



Henry Boot

Interim results

September 2024

Where great places start

Agenda

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Tim Roberts

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Tim Roberts
Chief Executive Officer



Darren Littlewood
Chief Financial Officer



Introduction and overview

Speaker
Tim Roberts

Island, Manchester

Introduction

We focus on high quality land, property development and housebuilding in prime locations

- Strong property sales over the last two years despite challenging markets
- Conviction in our three key markets and a wealth of opportunity within the portfolio
- Strong balance sheet and an understated NAV with land and developments held at cost
- Interim dividend increased by 5%

Industrial and logistics



Residential



Urban development



Resilient operational performance

Well positioned to achieve market expectations

Land promotion	<ul style="list-style-type: none"> 843 plots sold (H1 23: 1,900), 1,695 plots exchanged, 1,246 plots are due to complete by FY 24 1,070 plots under offer, the majority related to Pickford Gate, Coventry Land bank increased to c.101,500 plots, with c.7,990 permitted Draft NPPF could see Hallam advance applications for c.8,500 new plots 	Operating profit £4.2m H1 23: £17.0m
Property investment & development	<ul style="list-style-type: none"> Completed £68m (HBD share) of developments, 77% pre-sold £264m (HBD share: £119m) of high quality committed development Investment portfolio value modestly increased to £113.2m generating a total return of 2.7% Stonebridge Homes has secured 95% of its 2024 delivery target of 275 units (FY 23: 251 units) 	Operating profit £2.7m H1 23: £8.5m
Construction	<ul style="list-style-type: none"> Segment remained profitable, despite HBC orderbook below annual target 	Operating profit £2.9m H1 23: £4.4m
Group	<ul style="list-style-type: none"> ROCE of 1.4% (H1 23: 6.3%) Central operating costs of £3.9m (H1 23: £4.2m) 	Operating profit £5.9m H1 23: £25.7m

Continued progress towards medium-term objectives set out in 2021

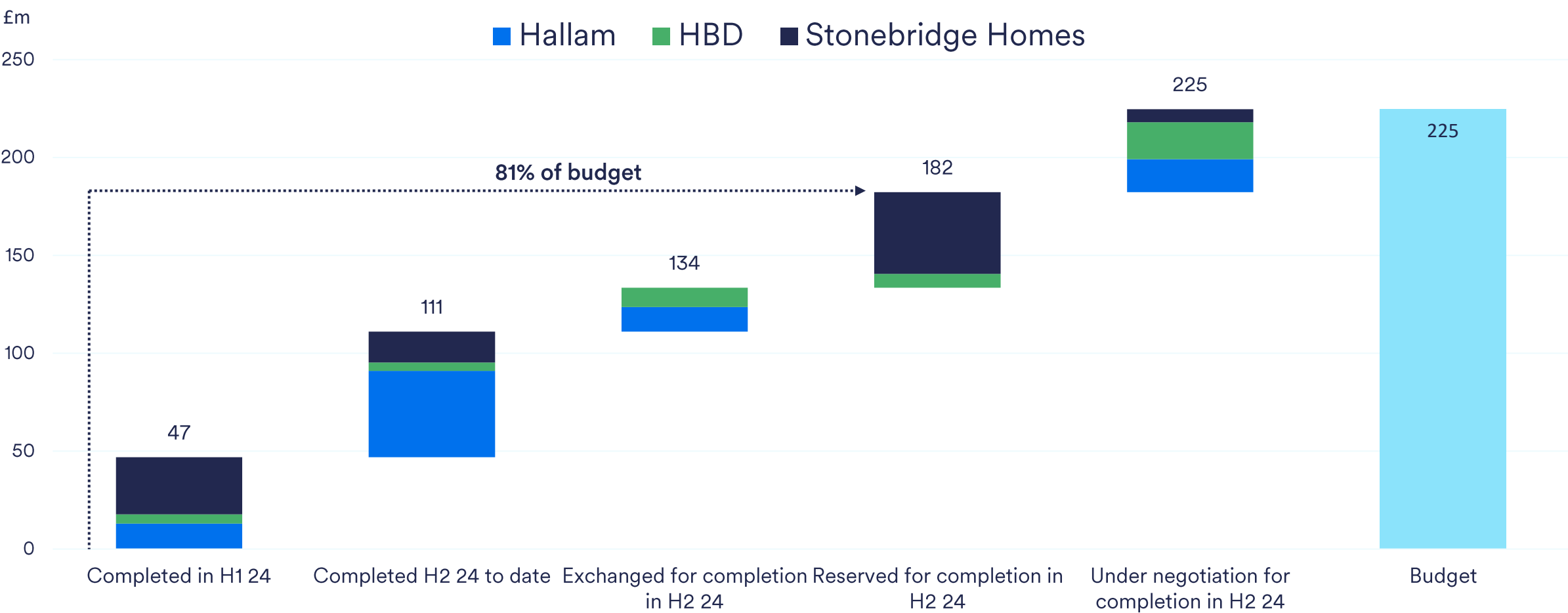
Measure	Medium-term target	H1 24
Capital employed	£500m	£424m ¹ and on track to grow
Return on average capital employed	10-15% pa	1.4% in H1 24
Land promotion plot sales	c.3,500 pa	YTD 1,727 plots completed, remain on target to sell c.3,000 plots this year
HBD development completions	c.£200m pa	Our share, £68m completed. HBD is on track to complete on £192m GDV this year
Grow investment portfolio	Around £150m	Modest value increase to £113.2m ² . Plenty of opportunities to grow portfolio
Stonebridge Homes sales	Up to 600 units pa	Secured 95% of its 2024 delivery target of 275 units. Plan to scale up further in 2025
Construction order book secured	Minimum 65% for the year ahead	20% secured for 2025, with £54m PCSAs in progress
Responsible business strategy	Achieve NZC by 2030	14% reduction in GHG emissions (Scopes 1 & 2)

¹excluding the defined benefit pension scheme surplus

²including our share of IP in JVs

Sales progress in line with expectations

81% of budgeted sales for FY24 completed, exchanged or reserved





Financial review

Speaker
Darren Littlewood

Momentum, Rainham

Financial summary

Heavy weighting to H2 sees us on track for full year expectations

- Revenue decreased 41% reflecting lower land and property sales
- Gross profit decreased 40% to £24.7m in line with the reduction in overall trading activity
- Underlying profit before tax of £3.6m
- Lower operating profit reduced ROCE to 1.4% – expect FY24 to be marginally below the bottom end of our medium term target range
- Interim dividend increased by 5% reflecting progressive dividend policy & confidence in meeting full year expectations

