

# Interim Results Presentation

August 2019



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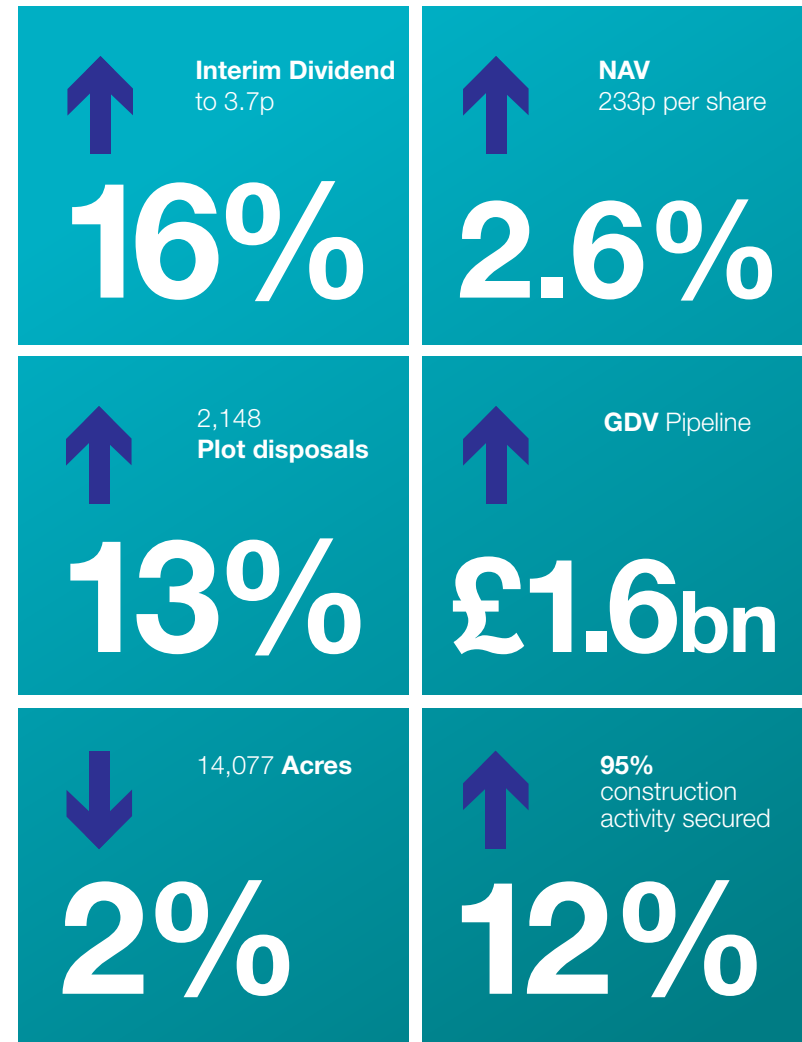
# Investment Proposition

- Strong financial track record over the long term.
- Long established with an efficient capital structure.
- Robust Group structure through diversity of operations.
- Low gearing allowing opportunistic land and property acquisitions.
- Incremental shareholder dividends and NAV growth through retained earnings.
- Land portfolio held at cost with no recognition of planning gain on **15,427** plots.
- **£1.6bn** pipeline of property development opportunities.



# Operational Highlights

- Good start to 2019 with a very resilient result, given current uncertainties affecting the UK economy.
- Strategic land portfolio of **14,077 acres**, 15,427 units permissioned, 10,570 units in planning process. 15 land disposals for **2,148** plots.
- **£333m Aberdeen** scheme achieved practical completion on 2<sup>nd</sup> August, in line with expectation and on budget.
- GDV of current development schemes in delivery **over £850m**, with over £480m delivered since 2017.
- Estimated GDV of opportunity pipeline circa **£1.6bn**.
- **68 unit sales** by Stonebridge Homes.
- **95%** of annual construction activity secured, 71% of 2020.

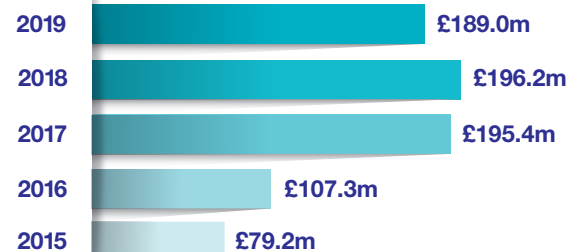




# Financial Highlights

- Turnover remains strong at **£189m**, supported by Aberdeen project.
- Trading profit underpinned by strong land sales.
- **PBT** at **£24m** reflects a good start to the year.
- **EPS 14.2p** supports our 3 times dividend cover policy.
- Interim dividend of 3.7p, up **16%**.
- Net debt £50m, 16% gearing.

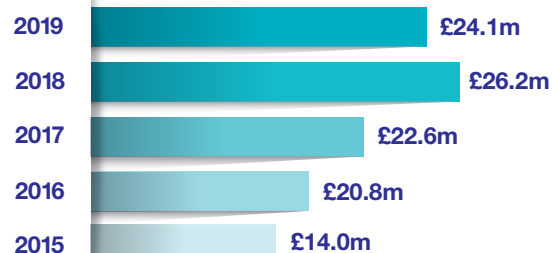
## Turnover



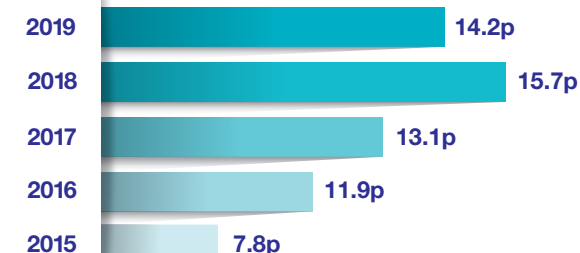
## Trading Profit



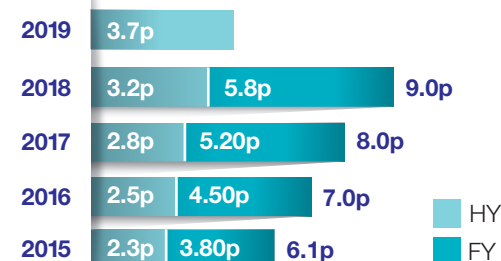
## Profit Before Tax



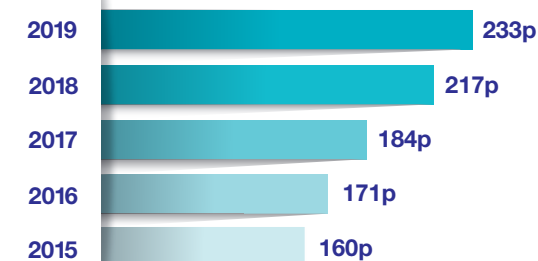
## EPS



## Full Year Dividend Per Share



## NAV Per Share



# Financial Segmental Revenue

- Land Promotion revenues higher due to increased number of plot disposals.
- Higher activity levels in Construction as Barnsley town centre phase 2 commences. Additional works undertaken by Road Link for Highways England to design two new roundabouts.
- Property Investment and Development revenue down, but offset by Stonebridge house sales.

