
Dividend per share	6.66p	6.05p	+10%
Dividend cover	3.8x	3.5x	-

¹ Underlying profit is defined as profit before tax excluding valuation movements on completed investment properties

Balance sheet

Strong NAV growth whilst gearing maintained within optimal range

- Disposals and revaluation deficit reduced investment property (including share of JVs) to £106.4m
- Increase in housebuilder land and work in progress, strategic land and speculative developments within inventories of £56.5m
- Net debt £48.6m up from £40.5m as at Dec 2021 as acquisitions and capital expenditure broadly offset by sales proceeds and retained earnings
- Secured borrowing facility of £105m runs to January 2025
- Gearing 12% at lower end of 10-20% target range
- Pension surplus equivalent to 5p NAV per share
- NAV per share up 10% to 295p or on an underlying basis before pension movements by 5% to 290p
- Capital employed up 6% to £399m

	Dec 22	Dec 21
Investment property ¹	£106.4m	£125.9m
Property, plant & equipment	£28.7m	£26.3m
Inventories	£291.8m	£235.3m
Other working capital	£18.5m	£30.4m
Net debt	(£48.6m)	(£40.5m)
Retirement benefit assets/(liabilities)	£6.2m	(£12.2m)
Other net liabilities	(£8.7m)	(£9.9m)
Total equity	£394.3m	£355.3m

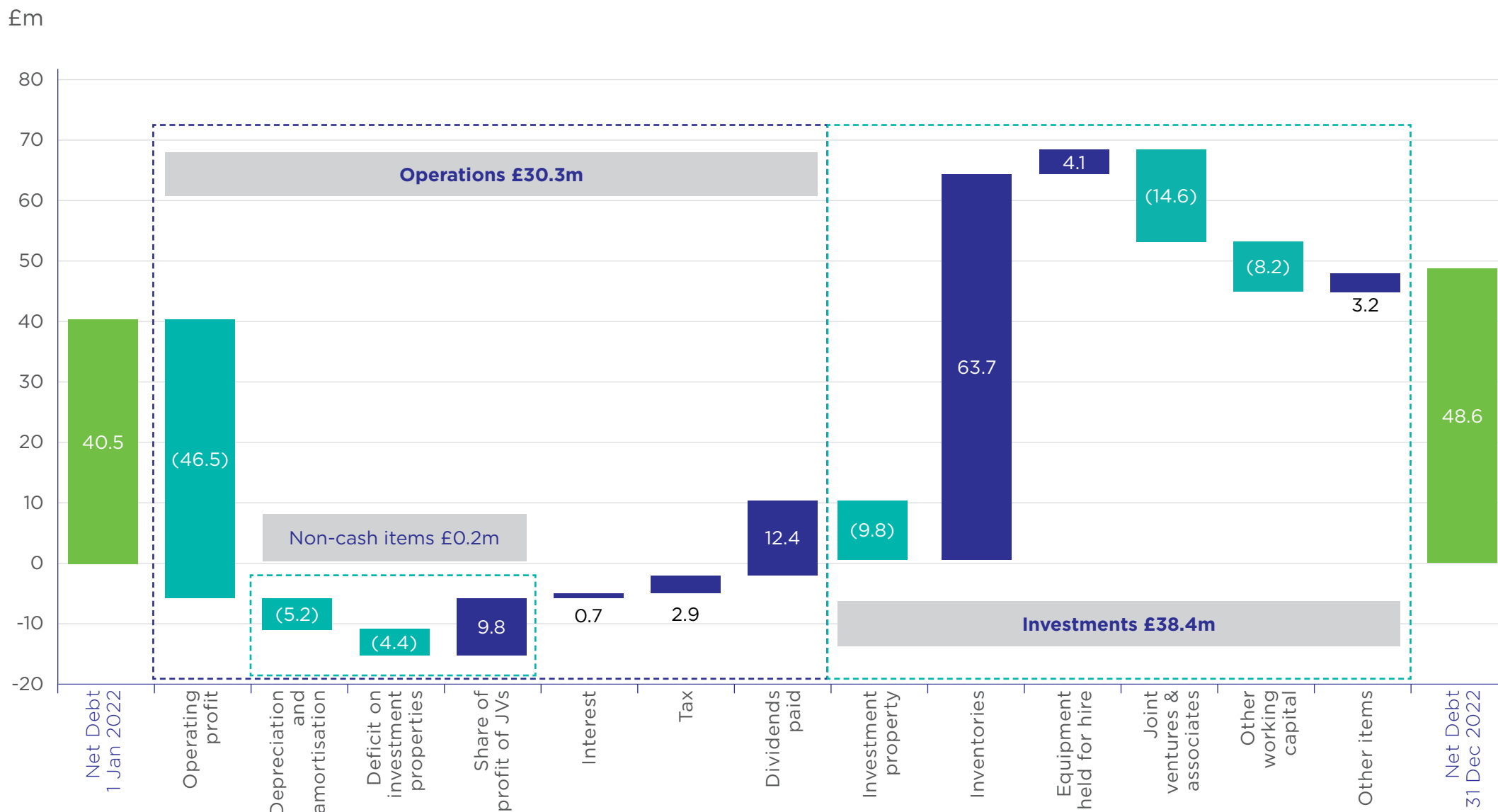
Gearing	12%	11%
NAV per share	295p	267p
Capital employed ²	£399m	£376m

¹ Including the Group's share of joint ventures of £9.3m as at 31 December 2022 (31 December 2021: £21.7m)

² Excluding retirement benefit assets of £6.2m as at 31 December 2022 (31 December 2021: £nil)

Cash generation and change in net debt

Selective investments made in the year



Operational Review

Speakers

**Tim Roberts and
Darren Littlewood**



Land Promotion

Strong sales volume with significant embedded value



- 3,869 plots sold, including significant disposal at Didcot (2,170 plots) to national housebuilders
- UK greenfield land values increased by 2% in 2022
- Added 6,906 plots into the land bank
- Total plots in portfolio 95,704 (Dec 2021: 92,667)
- Total plots with planning decreased to 9,431 (Dec 2021: 12,865 plots), reflecting delays in the planning system
- Our land portfolio is held at cost and no uplift in value is recognised until disposal
- 12,297 plots currently awaiting planning determination
- HLM's land bank remains well positioned due to the levels of stock with planning permission
- 992 plots exchanged for sale in 2023/24, of which 61% is held freehold