	HY 24	HY 23	Change
Revenue	£106.0m	£179.8m	-41%
Gross profit	£24.7m	£40.8m	-40%
Operating profit	£5.9m	£25.7m	-77%
Underlying profit ¹	£3.6m	£23.3m	-85%
Profit before tax	£3.7m	£25.0m	-85%
Earnings per share	2.8p	14.0p	-80%
ROCE ²	1.4%	6.3%	-
Dividend per share	3.08p	2.93p	5%
Dividend cover	0.9x	4.8x	-

¹Underlying profit is defined as profit before tax excluding valuation movements on completed investment properties including the Group's share of joint ventures

²Return on Capital Employed (ROCE) is an APM and is defined as operating profit/average of total assets less current liabilities (excluding DB pension surplus) at the opening and closing balance sheet dates

Balance sheet

Short term increase in gearing due to investment, ahead of planned disposals

- Investment property at £110.6m reflecting a modest revaluation uplift in period
- Increase in inventories of £52.8m with investment in Stonebridge land and WIP as well as strategic land
- Reduction in other working capital of £33.3m driven by cash proceeds received from deferred land sales
- Net debt up to £103.9m after capex on developments and infrastructure works to facilitate land disposals
- Gearing 25.5% above the optimal range of 10-20%, but has reduced following post period end sales
- Secured bank facility of £125.0m runs to May 2027 with option to extend for further two years to May 2029
- NAV per share down 0.5% to 305p or on an underlying basis before pension adjustments to 299p

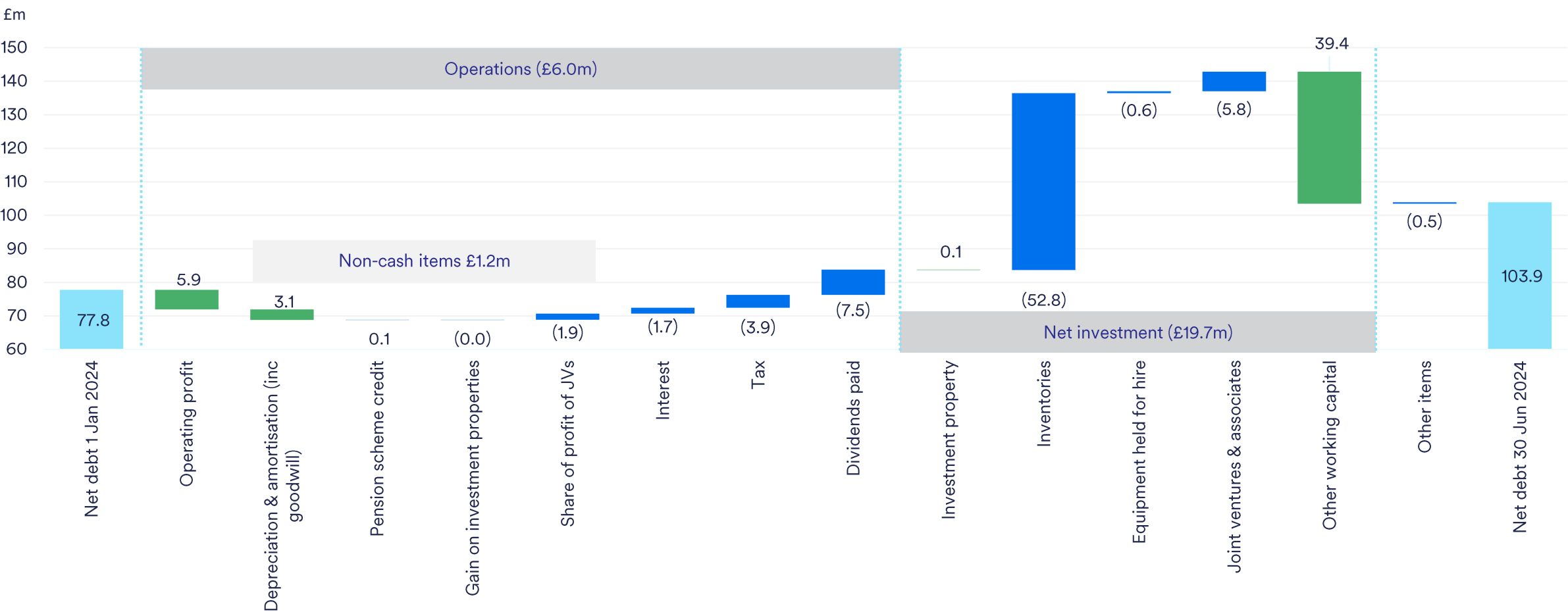
	Jun 24	Dec 23
Investment property ¹	£110.6m	£110.0m
Property, plant & equipment	£28.5m	£29.2m
Inventories	£350.4m	£297.6m
Other working capital	£19.0m	£52.3m
Net debt	(£103.9m)	(£77.8m)
Retirement benefit assets	£9.8m	£7.7m
Other net liabilities	(£6.2m)	(£9.0m)
Total equity	£408.1m	£410.1m
NAV per share	305p	306p
Gearing	25.5%	19.0%
Capital employed ²	£423.8m	£416.7m

¹ Including the Group's share of joint ventures and associates of £10.1m as at 30 June 2024 (31 December 2023: £9.4m) before adjustment in respect of tenant incentives

² Excluding retirement benefit assets of £9.8m as at 30 June 2024 (31 December 2023: £7.7m)

Cash generation and change in net debt

Investment continues to deliver committed development programme





Operational review

Speakers

Tim Roberts & Darren Littlewood

Forest Chase, Great
Ouseburn

Hallam Land

UK greenfield land values stable in H1 24

- 843 plots sold (H1 23: 1,900), 1,695 plots exchanged, 1,246 plots are due to complete by FY 24
- Average gross profit per plot of £9.7k (H1 23: £11.4k)
- Added 2,390 plots with land bank marginally increasing to 101,491 (Dec 2023: 100,972)
- Plots with planning decreased to 7,990 (Dec 2023: 8,501)
- 13,392 plots awaiting planning determination, with appeals on seven sites totalling c.2,500 plots
- Applications for c.8,500 plots to be advanced
- Land portfolio held at cost with gains not recognised until disposal
- 1,070 plots under offer, majority at Pickford Gate

Plots sold

843

H1 23: 1,900

Profit per plot

£9.7k

H1 23: £11.4k

Operating profit

£4.2m

H1 23: £17.0m

Total plots in portfolio

101,491

FY 23: 100,972

Pickford Gate, Coventry

Phase two: 491 plots now sold

- In 2015 Hallam entered into a planning promotion agreement
- A planning application was submitted in 2018 and achieved outline planning permission in 2021 for;
 - 2,400 residential plots (25% affordable housing)
 - 37 acres of employment land
 - new primary school, community centre and open spaces
- Funding was secured through the Homes England for infrastructure works