↑ 8%

Land Promotion



HY 2019  
£38.7m

HY 2018  
£35.7m

↑ 11%

Construction



HY 2019  
£54.1m

HY 2018  
£48.9m

↓ 14%

Property Investment and Development

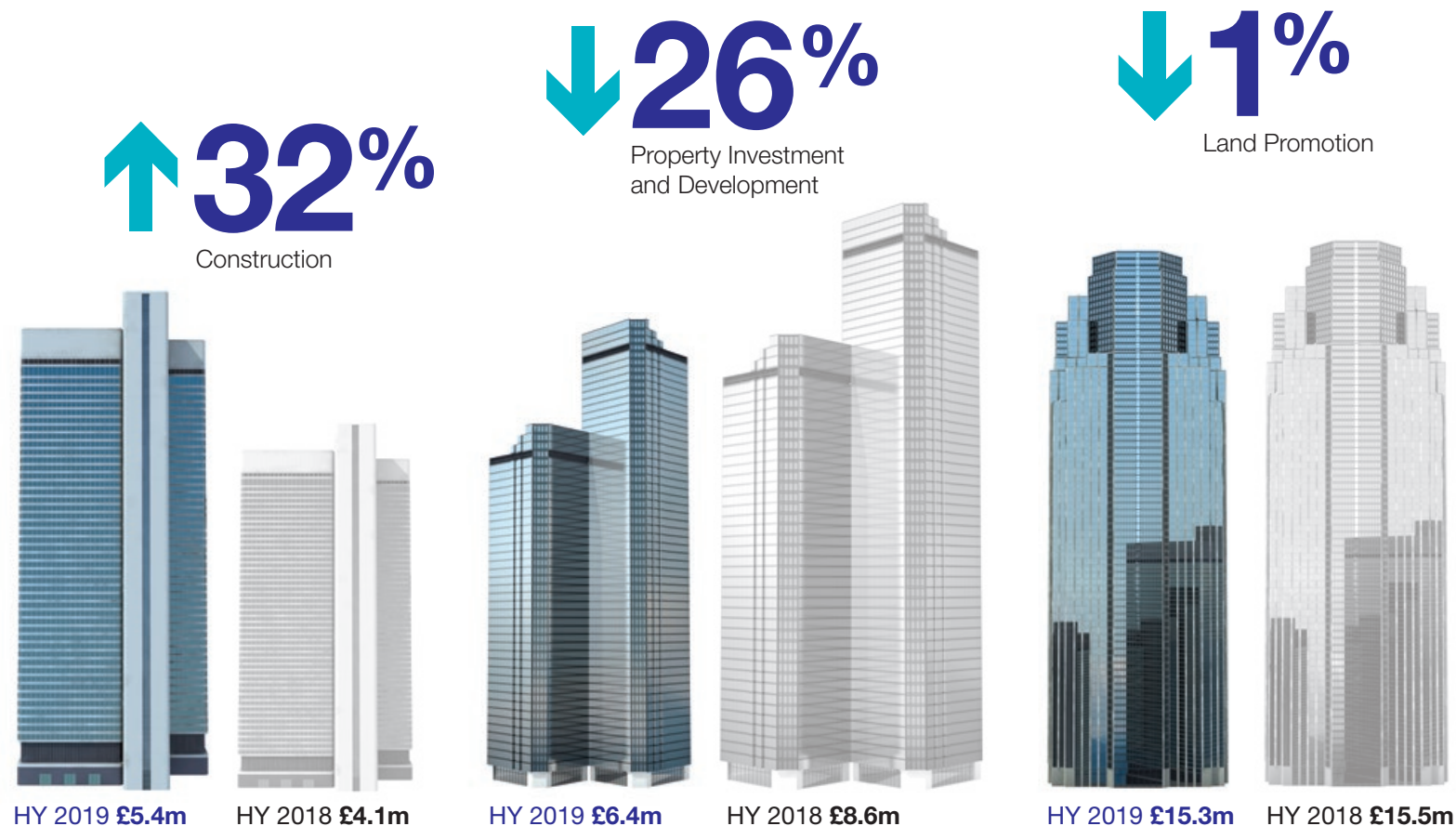


HY 2019  
£96.2m

HY 2018  
£111.6m

# Financial Segmental PBT

- Land Promotion returns maintained from disposing of 2,148 plots, up from 1,904 in 2018, but at a lower blended gross profit per plot sold as more planning promotion sites sold.
- As expected, Property Investment and Development returns lower, as new sites start to conclude infrastructure phase.
- Construction returns higher due to better margins and an increased level of activity.



# Financial Balance Sheet

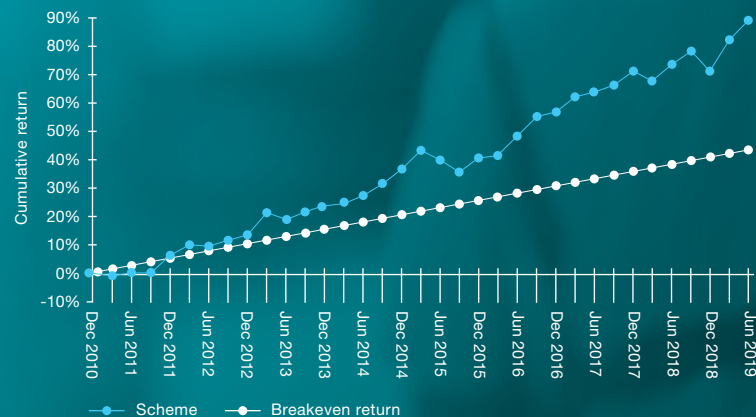
	2019 Half Year (£m)	2018 Full Year (£m)
Group occupied (Investment) property	7.9	7.9
Equipment held for hire	10.3	14.1
Right of use assets	6.6	–
Vehicles and office equipment	3.8	4.2
<b>Property, Plant and Equipment Total</b>	<b>28.6</b>	<b>26.2</b>
Completed investment property	74.6	117.6
Investment property under construction	4.5	3.4
<b>Investment Properties Total</b>	<b>79.1</b>	<b>121.0</b>
Developments in progress	39.1	24.6
House builder land and work in progress	27.6	22.5
Land held for development or sale	56.6	58.8
Options to purchase land	14.2	16.5
Planning promotion agreements	32.7	32.6
<b>Inventories Total</b>	<b>170.2</b>	<b>155.0</b>