PLOTS SOLD

3,869

Dec 2021: **3,008**

PROFIT PER PLOT

£6.1k

Dec 2021: **£7.8k**

OPERATING PROFIT

£17.3m

Dec 2021: **£17.5m**

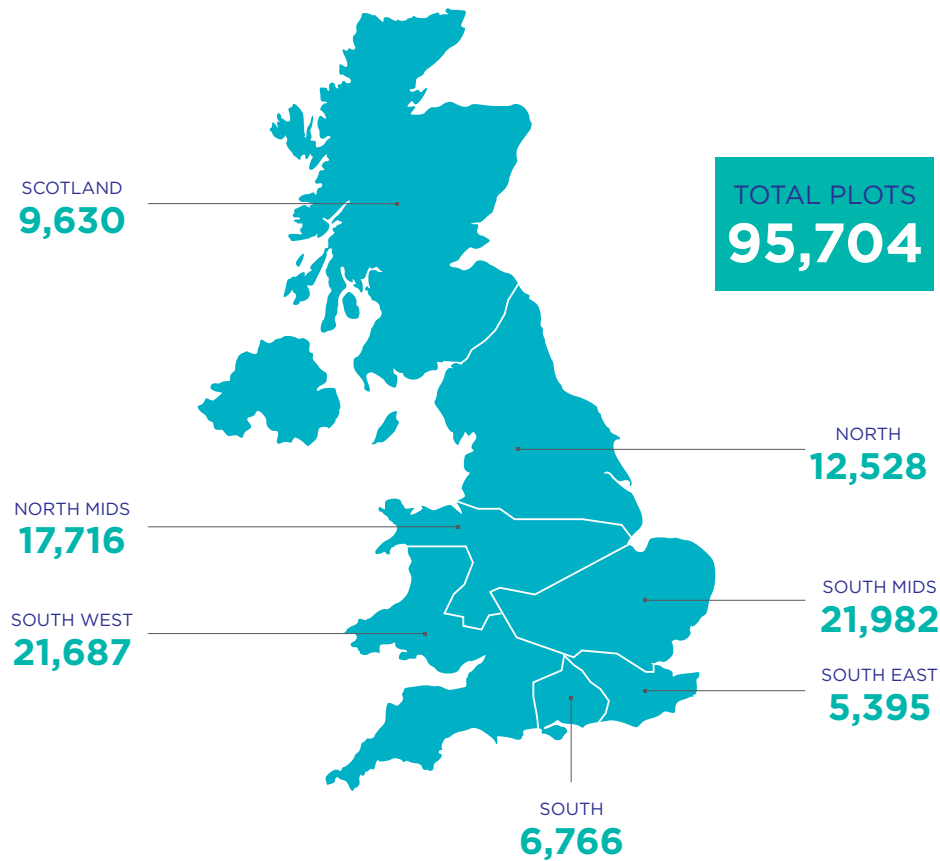
TOTAL PLOTS IN PORTFOLIO

95,704

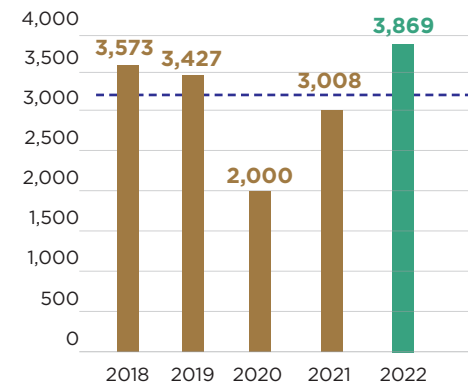
Dec 2021: **92,667**

Land Promotion

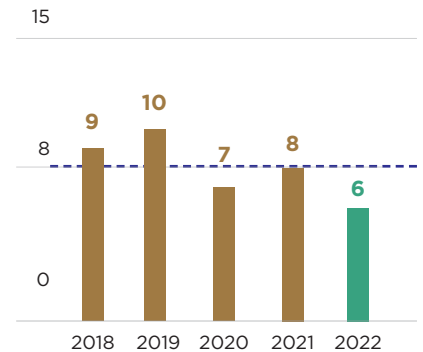
Continuing to grow one of the largest strategic land banks in the country



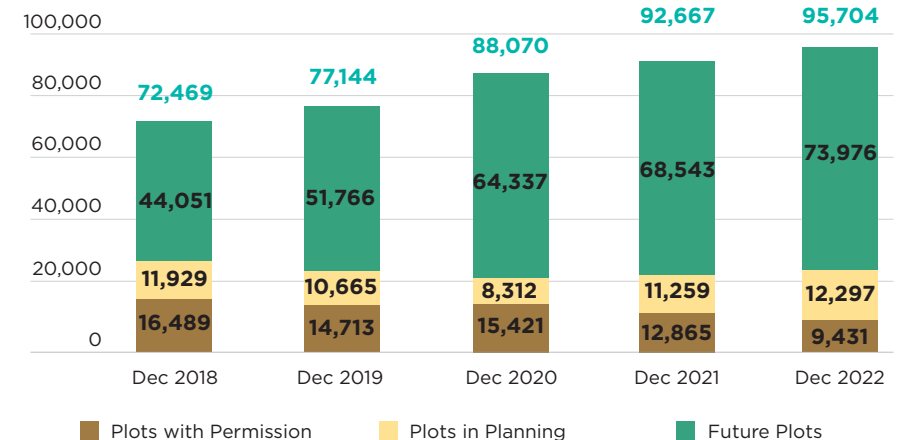
Plots Sold



Average Gross Profit Per Plot £'000



Residential Land Plots





Land Promotion

Providing over 1,800 new homes in Milton Keynes

What is it?

- 342-acre site located south of the A421 in Milton Keynes
- Long-term option secured in 1998
- Promoted as a sustainable urban extension of Milton Keynes as part of the South West Milton Keynes Consortium

How we have created value?

- Exchanged with Maycock Consortium in 2021 and granted planning permission in December 2022
- Subsequently post period end sold 1,855 plots (HLM's share 618 plots) in March 2023, of which 35% are affordable

How we have monetised our investment?

- Completed sale to Taylor Wimpey, resulting in an ungeared internal rate of return of 14% p.a.