Phase one

247 plots

Sold in March 2023 to
Countryside

Phase two

491 plots

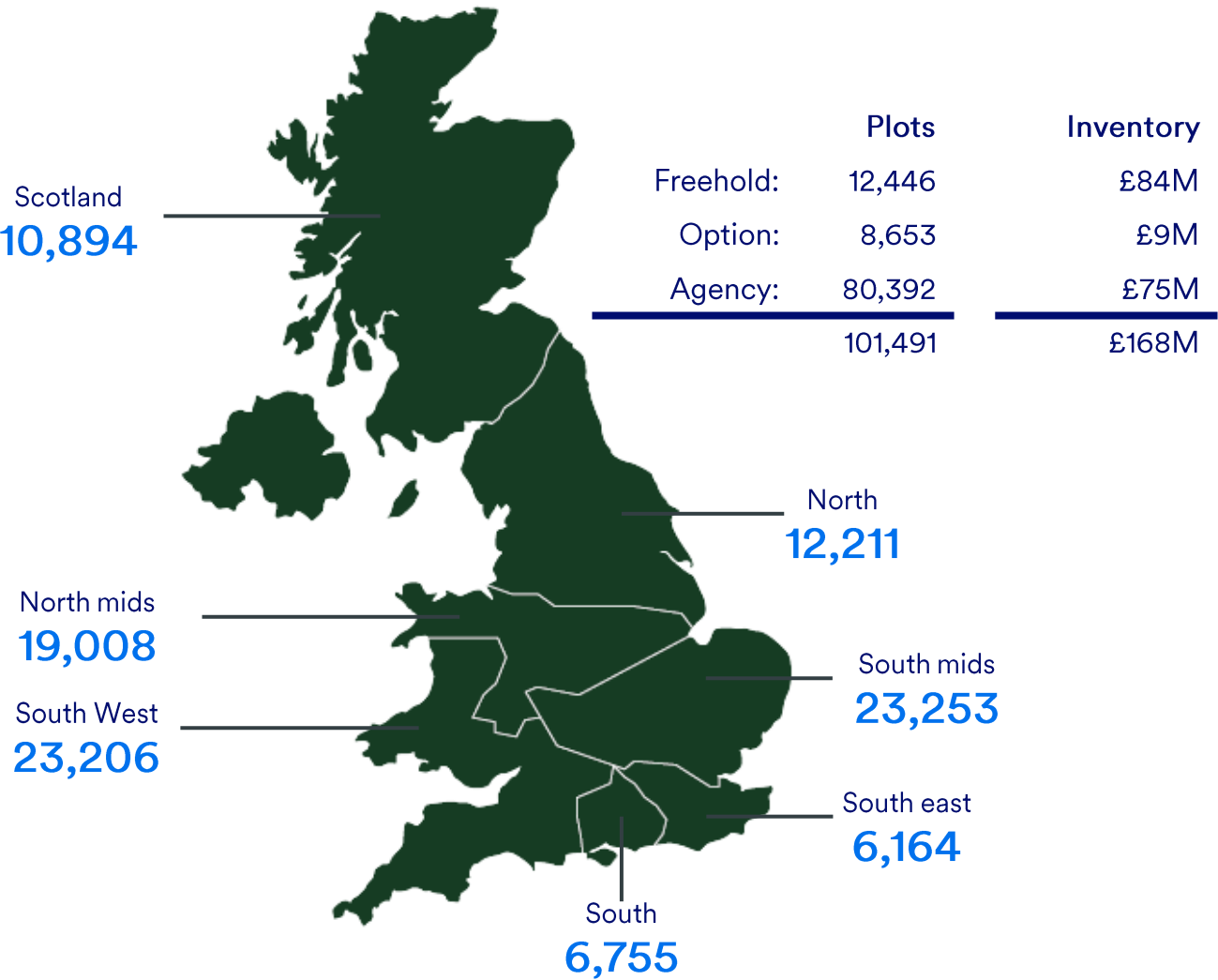
Sold in September 2024 to
David Wilson Homes