	2019 Half Year (£m)	2018 Full Year (£m)
Intangible assets	4.9	5.1
<b>Property, Plant and Equipment</b>	<b>28.6</b>	<b>26.2</b>
<b>Investment Properties</b>	<b>79.1</b>	<b>121.0</b>
Investment in joint ventures	6.8	6.7
Trade and other receivables	8.6	11.9
Deferred tax assets	3.7	3.4
<b>Fixed Assets</b>	<b>131.7</b>	<b>174.3</b>
<b>Inventories</b>	<b>170.2</b>	<b>155.0</b>
Contract Assets	50.7	42.8
Trade and other receivables	71.4	60.2
Cash and cash equivalents	8.0	10.8
Assets classified as held for sale	43.5	–
<b>Current Assets</b>	<b>343.8</b>	<b>268.8</b>
Borrowings	(58.3)	(29.2)
Retirement benefit obligations	(18.3)	(16.7)
Other liabilities	(88.1)	(94.9)
<b>Total Liabilities</b>	<b>(164.7)</b>	<b>(140.8)</b>
Shareholder equity	308.5	299.2
Minority interests	2.3	3.1
<b>Total Equity</b>	<b>310.8</b>	<b>302.3</b>
Net debt	(50.3)	(18.6)
Gearing (debt/equity)	16%	6%
NAV per share	233p	227p



# Financial Pensions

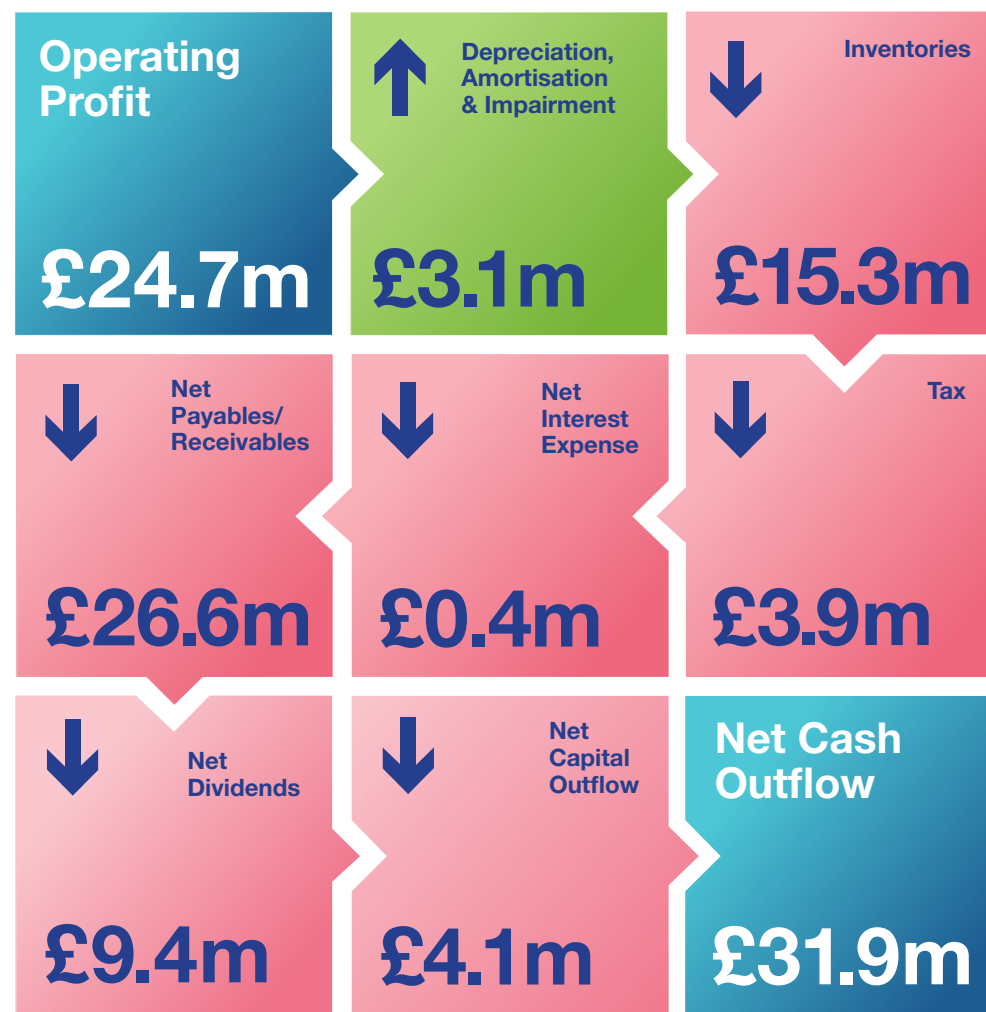
- Initial triennial valuation results deficit **£19m**. Recovery plan contributions **£3.25m** rising to **£3.75m** over 5 years.
- Regulator becoming increasingly formulaic and driving reduction in risk and therefore asset returns.
- IAS 19 deficit at 30/06/19 **£18.3m**, asset performance +8.8% in period, however discount rate now 2.2% (31/12/18 2.8%) effectively increasing liabilities by £19m. Gross assets of **£185m**.
- Long term investment return (since 03/2010) **7.8%**, breakeven return **3.8%** (trending downwards).



# Financial

## Cash Generation & Movement in Net Debt

- Non-cash adjustment for depreciation, amortisation of plant and Road Link investment **£3.1m**.
- Inventories increased as we invested in house building land and WIP and property development opportunities.
- Receivables increased as a result of land sale debtors and the levels of forward funded pre-sold property development, mainly at Aberdeen and Markham Vale.
- **£0.4m** net interest expense reflects low interest rates and prudent gearing.
- Tax paid of **£3.9m**.
- Dividends **£9.4m**.
- Net Capital outflow **£4.1m** as we invest in plant hire assets.
- Resulting in net cash outflow of **£31.9m** and increase in net debt to **£50.3m**.



# Financial 2019 Guidance

## Revenue

### Construction

Segment could be **up circa 10%** as Barnsley Phase 2 commences.

### Land

As always, is a function of site mix, currently expected to be **down 20%** due to increased agency disposals.