TYPE

Option

PLANNING

2022

PLOTS

1,855
(HLM Share
618)

Property Investment & Development

Committed development pipeline provides strong platform for growth



- HBD completed £83m of developments
- Committed development programme £240m, 63% pre-let/pre-sold
- 97% of development costs fixed on committed programme
- £1.25bn pipeline comprises 64% I&L, 21% urban commercial and 15% urban residential
- Investment portfolio valued at £106m (Dec 21: £126m) after sales and capital return of -5.4%
- Total returns at -1.5% materially outperformed CBRE Index of -9.1%
- Occupancy increased to 88% (Dec 21: 85%) following lettings with rent collection 98% in 2022 (WAULT 10.7 years to expiry)

OPERATING PROFIT

£25.7m

Dec 2021: **£18.3m**

HBD PIPELINE GDV

£1.25bn

Dec 21: **£1.1bn**

INVESTMENT PORTFOLIO¹

£106m

Dec 21: **£126.0m**

STONEBRIDGE COMPLETIONS

175

Dec 21: **120**

¹Including share of JVs

Committed programme

£240m GDV, of which 63% has been pre-let or pre-sold



Scheme	Area '000 sq ft	Units	HBD Share	GDV (£m)*	Status	Expected Completion
Industrial & Logistics						
Nottingham, New Horizon	426	-	100%	54	Forward funded	Q2 23
Luton, Diploma	85	-	100%	20	Pre-let	Q2 23
Preston East, DPD & DHL	122	-	50%	15	Pre-let & forward funded	Q3 23
Rainham, Momentum	368	-	20%	24	Speculative	Q2 24
Total	1,001	-	68%	113		
Urban Residential & Commercial						
York, TDT	54	-	100%	22	Pre-sold	Q2 23
Birmingham, Setl	-	101	100%	32	Speculative	Q1 24
Manchester, Island	91	-	50%	33	Speculative	Q2 24
Total	145	101	83%	87		
Land & Other						
Walsall, SPARK Remediation	-	-	100%	37	Forward funded	Q2 24
Aberdeen, BoD & Cloverhill	-	420	70%	3	Under offer, pre-sold & DM fee	Q2 24
Total	-	420	98%	40		
Total committed pipeline	1,146	521	82%	240		

*HBD share

Strong £1.25bn pipeline with significant value

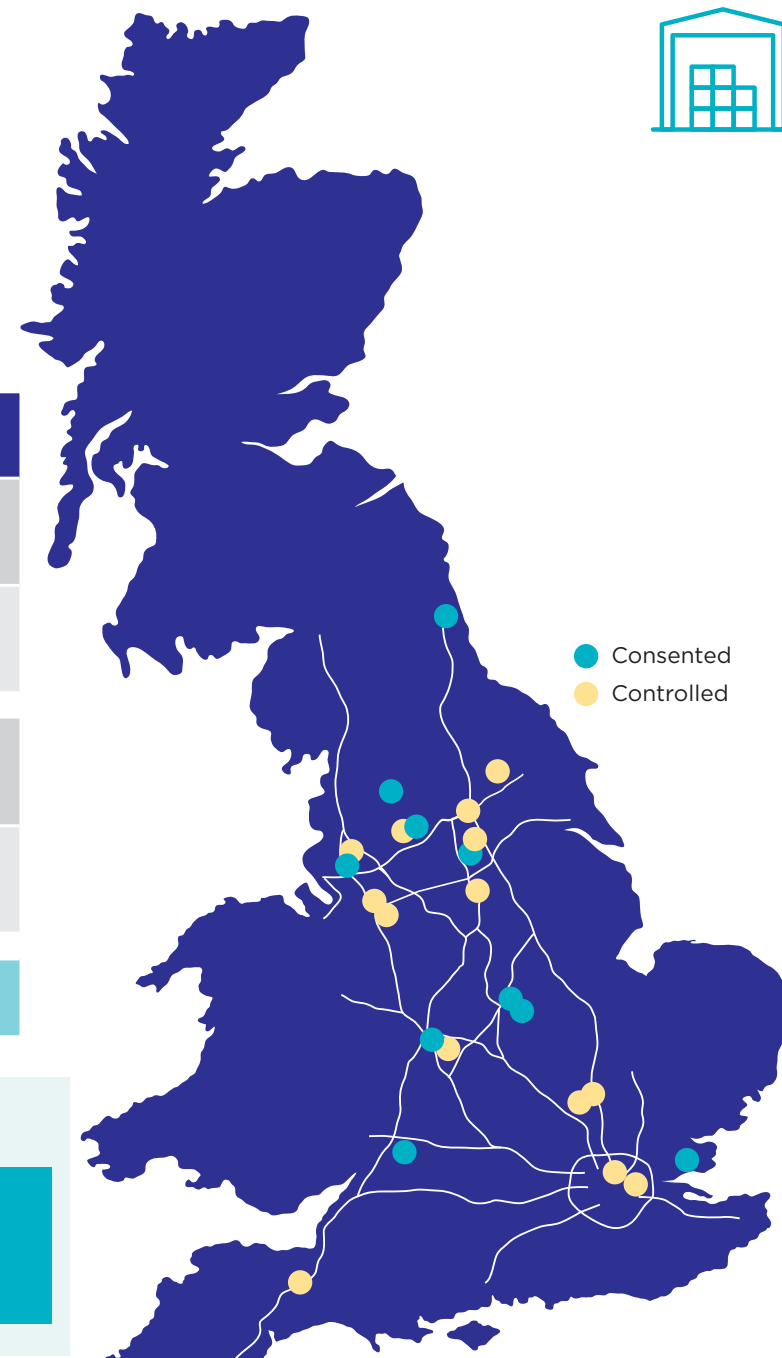
65% of future pipeline focused on Industrial & Logistics



	Committed	Consented	Proposed	Total Pipeline
Big Box Ind & Logistics	0.1m sq ft	1.5m sq ft	c.2.4m sq ft	c.3.9m sq ft
Mid/Small Box Ind & Logistics	0.9m sq ft	1.0m sq ft	c.1.9m sq ft	c.2.9m sq ft
Urban Residential	521 units	18 units	c.690 units	c.710 units
Urban Commercial	0.1m sq ft	0.0m sq ft	c.0.3m sq ft	c.0.3m sq ft
Total	1.1m sq ft	2.5m sq ft	4.6m sq ft	7.1m sq ft

Potential future pipeline by GDV

I&L Big Box 30%	I&L Mid/Small Box 35%	Urban Resi. 15%	Urban Comm. 20%
--------------------	--------------------------	--------------------	--------------------



Property Investment & Development

Providing an inclusive new community in Birmingham's Jewellery Quarter



What is it?

- Neighbourhood, a 2.6 acre site with planning permission, located within the Jewellery Quarter area of Birmingham, in a prime city centre location
- Acquired the site in April 2021

What are we doing?

- Planning secured in Q1 23 for 414 unit BtR development
- The scheme will create an inclusive new community around public open space with landscaped gardens and will host a selection of the best local independent leisure operators
- The internal amenities within the scheme include a double height winter garden, a gym, roof terraces and work zones

What next?