Phase three

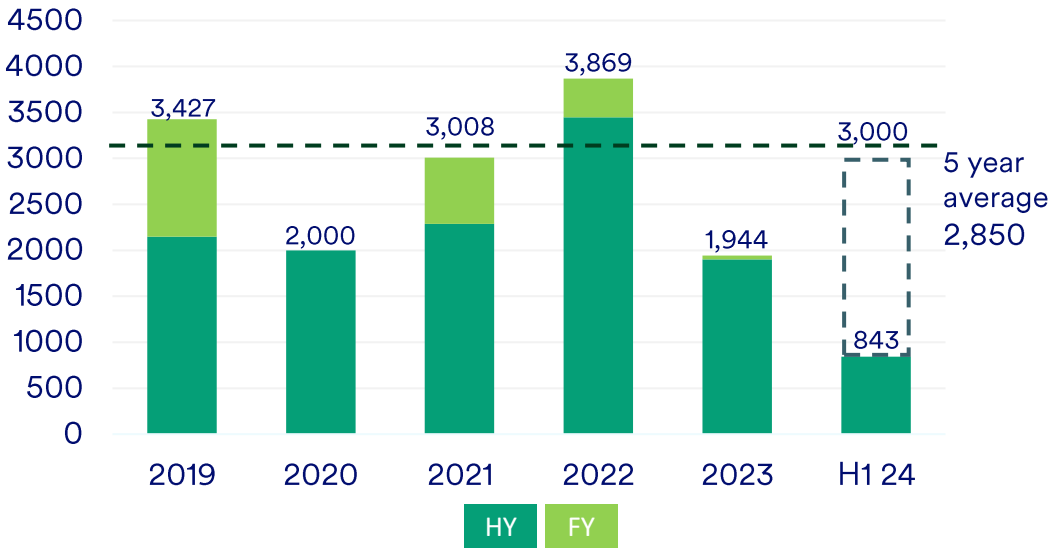
**Under
offer**

Land promotion

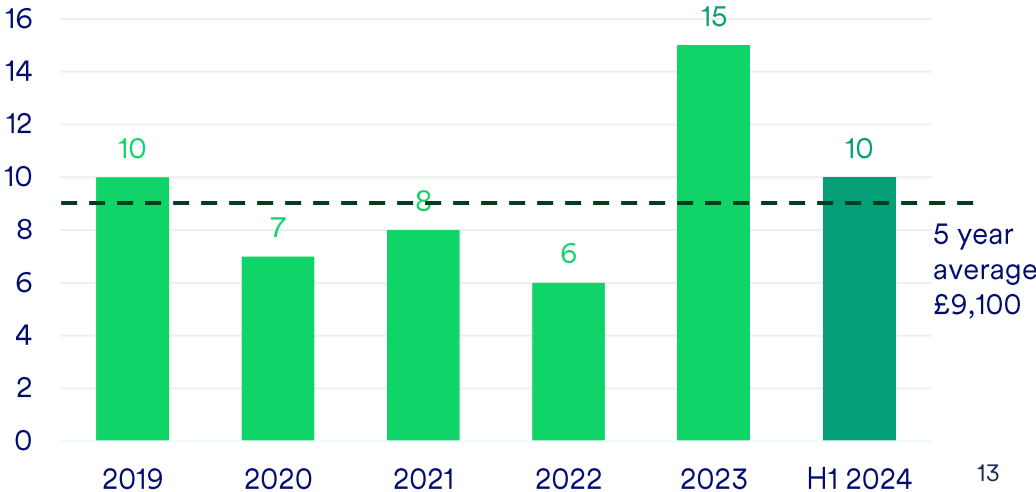
Continuing to grow one of the largest strategic land banks in the country



Plots sold



Average Gross Profit per plot £'000



Property investment & development

Development pipeline provides strong platform for growth

- Comprises HBD and Stonebridge our JV housebuilder
- HBD completed £68m of developments, 77% pre-let/pre-sold
- Committed development programme £264m (our share £119m), 64% pre-let/pre-sold
- 96% of development costs fixed on committed programme
- £1.3bn pipeline comprises 57% I&L, 22% urban commercial and 21% urban residential
- A c.£200m GDV near-term pipeline of occupier-led schemes
- Investment portfolio value modestly increased to £113.2m (Dec 23: £112.9m)

Operating profit

£2.7m

H1 23: £8.5m

HBD pipeline

GDV

£1.3bn

FY 23: £1.3bn

Investment portfolio¹

£113.2m

FY 23: £112.9m

Stonebridge completions

90

H1 23: 99

Committed programme

£119m GDV, of which 64% has been pre-let or pre-sold

Scheme	Area '000 sq ft	Units	HBD Share	GDV (£m)*	Status	Expected Completion
Industrial & Logistics						
Leicester, TMS	29	–	100%	10	Pre-sold	Q4 24
Leicester, Melton Road	20	–	100%	2	Pre-sold	Q1 25
Preston, Aptus	150	–	50%	5	Pre-sold	Q3 25
Rainham, Momentum	380	–	20%	24	Speculative	Q3 24
Total	579	–	68%	41		
Urban Residential & Commercial						
Manchester, Island	91	–	50%	33	Speculative, c.50% under offer	Q4 24
Total	91		50%	33		
Land & Other						
Aberdeen, BoD	–	500	10%	1	Under offer, pre-sold & DM fee	Q1 25
Manchester, Equitable	19	–	100%	3	Pre-sold	Q3 24
Walsall, SPARK Remediation	–	–	100%	37	Forward funded	Q3 24
York, McCarthy Stone	–	72	100%	4	Pre-sold	Q4 24
Total	19	572	78%	45		
Total committed pipeline	689	572	65%	119		

*HBD share

Island, Manchester

Grade A office building in the city centre

- GDV £66m (HBD share: £33m) – JV with GMPF
- 91,000 sq ft Grade A multi let office building
- NZC Construction, BREEAM Excellent, EPC A
- c.50% of office space under offer
- Completion Q4 24, ERV £44 psf, yield on cost c.5.8%



Setl, Birmingham

Premium city centre 1 & 2 bedroom apartments

- GDV £32m
- 102 build-to-sell premium apartments in the Jewellery Quarter
- Residents lounge, gym studio and private rooftop garden
- Achieved practical completion in H1 24
- 52% of units sold, exchanged or reserved



£1.3bn development pipeline

A total of £58m is invested in the pipeline

Key schemes

Neighbourhood, Birmingham



Scheme: Urban Residential
GDV: £128m
Investment: £15m
Size: 404 residential units
Planning Status: Achieved

Golden Valley, Cheltenham



Scheme: Urban Commercial
GDV: £155m (phase one)
Investment: £7m
Size: 150,000 sq ft
Planning Status: Submitted

Spark, Walsall



Scheme: I&L
GDV: £110m
Investment: £1m
Size: 620,000 sq ft
Planning Status: Achieved
(Phase one)

Aptus, Preston

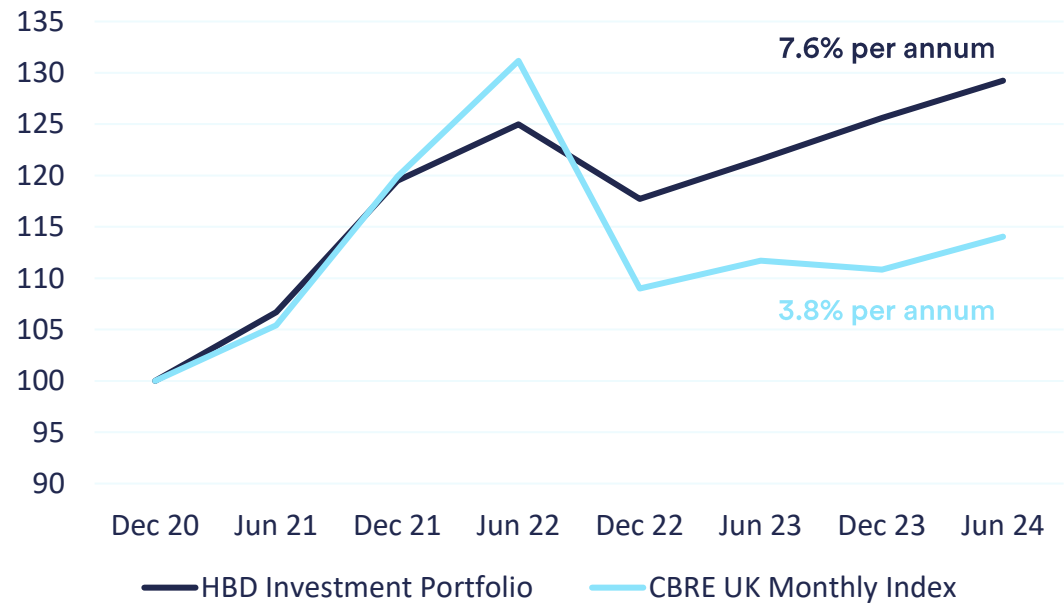


Scheme: I&L
GDV: £38m (our share)
Investment: £3m
Size: 550,000 sq ft
Planning Status: Outline achieved