### Property

We could see a **15–20% decrease** as Aberdeen concludes in August. Offset by around a **10% uplift** in Stonebridge activity.

## PBT

The Board's expectations for the full year remain unchanged but are reliant on satisfactory completion of development projects and, as ever, conclusion of key strategic land disposals.

## Cash

Continued investment in land and property **circa £30m+** asset disposals **£45m+** expect net funds at year end.





# Land Promotion

- **Profit £15.3m** (2018: £15.5m), 15 deals completed and 2,148 plots sold in period.
- Strategic land holdings of over **14,077 acres**. Investment totalling circa £104m.
- Sites with planning permission for **15,427 units**.
- Planning consent won over the year **1,086** (HY 2018: 436).
- Planning submitted and in progress on 23 schemes, circa **10,570 units**.
- Continuing to acquire new schemes to replenish land bank. Board approval granted for 19 new sites in the year, over **6,490 plots** and **500 net acres**.



# Land Promotion Inventory

- Gross profit of **£128m** from 11,262 plots over 4.5 years at an average of **£11.3k** per plot.

## Land Bank

	Owned Acres		Agency/Optioned Acres	Total
<b>Jun19</b>	<b>1,412</b>	<b>Jun19</b>	<b>12,665</b>	<b>14,077</b>
Dec18	1,562	Dec18	12,763	14,325
Dec17	1,608	Dec17	11,665	13,273
Dec16	1,749	Dec16	10,139	11,888
Dec15	1,804	Dec15	9,257	11,061

### Average cost per acre

Owned £38k	Agency/Optioned £4k	Total £8k
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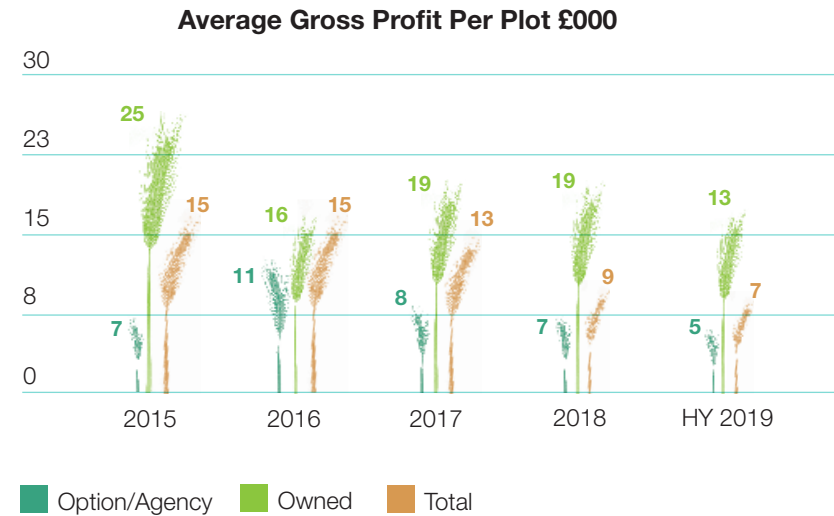
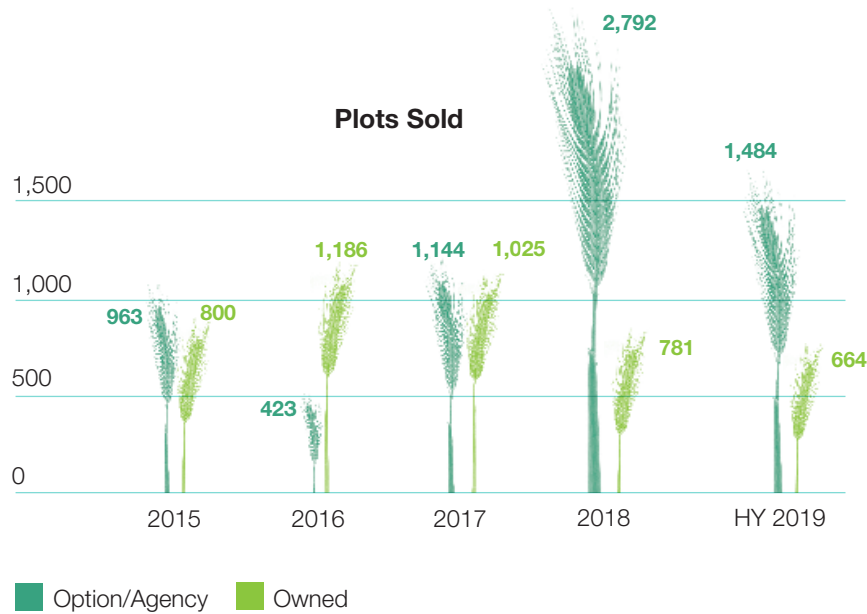


	Plots		Of Which Permissioned		Plots Sold in Period		Gross Profit Per Plot Sold £000's		Profit Before Tax
<b>Jun19</b>	<b>25,997</b>	<b>Jun19</b>	<b>15,427</b>	<b>Jun19</b>	<b>2,148</b>	<b>Jun19</b>	<b>£7.4</b>	<b>Jun19</b>	<b>£15.3m</b>
Dec18	28,418	Dec18	16,489	Dec18	3,573	Dec18	£9.4	Dec18	£28.5m
Dec17	26,511	Dec17	18,529	Dec17	2,169	Dec17	£13.0	Dec17	£23.1m
Dec16	26,869	Dec16	16,417	Dec16	1,609	Dec16	£14.7	Dec16	£17.7m
Dec15	26,811	Dec15	12,043	Dec15	1,763	Dec15	£15.0	Dec15	£19.1m



# Land Promotion

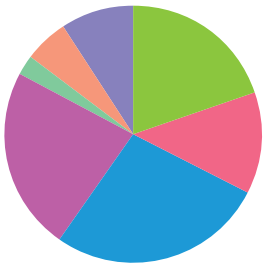
## Average Returns



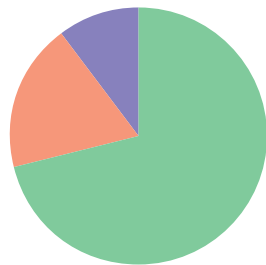
# Land Promotion Inventory

30 June 2019 Interim

**Company Land Interests  
(Acres)**



**Company Land Control  
(Acres)**



Region	Acres	Category	Acres
South West	2,784	Agency	10,031
South East	1,792	Optioned	2,634
South Midlands	3,840	Purchase	1,412
North Midlands	3,250		14,077
North West	368		
North East	756		
Scotland	1,287		
	14,077		





# Land West of Shilton Road Burford

## Land Promotion Current Site

The medieval settlement of Burford is located about 18 miles west of Oxford in the Cotswolds. In 2014 HLM secured a Planning Promotion Agreement in relation to 17 acres south west of Shilton Road, and commenced it's planning promotion with a public exhibition.