- Now that planning has been granted, the aim is to secure forward funding during 2023



SECTOR

Residential

HBD SHARE

100%

GDV

£117m

Stonebridge

Delivering high-quality homes



- Average private selling price £503k (Dec 21: £509k)
- Price improvement 10% offsetting cost inflation at 9%
- 175 units completed in 2022, an increase of 46%
- Enter 2023 with 56% reservations secured against delivery target of 250 units
- Target sales rate for 2023 of 0.50, with sales rate currently running at 0.45
- 872 plots with planning permission, whilst continuing to experience challenges with the planning system
- A total land bank based on one-year forward sales of approximately 3.5 years
- Target >20% gross margin in the medium term



COMPLETIONS

175

FY 21: 120

TOTAL LAND BANK
(UNITS)

1,094

FY 21: 1,157

Construction

Segment performed ahead of expectations



- Comprises Construction, Plant Hire and Road Link (A69) and accounts for just 2% of Group's capital employed
- Despite experiencing challenges with the supply chain, both Sheffield city centre sites (combined value £82m) are progressing through to completion in 2023
- Cocoa Works, York (£47m) urban development scheme is progressing well and on track for completion in H1 2024
- 68% order book secured for 2023
- 94% of secured order book has fixed price orders placed or contractual inflation clauses
- Well positioned long-term with a bias towards public sector
- Banner Plant performing ahead of budget, with an asset utilisation rate of 75%
- Road Link has experienced increased traffic levels and benefitted from inflation feeding into higher toll revenues

OPERATING PROFIT

£12.1m

Dec 21: **£9.0m**

TURNOVER

£128.6m

Dec 21: **£102.6m**

RETURN ON SALES

2% Construction
12% Plant Hire
57% Road Link

2023 ORDER BOOK SECURED

68%

Outlook

Speaker
Tim Roberts



Outlook

We remain in a strong position to achieve our medium-term targets

- Best ever underlying profits position the business well
- Encouraging level of order book and pre-sales
 - Hallam Land 992 plots exchanged for 2023/24
 - HBD committed programme 63% pre-let/sold
 - Stonebridge 56% of units pre-sold for 2023
 - Construction order book 68% secured for 2023
- Land bank of c.96,000 plots, well positioned to meet future housebuilder demand
- £240m (HBD share) committed programme, 97% of development costs are fixed
- Stonebridge growing in line with our 600 unit medium-term target
- Full year dividend up 10%
- With a strong balance sheet and a portfolio rich with opportunity, our outlook remains positive



Well placed for the future

Investing to support growth



Land Promotion



c.96,000 Strategic Land Plots



**Property
Development
& Investment**



c.£1.25bn Development Pipeline



Housebuilding



Multi-Regional Premium Housebuilder - land bank with 1,094 plots



Construction



Strong Order Book With Public Sector Focus

Appendices

- **Group Structure** – Segment Composition
- **Group Structure** – Board of Directors
- **Group Structure** – Business Segments and Executive Committee
- Business Model
- Our Strategy
- The Henry Boot Way
- Statement of Financial Position
- Investment Property
- Movement in NAV per Share
- Pensions
- Shareholding as at 22 February 2023
- Five-year Track Record of Strong Growth
- Henry Boot PLC Share Price vs Benchmark Indices



Group structure

Henry Boot PLC, established over 135 years ago, is one of the UK's leading and long-standing property investment and development, land promotion and construction companies. Based in Sheffield, with regional offices throughout the UK, the Group is comprised of three segments.

Land Promotion

Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

Property Investment and Development

Henry Boot Developments Limited (now trading as HBD) is an established leading force in the UK with its considerable experience and reputation in all sectors of property development.

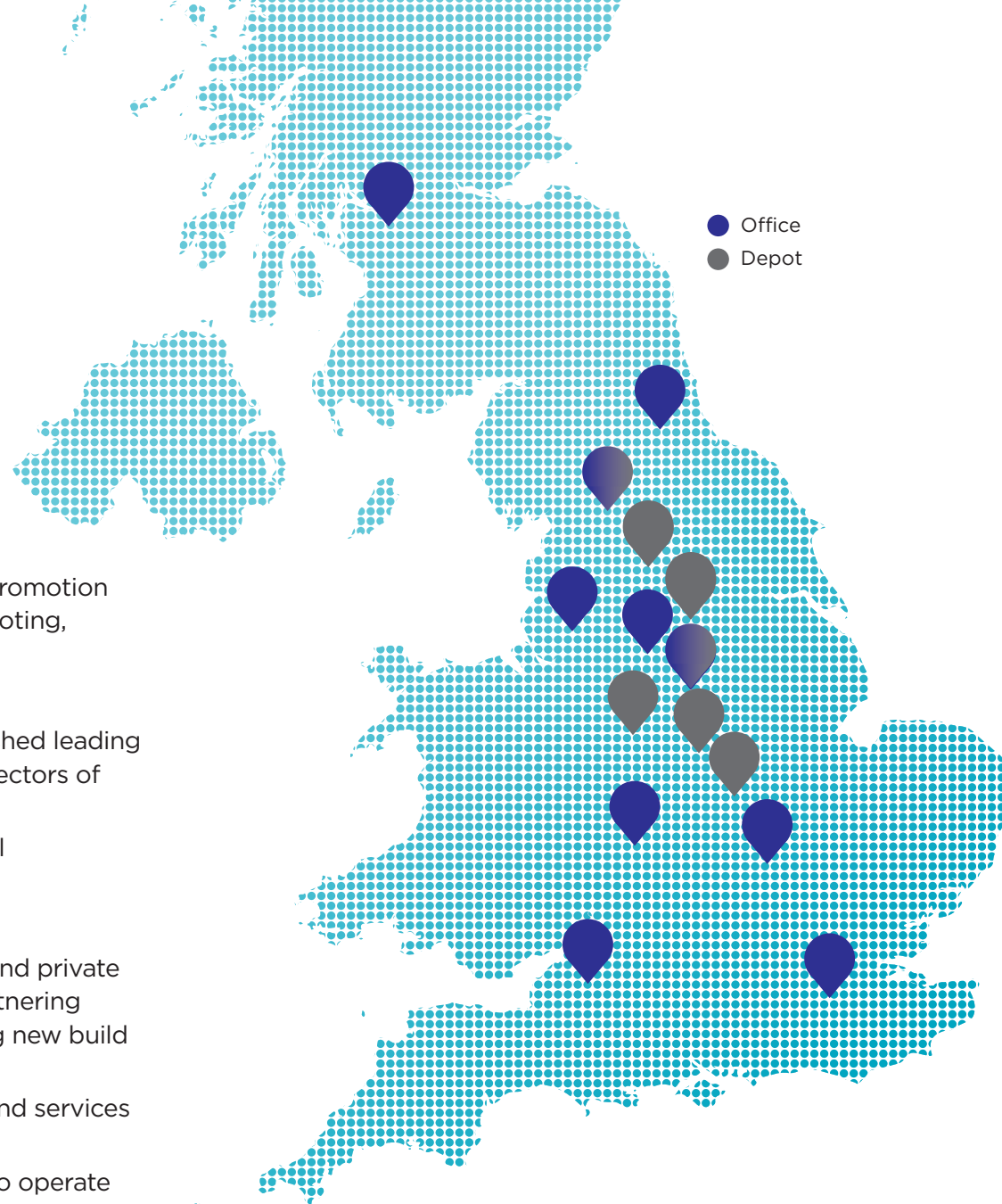
Stonebridge Homes is a jointly owned company engaged in residential development.