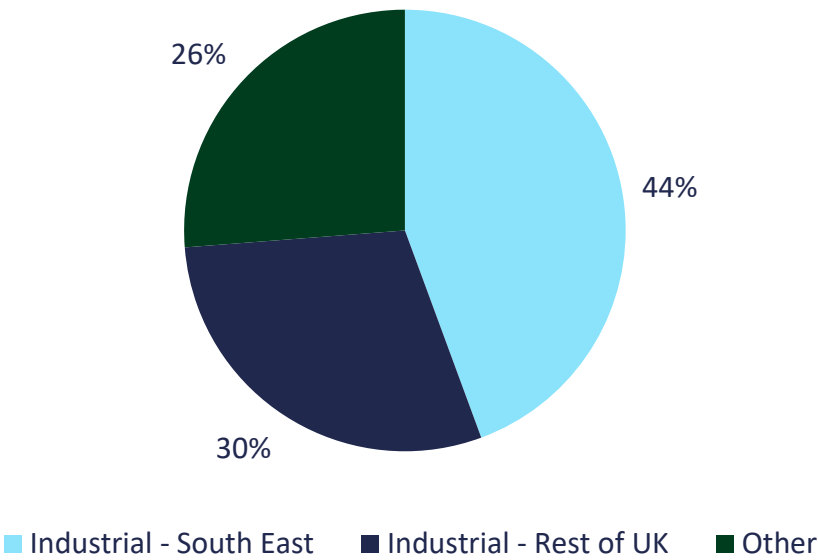
Investment portfolio

Markets stabilising with investment portfolio up marginally to £113m

Total return vs CBRE UK Monthly Index



Investment portfolio split by sector



Stonebridge

Delivering high-quality homes

- 90 units completed (H1 23: 99)
- ASP £381k (H1 23: £489k) reflecting a reduction in the average size of homes sold and expansion into a second region
- Average sales rate of 0.50 (H1 23: 0.48), rising to 0.54 over the last five weeks
- Secured 95% of its 2024 delivery target
- Build cost inflation moderating at 3% (Dec 2023: 4%)
- 862 plots with planning permission
- Three sites under offer with the potential to add a total of c.750 plots to the land bank



Completions

90

H1 23: 99

Total land bank (units)

1,407

FY 23: 1,513

Construction

Segment impacted by challenging trading conditions

- Comprises HBC, Banner Plant and Road Link (A69) and accounts for just 2% of group's capital employed
- Segment remained profitable in H1 24
- Heart of the City, Sheffield (Block H) a £42m scheme completed in Jan 24
- HBC appointed to deliver the £36m redevelopment of Rotherham Markets
- 61% of order book secured for 2024, of which 94% has fixed price or contractual inflation clauses
- New MD appointed at HBC to restore work levels
- Opportunities to win work with PCSAs worth £54m and a bias towards public sector
- Banner Plant and Road Link trading in line with management expectations

Operating profit

£2.9m

H1 23: £4.4m

Turnover

£43.5m

H1 23: £56.2m

Return on sales

-3% HBC
8% Banner Plant
45% Road Link

2024 order book secured

61%



Outlook

Speaker
Tim Roberts

Golden Valley,
Cheltenham

Outlook

Encouraging recovery in demand

- Economy is picking up, inflation under control and prospects of interest rates to fall further
- Strong orderbook with 81% of budgeted property sales secured
- Conviction in our three key markets and focus on high quality schemes
- Improving National Planning Policy Framework, with applications on 8,500 plots to be expedited at Hallam
- Strong balance sheet, portfolio rich with opportunity, confident on medium term targets



Spark, Walsall

Well placed for the future

Investing to support growth

Land promotion



c.101,000 strategic land plots

Property development and investment



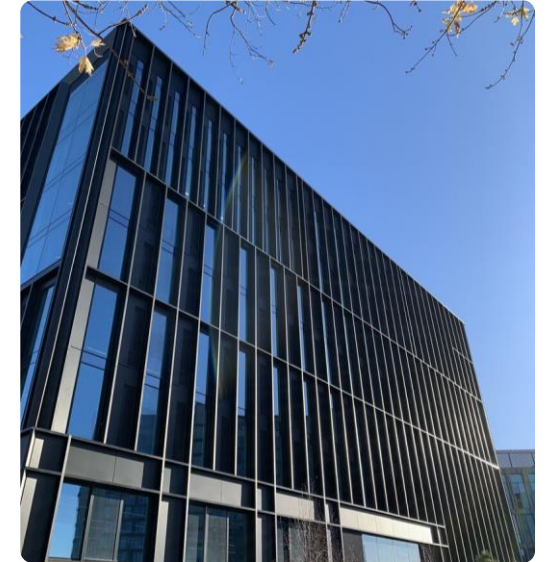
c.£1.3bn development pipeline

Housebuilding



Multi-regional premium housebuilder – land bank with c.1,400 plots

Construction



Public sector focused order book

A white hexagonal logo with the text "Henry Boot" in black, centered over a photograph of a modern building with large glass windows and young trees.

Henry Boot

Appendix

Group structure

Henry Boot is one of the UK's leading land, property development, home building and construction businesses - and we've been transforming land and spaces since 1886. Listed on the London Stock Exchange since 1919, we're renowned for quality, expertise, delivery and a partnership approach across the group - which comprises, Hallam Land, HBD, Stonebridge, Henry Boot Construction, Banner Plant and Road Link.

Operating across the UK, and employing over 500 people, we focus on three key markets: urban development, industrial and logistics and residential. Hallam Land has facilitated 52,000 new homes since 1990, managing one of the top five largest land portfolios in the country, with the potential to facilitate over 100,000 homes. HBD manages a development pipeline of £1.3bn, the equivalent of 7m sq ft of developments across our key markets, while maintaining a £113m investment portfolio, of which 73% of the properties have an EPC rating of 'C' or higher. Stonebridge, our jointly-owned home building business, manages a land portfolio capable of delivering 1,500 homes, with an ambition to deliver up to 600 new homes a year.

Henry Boot Construction has extensive experience in both the public and private sectors, including major projects such as the £200m regeneration of Barnsley town centre, and The Cocoa Works, a £57m residential development in York. For over 65 years, Banner Plant has supplied construction products and services, operating from seven regional depots in the North of England.