As a result of the exhibition; landowner requests; and discussions with the planning authority, rather than pursue a pure residential scheme for circa 150 dwellings, we pursued an outline application for:

- 91 residential plots
- 64-bed Retirement Complex
- 90-bed Care Home.

Planning was granted on appeal in 2017 and HLM subsequently sold the residential element of the site to Lioncourt Homes, and have contracted to sell the Retirement complex to another party later this year.





# Property Investment & Development

- Investment property portfolio of **£79m** following transfer of **£44m** to assets held for sale expected to be disposed of in H2, mainly retail and mixed use.
- Target hurdle rate of **12%–15%**. Lower returns when pre-let and pre-funded, higher value where we take more risk.
- GDV of schemes in progress over **£850m**, over 90% pre-let, pre-sold and pre-funded. **£483m** delivered since 2017. Circa **£1.6bn** of opportunities progressing.
- Increased levels of due diligence slowing commercial property development commencement. Possibly due to EU negotiations as people wait to see the result.
- Stonebridge Homes achieved **68 unit sales** (2018: 53) targeting 1,000 p.a. over a ten year period.



























# Project Delivery

## Contracted Delivery of Projects

Between 2017–2021

	Mixed use
	Leisure
	Retail
	Industrial & Offices
	Residential
	Delivered
	To deliver

		5 Years				
		2017	2018	2019	2020	2021
	Aberdeen		£334m	£2m		
	Aberdeen					£60m
	Aberdeen, Bridge of Don				£25m	
	Bath		£5m			
	Birmingham, Cornwall House					£25m
	Bournemouth				£15m	
	Bristol			£10m		
	Chesterfield	£3m				
	Chippenham				£8m	
	Epsom		£32m	£5m		
	Leicester, Melton Road				£11m	
	Leicester, Belgrave Road					£10m
	Luton				£27m	
	Manchester, Invicta	£6m				
	Manchester, St Ann's Square				£11m	
	Markham Vale		£50m		£22m	
	Monmouth	£2m				
	Nottingham, Thane Road				£20m	
	Skipton				£16m	
	Southend on Sea		£10m		£30m	
	Sunderland			£8m	£36m	
	Thorne	£5m				
	Walsall				£19m	
	York		£28m		£15m	
Total delivered/to deliver		£483m			£367m	



# Airport Business Park Southend

## Property Investment & Development

- Joint venture with Southend-on-Sea Borough Council, Airport Business Park extends to some 50 acres and will deliver over 1 million sq ft of commercial business space. We were selected as joint venture partner by Southend Borough Council following a competitive OJEU process.
- Planning consent for the scheme has been obtained, and the first phase of infrastructure together with the relocation of the rugby club will be completed by the end of 2019.
- We have secured Ipeco as the first occupier for the site. Ipeco are a world leader in the manufacture of crew seats for the aviation industry who are investing in a new 125,000 sq ft headquarters facility on the scheme, with construction expected to commence in early summer 2019.

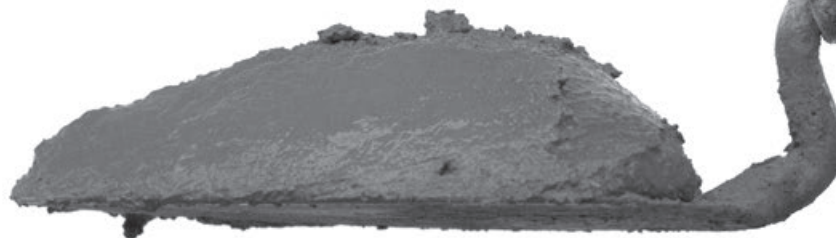


# Construction

- Division consists of Construction, Plant Hire and Road Link (A69).
- External turnover **up 11%** at £54.1m. Trading profit ahead at £5.2m. Workloads good but taking longer to get on site, due to sorting out planning conditions.
- Road Link margin down due to design works for two roundabouts on a management fee margin for Highways England. 7 years remain on concession. Very solid underpin of segment returns.
- **95%** of 2019 construction activity secured. **71%** secured for 2020. Now actively tendering larger contract sums £10m–£15m+.
- Plant market toughened in 2019, **7%** return on sales (2018: 9%) Supported by profits on disposal.
- Majority stake acquired in Starfish Commercial, giving us access to social and affordable housing market. Cost negligible requires working capital.

↑ **11%**

External Turnover



**3%**

Construction

**7%**

Plant

**42%**

Road Link

Return on Sales in H1 2019





# The Beacon University of Hull

## Construction Completed

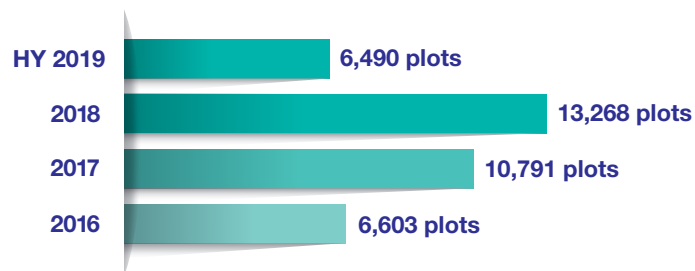
- The new £8m sports arena, The Beacon, is part of the University of Hull's £16m scheme to create a world-class sports centre.
- The Beacon is an innovatively designed 12-court international standard sports hall that makes full use of natural lighting, with seating for 700 spectators.
- The project also includes remodelling the existing Grade II listed sports centre into a state-of-the-art fitness gym with studios, together creating a world class hub to benefit students and the community.