Construction

Henry Boot Construction Limited specialises in servicing both public and private clients in all construction and civil engineering sectors with strong partnering relationships in education, healthcare and custodial services, delivering new build and refurbishment works.

Banner Plant Limited offers a wide range of construction equipment and services for sale and hire.

Road Link (A69) Limited, a 30-year contract with National Highways to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne, with three years remaining.



Group structure

Board of Directors



Peter Mawson
Chair



Tim Roberts
Chief Executive Officer



Darren Littlewood
Chief Financial Officer



Joanne Lake
Senior Independent Director



Serena Lang
Non-executive Director



Gerald Jennings
Non-executive Director



James Sykes
Non-executive Director

Group structure

Business Segments

Land Promotion

Hallam Land Management Limited

Property Investment & Development

Henry Boot Developments Limited (trading as HBD)

Stonebridge Homes Limited

Construction

Henry Boot Construction Limited

Banner Plant Limited

Road Link (A69) Limited


Executive Committee



Nick Duckworth

Hallam Land Management Limited


Managing Director



Jonathan Fisher

Banner Plant Limited


Managing Director



Edward Hutchinson

Henry Boot Developments Limited (trading as HBD)


Managing Director



Tony Shaw

Henry Boot Construction Limited


Managing Director



Amy Stanbridge

Henry Boot PLC


General Counsel and Company Secretary



Darren Stubbs

Stonebridge Homes Limited

Managing Director



Rachel White

Henry Boot PLC

HR Director

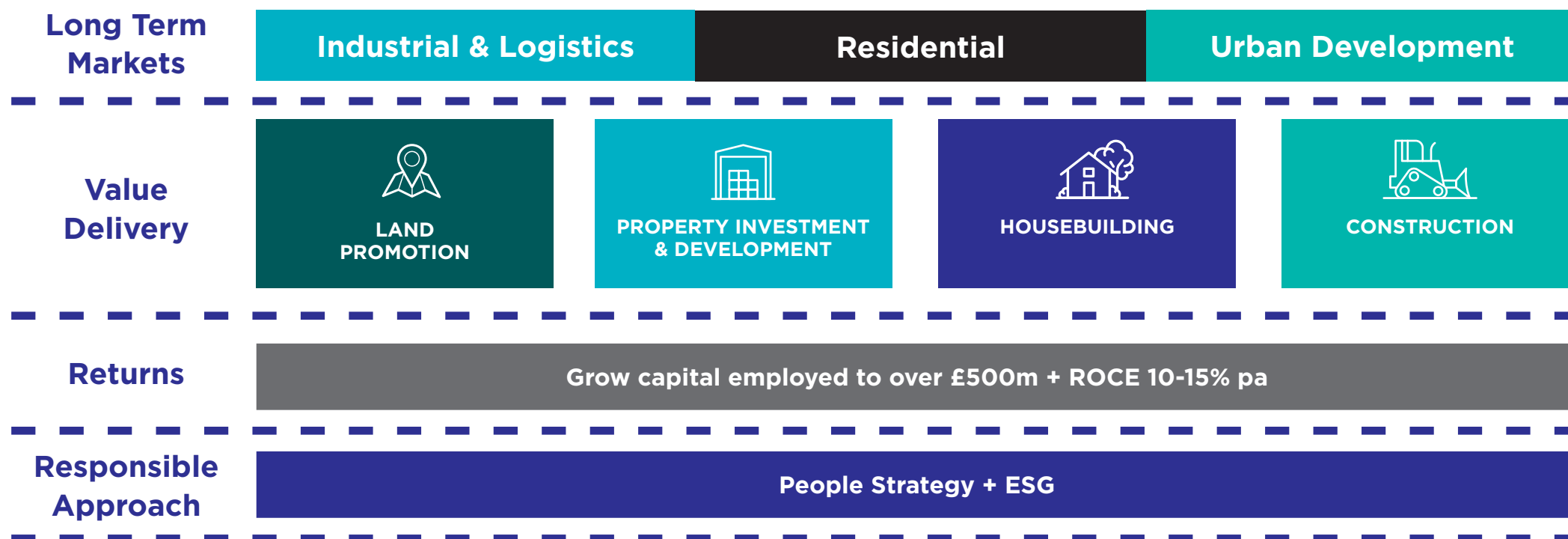
Business model

Track record of generating attractive returns



Our strategy

Clear focus on three key markets with long-term structural trends



The Henry Boot Way

Purpose, Vision and Values

Henry Boot PLC has been in business for over 135 years and our financial results and performance have always been, and will continue to be, dependent on our people.

We often use the phrase **‘The Henry Boot Way’** to explain how we work and to describe what’s expected of us and others.

Our Purpose

To empower and develop our people to create long-term value and sustainable growth for our stakeholders.*

Our Vision

Our people, partners and communities continue to trust our reputation, respect our expertise and value us for our forward-thinking approach.

Our Values

Respect

We treat everyone in the way they wish to be treated.

We strive to always meet our commitments and obligations.

Integrity

We operate with the utmost professionalism.

We champion ethical working.

Loyalty

We are committed to giving back to our communities.

We value the longevity of our relationships with our people and our partners.

Delivery

We are relentless in delivering for our customer.

We deliver our best quality work for everyone, no matter what.

Adaptability

We are open to opportunities to do things differently.

We are resilient, have staying power.

Collaboration

We set clear mutual expectations and strive to achieve them.

We work in partnership to make things happen.

*Our stakeholders are our shareholders, employees, pensioners, customers and suppliers. More broadly, we recognise our duties to the environment and the communities in which we operate.