We have also developed an ambitious Responsible Business Strategy to help us meet our aim of being Net Zero Carbon by 2030, and to deliver, by 2025, charitable, community and education work valued at £1m.

From land promotion, property development and investment to home building, construction and plant hire, Henry Boot is where great places start.

Business segments

Land Promotion
Hallam Land

**Property Investment &
Development**
HBD
Stonebridge Homes

Construction
Henry Boot Construction
Banner Plant
Road Link (A69)

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



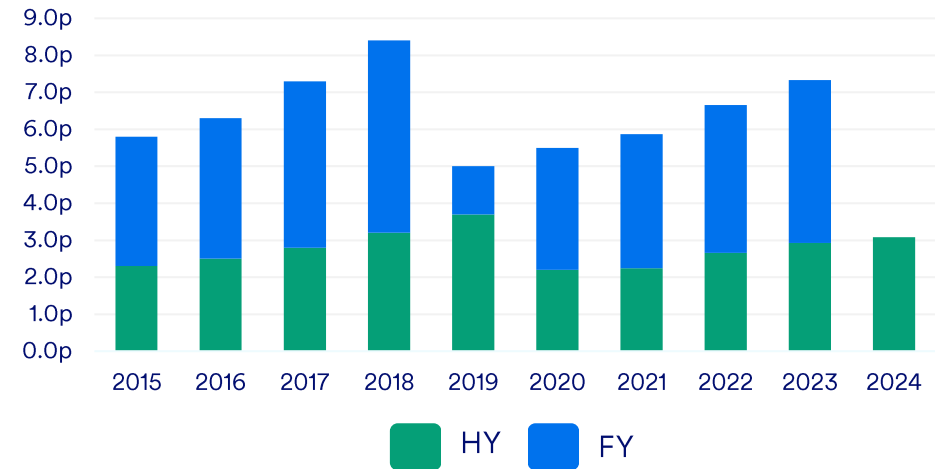
Talita Ferreira
Non-executive Director

Investment case

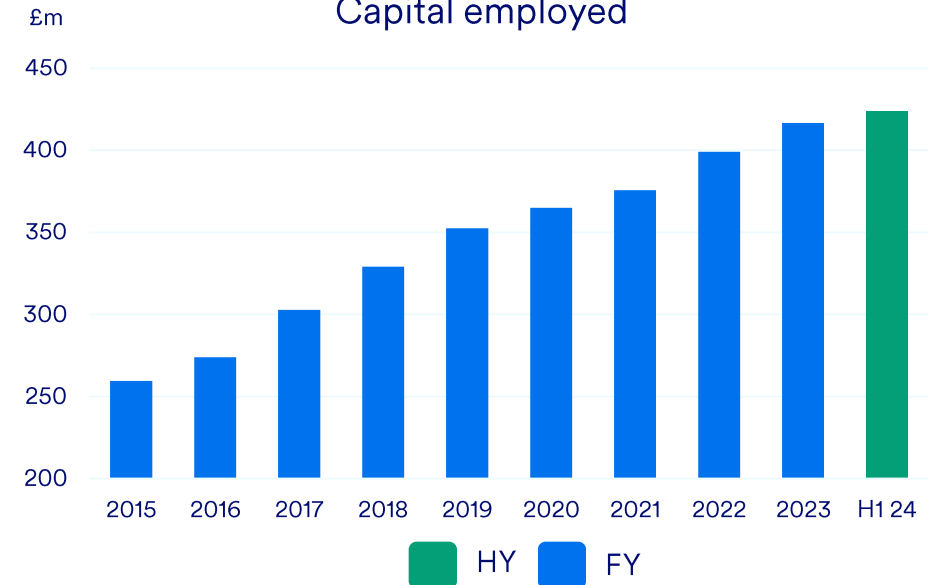
Prime portfolio focused on high quality premium projects with sustainability

- Focus and deep knowledge of three key markets that are driven by positive long-term structural trends
- Delivered attractive returns through the cycle with 10-year ROCE of 12.7% pa and TAR of 10.8% pa to FY 23
- Modest gearing with 10-20% target range and track record of effectively managing the balance sheet
- Clear strategy to grow the business with a wealth of opportunities within the portfolio
- Active recycler of capital with over £490m of accretive land, property and house sales over FY 22 and FY 23
- Investment portfolio consistently outperformed the wider market over the short and medium term
- Understated NAV with land and developments held at cost, rather than mark-to-market basis, so significant latent value not reflected in balance sheet
- Responsible business investing in our people and local communities, with a commitment to achieve NZC by 2030