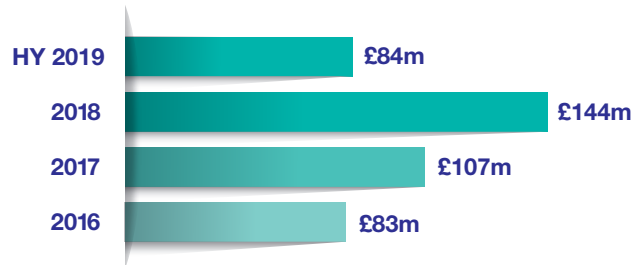
# Investing for the Future

## Strategic Land

### New site Board approvals



### Appraised returns of approvals

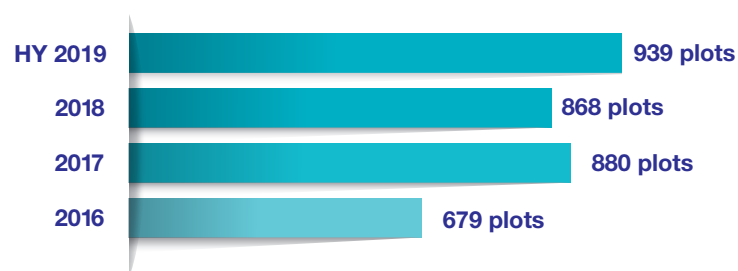


### Contracts exchanged for 2020–2023 completion

- Cash £47m, gross profit £26m

## Property

### Stonebridge Homes residential land portfolio

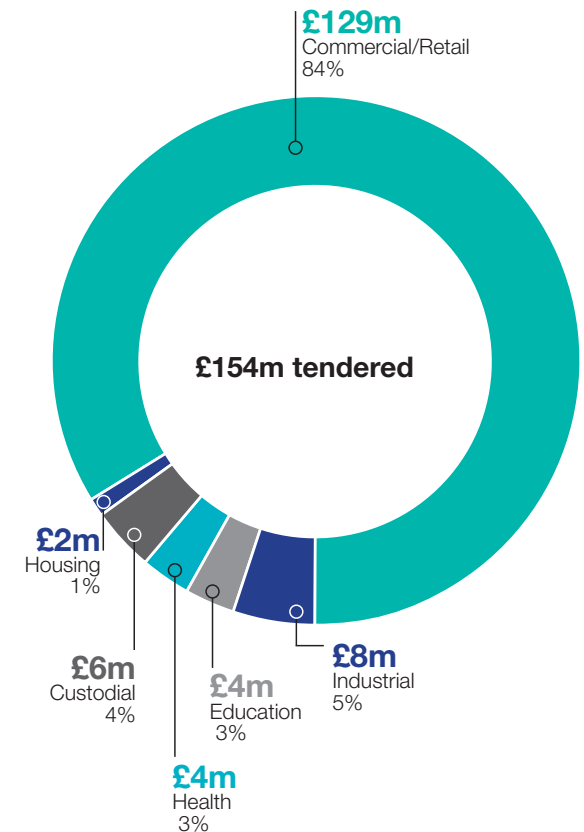


### Recent HBD Board approvals working towards planning

- 300 unit PRS scheme in Manchester
- 90,000 sq ft Industrial/Employment scheme in Bournemouth
- 235,000 sq ft Industrial/Employment scheme in Cirencester
- 114,000 sq ft Office Scheme, Island site, Manchester
- 53,000 sq ft Residential scheme, Cornwall House, Birmingham

## Construction

### HY 2019 workload tendered





# Outlook Summary

- Continued higher capital allocation to land and property development.
- Strategic land performing well with outline permission on over 50 sites working towards disposal.
- Housebuilding market continues to be buoyant – good for land trading and Stonebridge Homes.
- Strong development pipeline, especially industrials and distribution, to be delivered over the next 5 years and beyond.
- Strong construction order book with consistent returns expectation.
- Group currently trading well, but mindful of continued global political and economic uncertainty.
- No change to expectations for 2019, however as ever we remain reliant upon a number of deals getting across the line.



# Appendices

- **Group Structure** – Segment Composition
- **Group Structure** – Board of Directors
- **Group Structure** – Senior Management
- Corporate Social Responsibility
- Shareholding as at 29th July 2019
- Five-year Track Record of Strong Growth
- Henry Boot PLC Share Price vs Benchmark Indices
- The Henry Boot Way

# Group Structure

Henry Boot PLC, established over 130 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

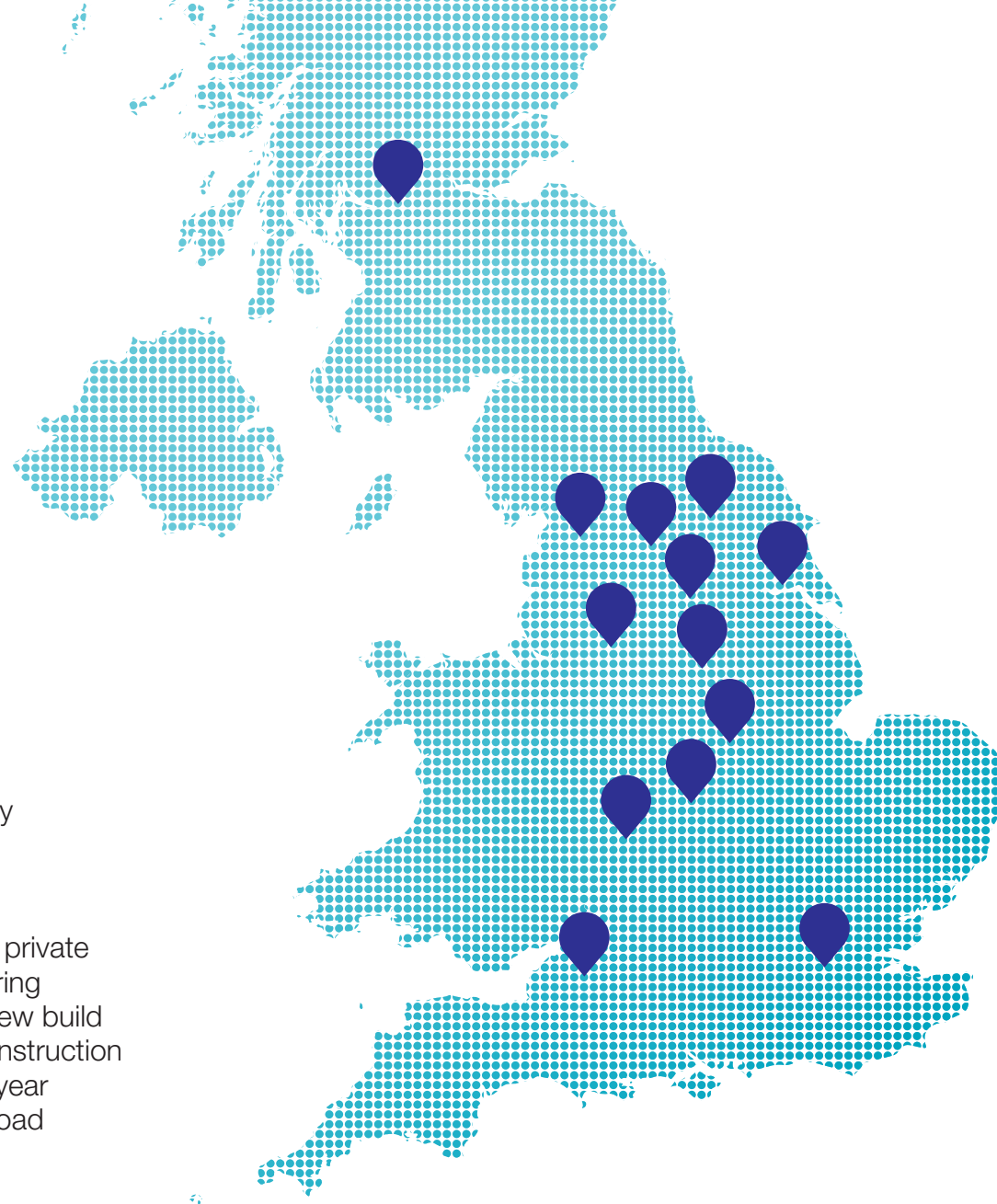
Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