Statement of Financial Position

	Dec 22	Dec 21
Cash and cash equivalents	17.4	11.1
Borrowings	(65.0)	(50.0)
Lease liabilities	(1.0)	(1.7)
Net debt	(48.6)	(40.5)

Completed investment property	87.2	95.2
Investment property under construction	9.9	9.0
Investment property total	97.1	104.2

Property developments in progress	91.2	75.2
Housebuilder land and work in progress	80.6	52.5
Land held for development or sale	57.5	47.7
Options to purchase land	11.9	13.6
Planning promotion agreements	50.6	46.4
Inventories total	291.8	235.3

1. Intangible assets (£2.9m), Right-of-use assets (£1.0m) & Deferred tax assets (£0.2m)
2. Current tax liabilities (£3.9m), Lease liabilities (£0.4m) & Provisions (£4.0m)
3. Lease liabilities (£0.6m), Deferred tax liability (£4.4m) & Provisions (£1.4m)

Note: Due to rounding, numbers presented may not add up precisely to the totals provided

	Dec 22	Dec 21
Property, plant and equipment	28.8	26.3
Investment properties	97.1	104.2
Investment in joint ventures and associates	10.0	12.2
Trade and other receivables	37.1	37.1
Retirement benefit assets	6.2	0.0
Other non-current assets ¹	4.1	8.7
Non-current assets	183.3	188.5
Inventories	291.8	235.3
Contract assets	19.3	7.6
Trade and other receivables	66.6	64.6
Cash and cash equivalents	17.4	11.1
Other current assets	0.0	1.8
Current assets	395.1	320.4
Trade and other payables	95.8	72.2
Contract liabilities	4.0	5.0
Borrowings	65.0	50.0
Other current liabilities ²	8.3	6.1
Current liabilities	173.1	133.3
Trade and other payables	4.6	1.7
Retirement benefit obligations	0.0	12.2
Other non-current liabilities ³	6.4	6.5
Non-current liabilities	11.0	20.4
Net assets	394.3	355.3

Investment property

Occupancy increased whilst rent collection rates remain high

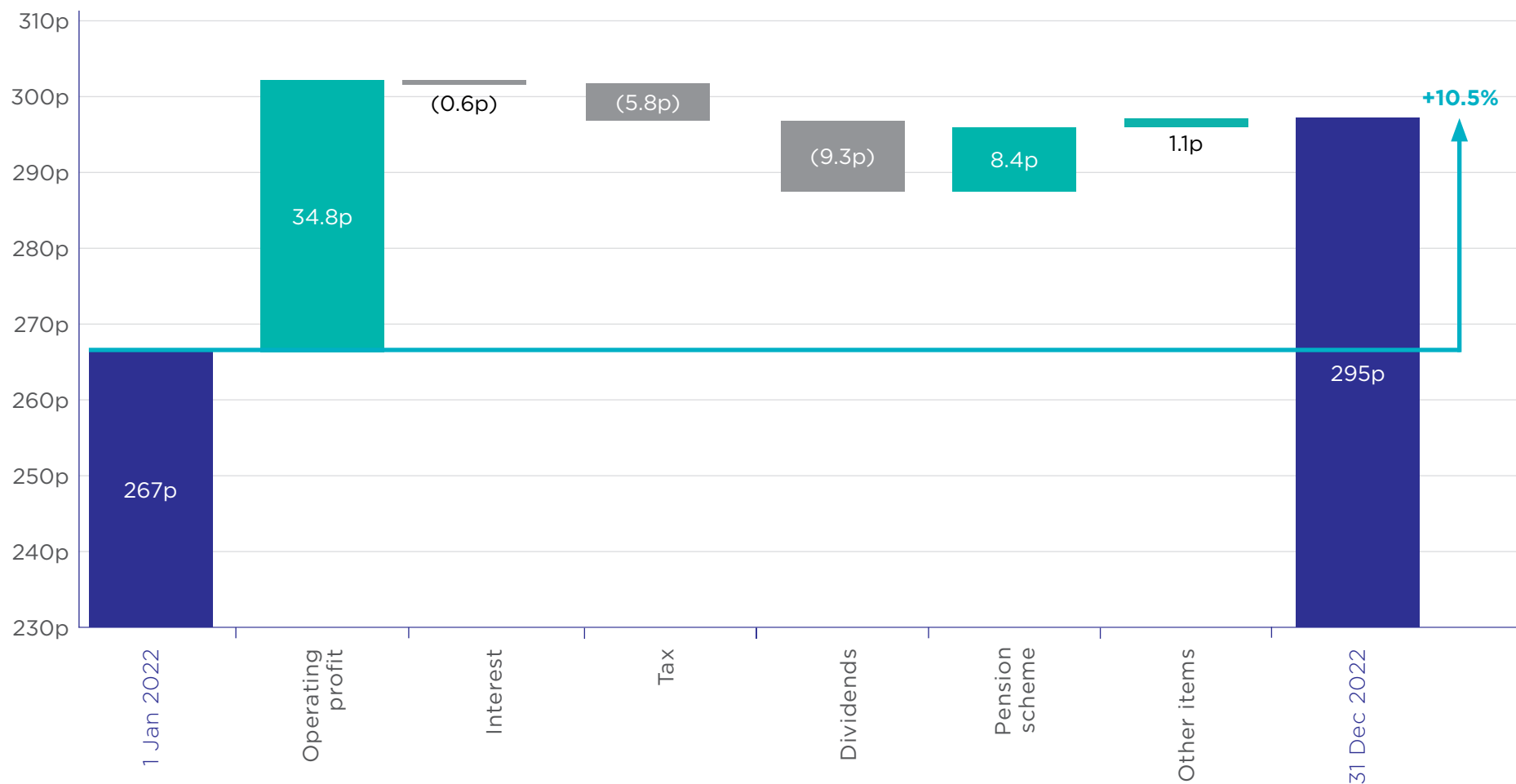
	Dec 2022	Dec 2021
Valuation - inc. share of JV's	£106.2m	£125.3m
Number of properties	22	21
Total area - '000 sq ft	856	843
% industrial and alternative	69%	67%
Net passing rent	£5.3m	£5.1m
Net initial yield	5.6%	4.1%
Net reversionary yield	7.4%	5.7%
WAULT to expiry ¹	10.7 years	16.1 years
Occupancy ²	88%	85%
% index-linked/fixed uplifts	42%	44%

¹ Weighted average unexpired lease term (WAULT) on commercial properties

² As a percentage of the completed property portfolio estimated rental value (ERV)