Dividend per share

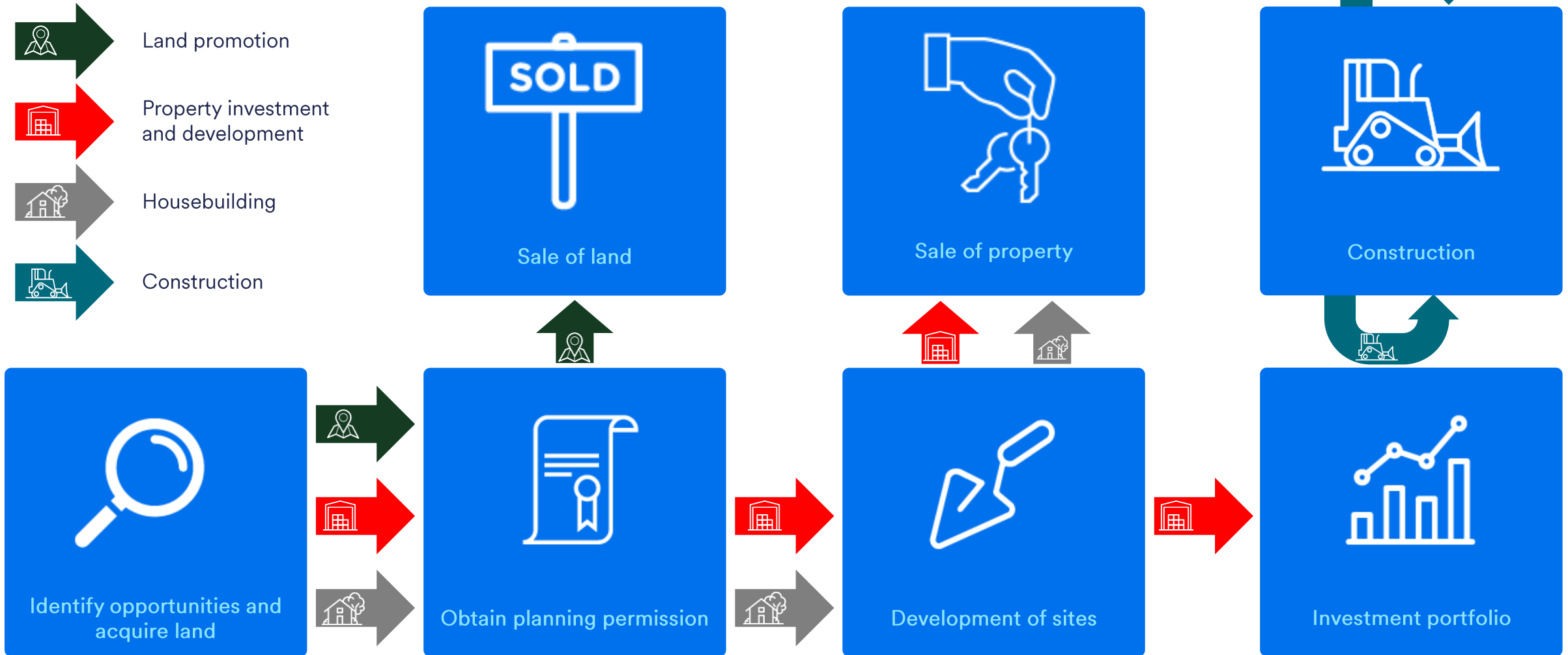


Capital employed



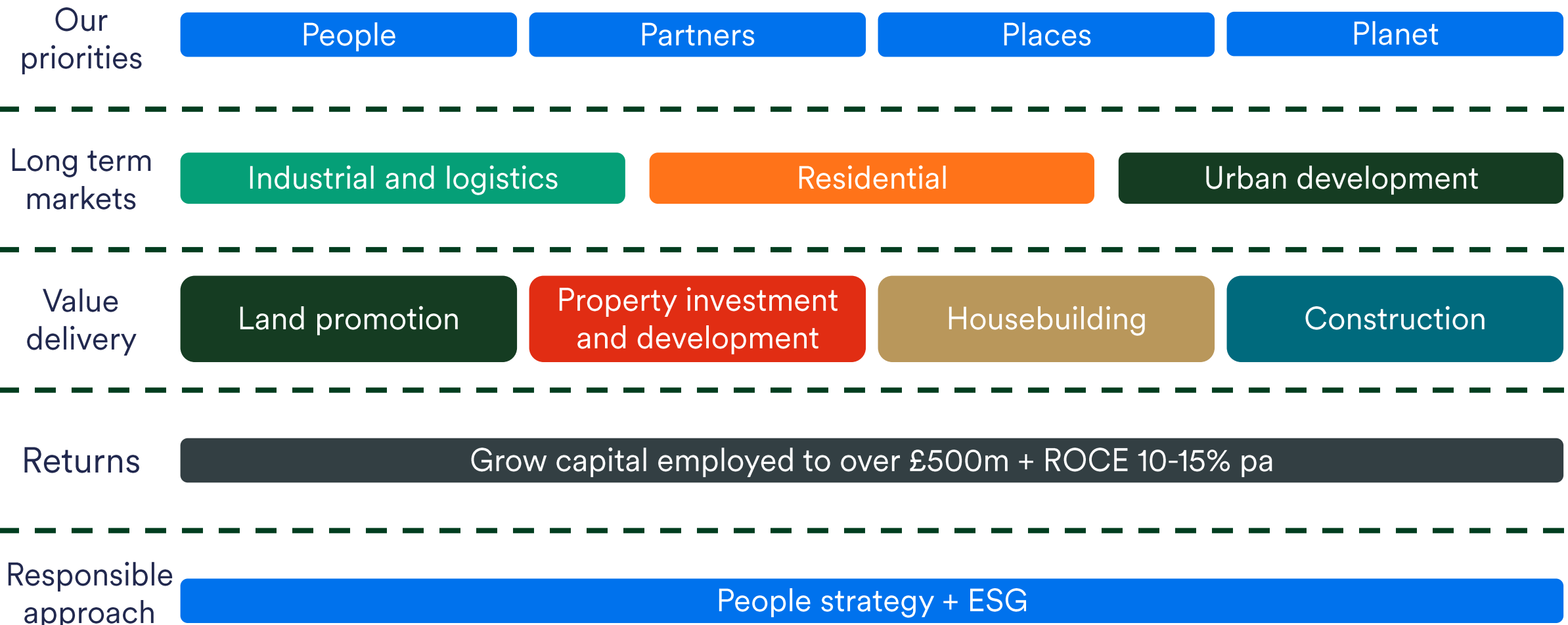
Business model

Track record of generating attractive returns



Our strategy

Creating great places today, to build a better tomorrow



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.	New health and wellbeing strategy and Programme launched in 2023. Approximately 50 employees trained as Mental Health First Aiders.	Increased gender representation in the business, aiming for 30% of our team and line managers being females.	We have made progress, with female representation across our workforce increasing to 29% (2023: 28%)
Our places	Contribute £1m of financial and equivalent value to our charitable partners.	We contributed (financial and equivalent value of) over £640,000 to our charitable and community partners.	Contribute 7,500 volunteering hours across the group to community, charity and education projects.	More than 6,500 volunteering hours have been delivered.
Our Planet	Reduce scope 1 and 2 GHG emissions by over 20% to support reaching NZC by 2030.	Total direct GHG emissions (Scopes 1 and 2) in 2023 were 2,833 tonnes which equates to a 14% reduction from the 2019 baseline. Remain on course to achieve the decarbonisation trajectory.	Reduce consumption of avoidable plastic by 50%.	Sustainability audits completed and a waste management plan is in development
Our Partners	Pay all suppliers the real living wage and secure accreditation with the Living Wage Foundation.	Internal experts are working with the Living Wage Foundation to meet the criteria of membership with accreditation to be achieved in 2024.	Collaborate with all our partners to reduce our environmental impact.	We continue to engage with membership organisations and our supply chain to share knowledge and best practice

Investment property

Portfolio focussed on industrial and logistics

	Jun 24	Dec 23
Market valuation – inc. share of JV's	£113.2m	£112.9m
Number of properties	21	21
Total area – '000 sq ft	795	795
% industrial and alternative	78%	77%
Passing rent	£6.8m	£5.9m
'Topped-up' net initial yield	5.8%	5.8%
Reversionary yield	6.6%	6.5%
WAULT to expiry ¹	10.4 years	10.8 years
Occupancy ²	93%	93%