## Property Investment & Development

Henry Boot Developments Limited is a major 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 and serviced office space.

## 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 Highways England to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne, with seven years remaining.





# Group Structure

*(from left to right)*

**Peter Mawson**

Senior Independent Non-executive Director  
and Chairman of the Nomination Committee

**Darren Littlewood**

Group Finance Director

**Joanne Lake**

Non-executive Director, Deputy Chairman  
and Chairman of the Audit & Risk Committee

**Gerald Jennings**

Non-executive Director and Chairman of the  
Remuneration Committee

**Jamie Boot**

Chairman

**John Sutcliffe**

Chief Executive Officer

**James Sykes**

Non-executive Director

**Amy Oakley**

Company Secretary

Tim Roberts to take up role of CEO  
from 1st January 2020.

John Sutcliffe to retire from Board  
on 21st May 2020.

## Board of Directors



# Group Structure

## Senior Management

### Land Promotion



**Nick Duckworth**  
Hallam Land  
Management Limited

### Property Investment & Development



**Edward Hutchinson**  
Henry Boot  
Developments Limited

**Darren Stubbs**  
Stonebridge  
Homes Limited

### Construction



**Simon Carr**  
Henry Boot  
Construction Limited

**Giles Boot**  
Banner  
Plant Limited

**Trevor Walker**  
Road Link (A69)  
Limited



# Corporate Social Responsibility

## People

- Our people are vital to the delivery of our strategic priorities.
- Engagement with our employees and employee satisfaction are crucial to continued improvement and success across all our businesses.
- We have established policies for recruitment, learning and the development of our employees.
- As our businesses continue to develop and grow, we understand that by retaining and inspiring effective and committed employees, we can continue to deliver excellence to all.

## Community

- We continue to contribute to the social and economic impacts to the communities in which we operate.
- We offer support to a wide range of charities and organisations of all sizes, by working to provide them with donations that are of most benefit to them.
- We support an annual Charity of the Year which is elected by our employees. In 2018 our Charity of the Year was Dementia UK and a total of over £30,000 was donated.

## Health & Safety

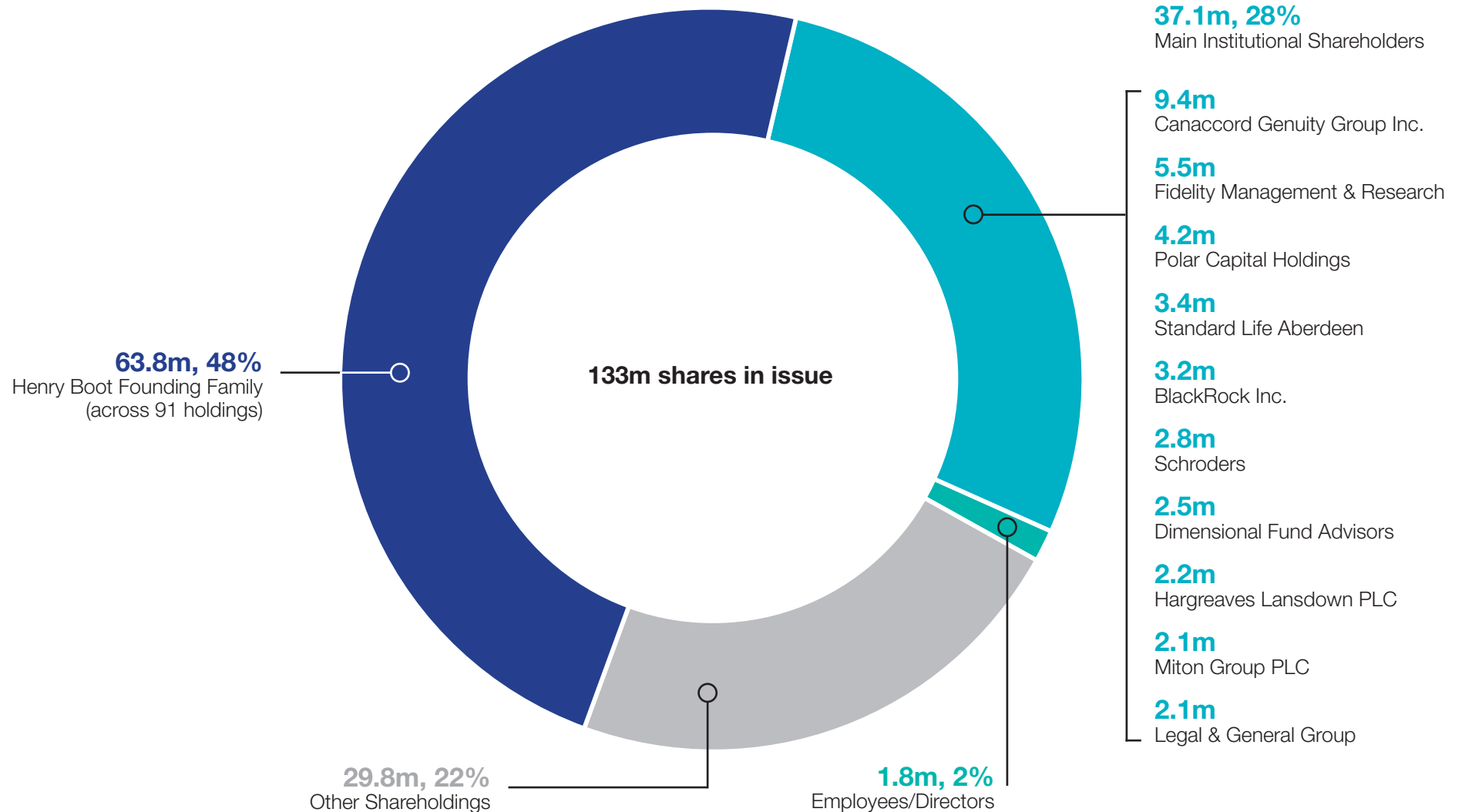
- Henry Boot PLC continues to focus on health and safety as our primary business priority.
- We remain committed to providing a safe and healthy working environment for our employees, stakeholders and contractors.
- We operate all our business activities on the principle that good management of health and safety is fundamental in creating a safe and healthy working environment and contributes to improving our business performance.
- Our Accident Frequency Rate performance remains strong with an overall score (including subcontractors) of 0.05 per 100,000 hours.