Movement in NAV per share

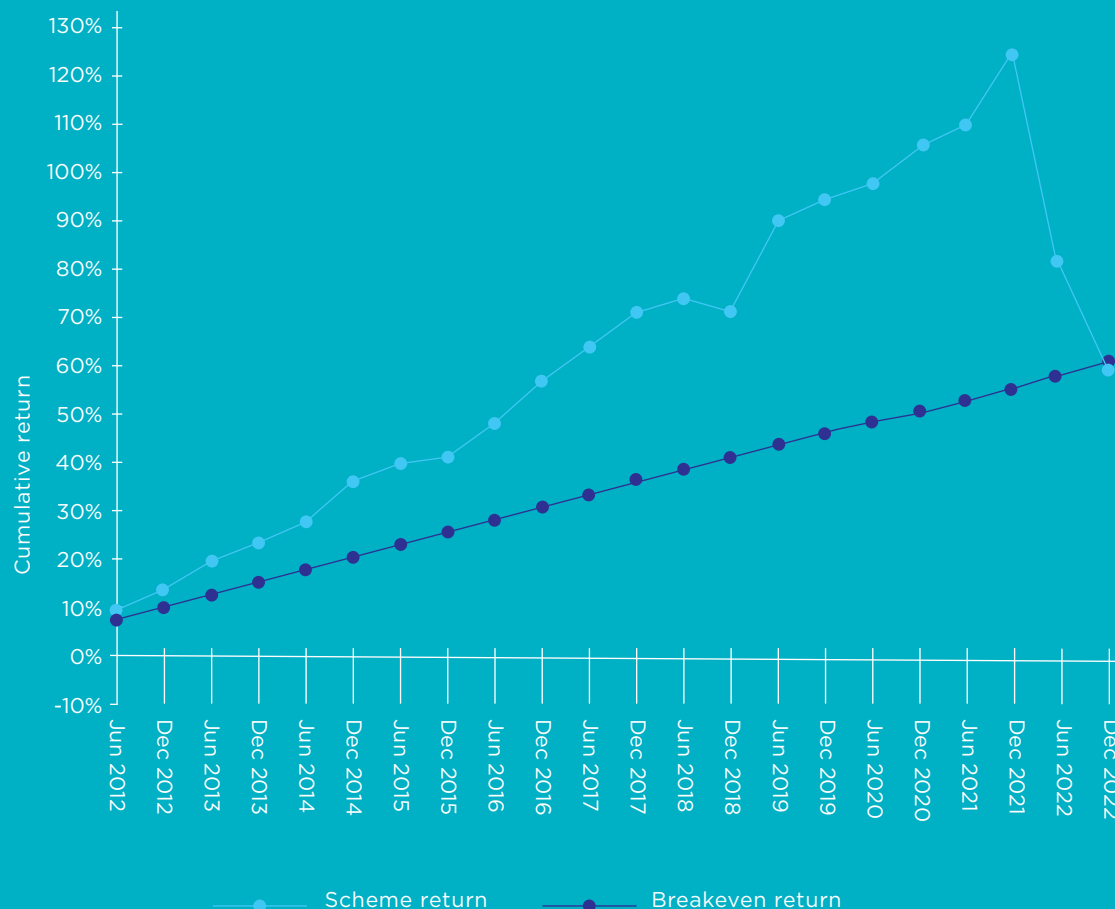
Growth in profit and pension scheme gain driving NAV growth



Financial

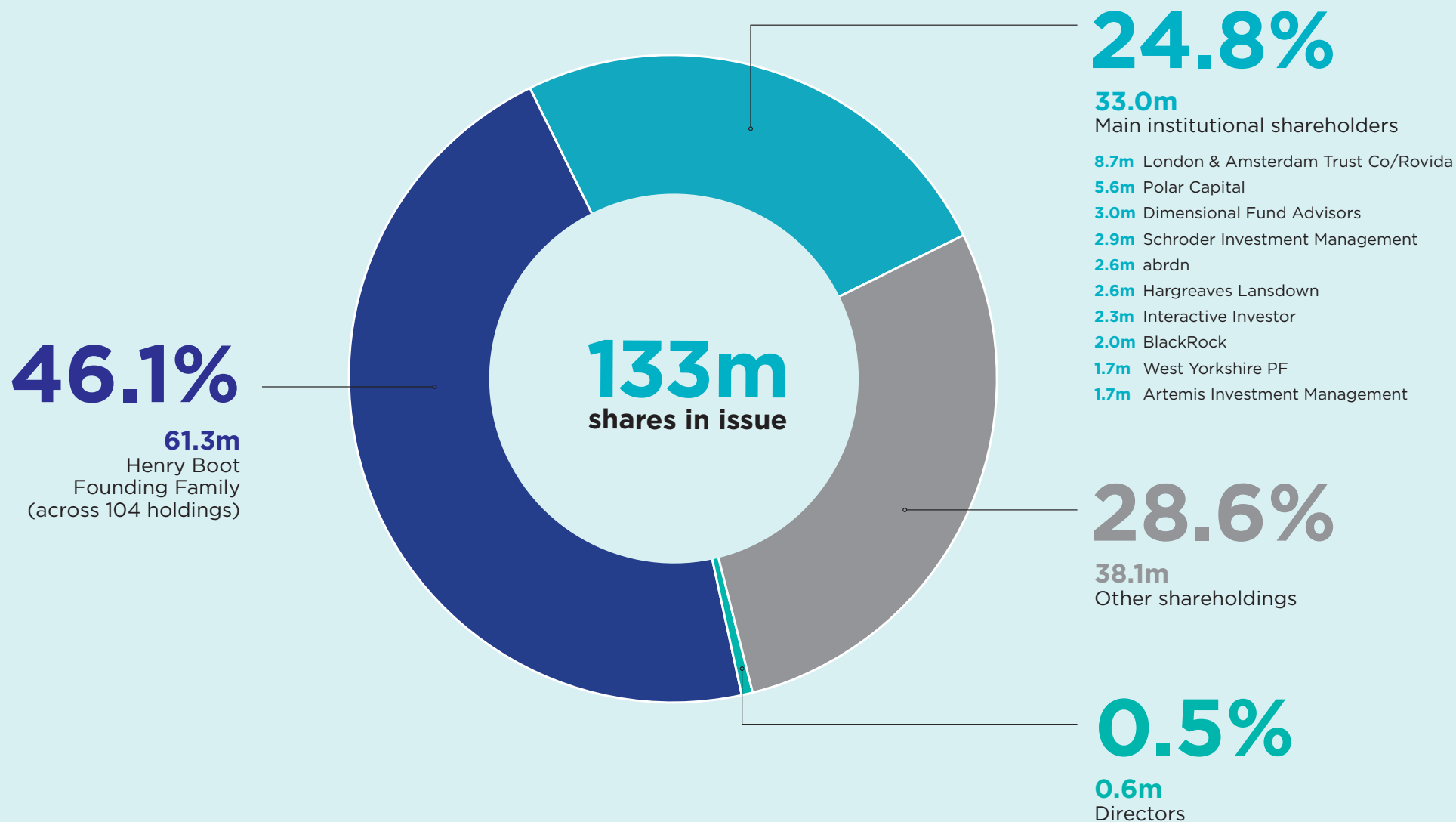
Pensions

- Triennial valuation concluded March 2023
- Recovery contributions now £1.2m pa, previously £3.65m pa
- 1,326 total membership, 554 deferred and 772 in payment
- IAS19 surplus £6.2m at 31 December 2022
- £2.4m deficit on technical provisions valuation with asset value of £159m
- Asset performance - 28.5%, discount rate 4.9% (Dec 21: 2.0%)
- Long-term investment returns since 31 March 2010 4.2%, ahead of scheme break-even return of 3.9% (Dec 21: 3.1%)
- Currently 65% hedged against interest and inflation, targeting 80% in 2023



Shareholding

as at 22 February 2023



Strong track record

Five-year Financial Results

2018 – 2022

Turnover

2022	£341.4m
2021	£230.6m
2020	£222.4m
2019	£379.7m
2018	£397.1m

Operating Profit

2022	£46.5m
2021	£35.6m
2020	£17.5m
2019	£50.4m
2018	£50.0m

Profit Before Tax

2022	£45.6m
2021	£35.1m
2020	£17.1m
2019	£49.1m
2018	£48.6m

Dividends per Ordinary Share

2022	6.66p
2021	6.05p
2020	5.5p
2019	5.0p
2018	9.0p

Net Assets

2022	£394.3m
2021	£355.3m
2020	£313.5m
2019	£318.5m
2018	£302.3m

Net Asset Value per Share

2022	295p
2021	267p
2020	235p
2019	239p
2018	227p

Capital Employed

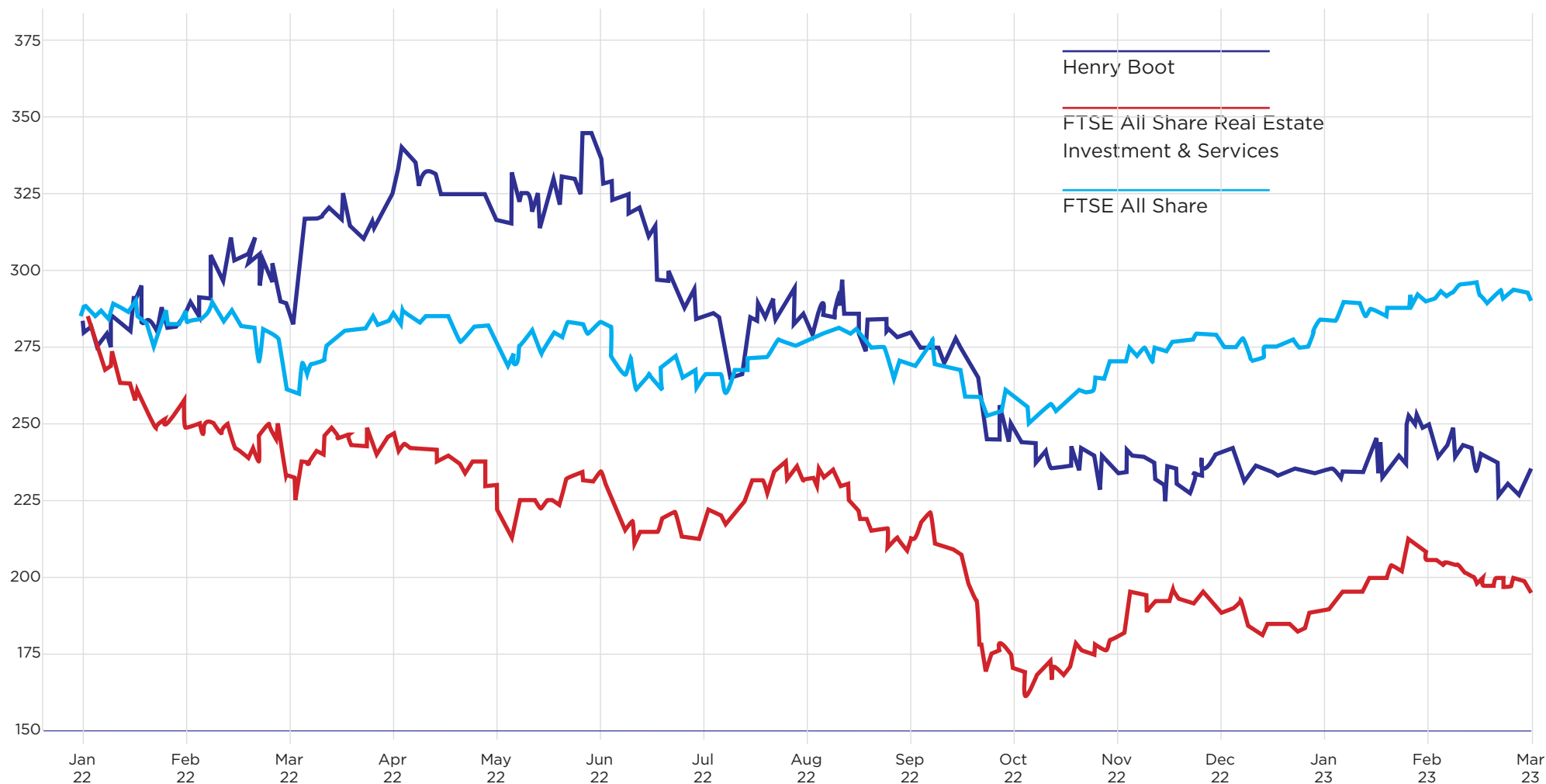
2022	£399.1m
2021	£375.6m
2020	£358.5m
2019	£340.9m
2018	£316.0m

ROCE

2022	12.0%
2021	9.6%
2020	4.9%
2019	14.8%
2018	15.8%

Share price

Henry Boot PLC Share Price vs Benchmark Indices



This presentation contains forward-looking statements.

Although the Group believes that the estimates and assumptions on which such statements are based are reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond the Group's control. The Group does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved, and this presentation should not be relied upon as a guide to future performance.

Henry Boot PLC, Company No:160996. Registered in England and Wales.
Registered Office – Banner Cross Hall, Ecclesall Road South, Sheffield S11 9PD