## Environment

- We recognise that we have a responsibility and an obligation to reduce the direct impact of all our business operations on the natural environment, both now and in the future.
- Reducing our emissions is one way in which we hope to achieve this.
- Our aim is to create more sustainable ways of undertaking our business operations to conserve energy, save money and deliver efficiency.



# Shareholders



# Strong Growth

## Five-year Track Record

2014–2018

### Dividends Per Ordinary Share

2014 **5.6p**  
2015 **6.1p**  
2016 **7.0p**  
2017 **8.0p**  
2018 **9.0p**

### Net Assets

2014 **£200.5m**  
2015 **£221.5m**  
2016 **£233.6m**  
2017 **£270.0m**  
2018 **£302.3m**

### Net Asset Value per Share

2014 **152p**  
2015 **168p**  
2016 **177p**  
2017 **203p**  
2018 **227p**

### ROCE

2014 **11.4%**  
2015 **12.2%**  
2016 **14.4%**  
2017 **18.6%**  
2018 **14.9%**

### Profit Before Tax

2014 **£28.3m**  
2015 **£32.4m**  
2016 **£39.5m**  
2017 **£55.4m**  
2018 **£48.6m**

### Net Debt

2014 **£36.4m**  
2015 **£38.9m**  
2016 **£32.9m**  
2017 **£29.0m**  
2018 **£18.4m**

### Turnover

2014 **£147.2m**  
2015 **£176.2m**  
2016 **£306.8m**  
2017 **£408.5m**  
2018 **£397.1m**



# Share Price

## Henry Boot PLC Share Price vs Benchmark Indices

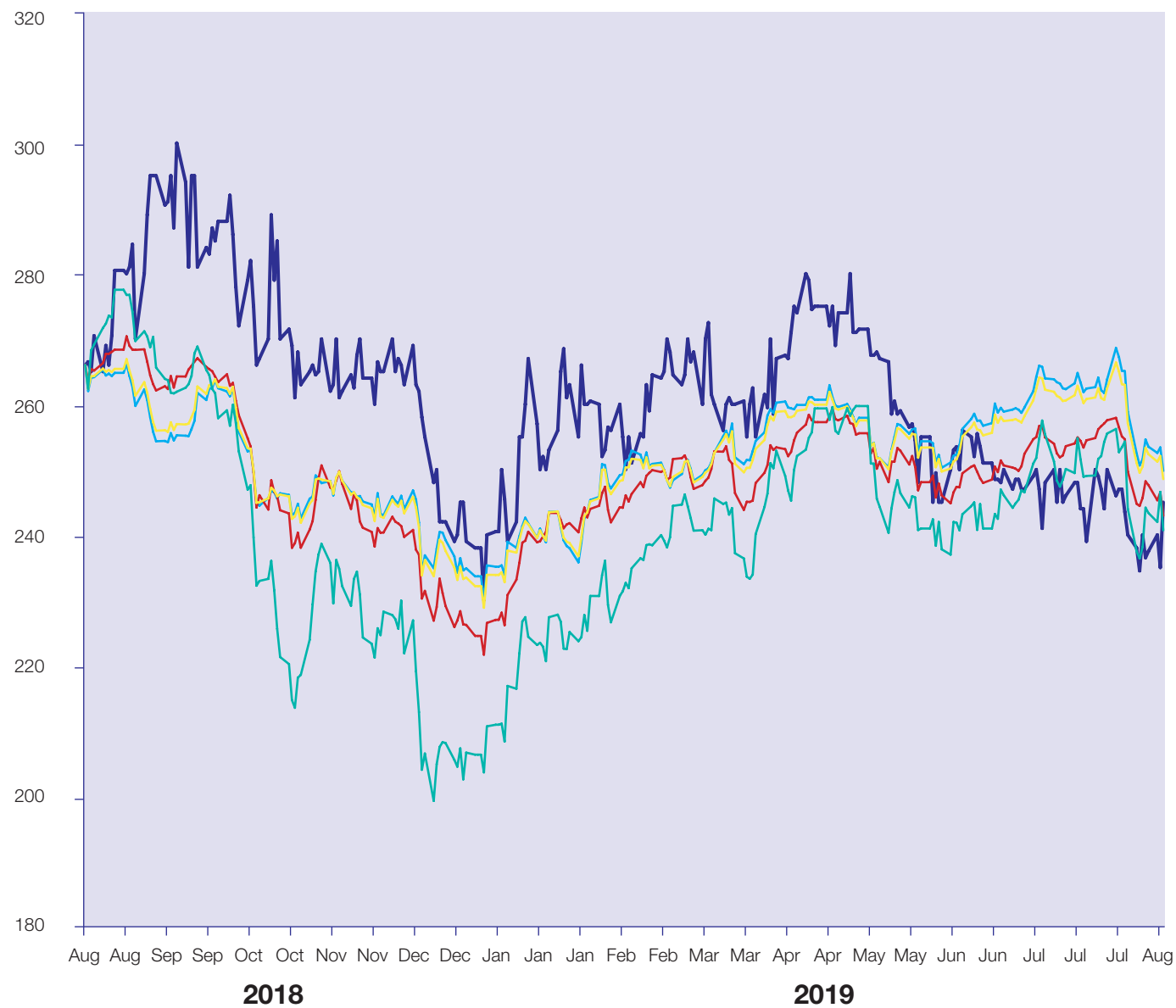
### Henry Boot PLC

FTSE 250

FTSE 100

FTSE All Shares

FTSE All Share/Construction & Materials – SEC





# The Henry Boot Way

## Purpose, Vision and Values

Henry Boot PLC, has been in business for over 130 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 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.

## 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.

**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.

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