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

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

Shoal Group, Luton



- Small/Mid box
- 85,000 sq ft
- HBD share 100%
- Completed in 2023
- 100% let

Waitrose, Warminster



- Food store
- 29,300 sq ft
- HBD share 100%
- Completed in 2012
- 100% let
- WAULT 12 years

Statement of financial position

	Jun 24	Dec 23
Cash and cash equivalents	14.4	13.0
Borrowings	(114.0)	(86.5)
Lease liabilities	(4.3)	(4.3)
Net debt	(103.9)	(77.8)
Completed investment property	100.5	100.6
Investment property under construction	0.0	0.0
Investment property total	100.5	100.6
Property developments in progress	78.0	80.6
Housebuilder land and work in progress	104.0	93.0
Land held for development or sale	84.1	49.4
Options to purchase land	9.0	11.1
Planning promotion agreements	75.3	63.5
Inventories total	350.4	297.6

¹Intangible assets (£1.8m), Right-of-use assets (£3.8m) & Deferred tax assets (£0.2m)

²Current tax liabilities (£3.3m), Lease liabilities (£0.9m) & Provisions (£3.2m)

³Lease liabilities (£3.4m), Deferred tax liability (£5.9m) & Provisions (£0.4m)

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

Henry Boot

17/09/2024

	Jun 24	Dec 23
Property, plant & equipment	28.5	29.2
Investment properties	100.5	100.6
Investment in joint ventures and associates	10.8	10.5
Trade and other receivables	41.5	39.3
Retirement benefit assets	9.8	7.7
Other non-current assets ¹	5.9	6.4
Non-current assets	197.0	193.7
Inventories	350.4	297.6
Contract assets	13.9	13.7
Trade and other receivables	64.7	76.4
Cash and cash equivalents	14.4	13.0
Current assets	443.4	400.7
Trade and other payables	82.6	73.5
Contract liabilities	4.9	1.1
Borrowings	111.9	84.8
Other current liabilities ²	7.4	10.6
Current liabilities	206.8	170.0
Trade and other payables	13.6	2.5
Borrowings	2.1	1.7
Other non-current liabilities ³	9.7	10.1
Non-current liabilities	25.4	14.3
Net assets	408.1	410.1

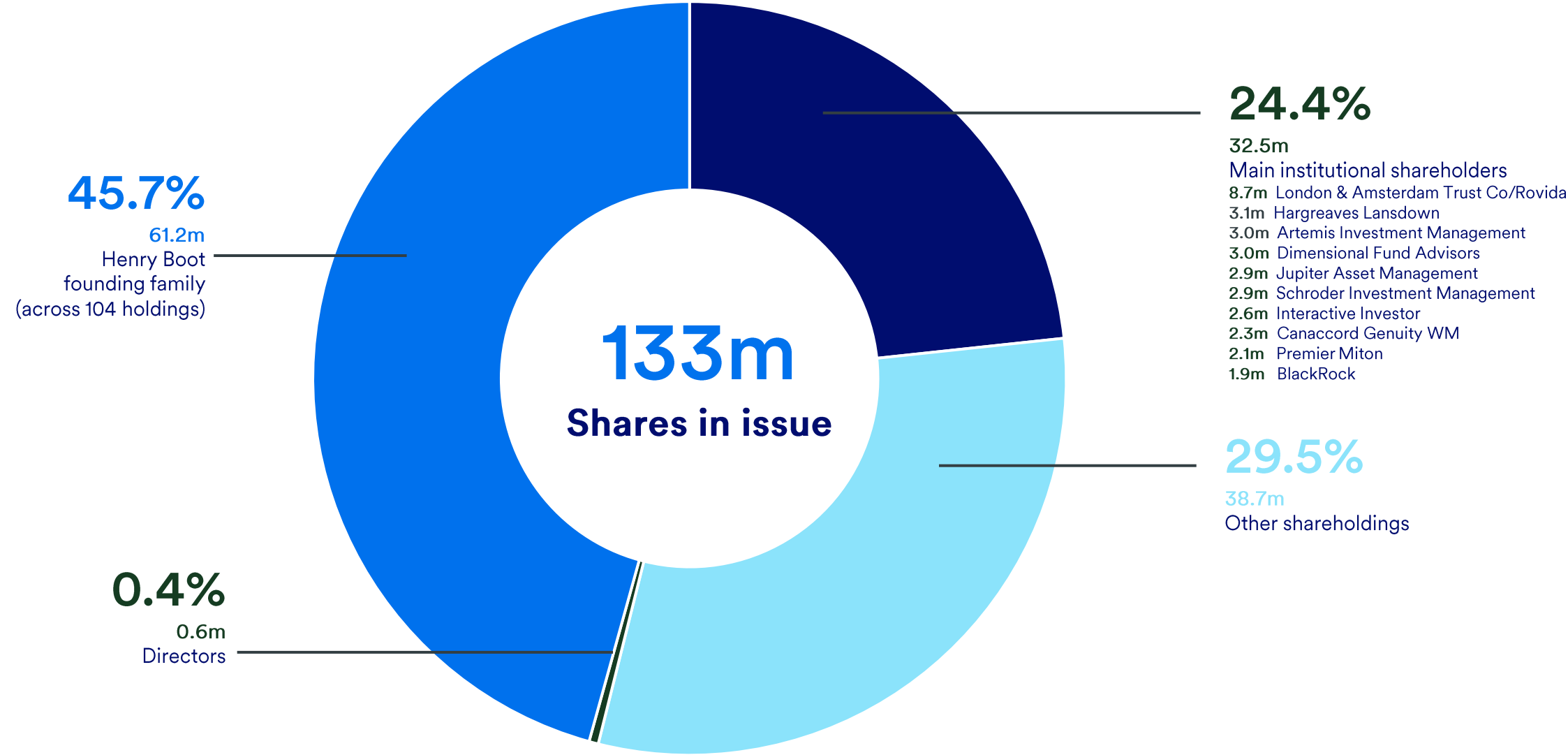
Movement in NAV per share

Modest reduction in period due to lower retained earnings



Shareholding

As at 20 August 2024



Strong track record

Five-year financial results

2019 - 2023

Turnover

2023	£359.4m
2022	£341.4m
2021	£230.6m
2020	£222.4m
2019	£379.7m

Operating Profit

2023	£40.2m
2022	£46.5m
2021	£35.6m
2020	£17.5m
2019	£50.4m

Profit before tax

2023	£37.3m
2022	£45.6m
2021	£35.1m
2020	£17.1m
2019	£49.1m

Dividends per Ordinary Share

2023	£359.4m
2022	£341.4m
2021	£230.6m
2020	£222.4m
2019	£379.7m

Net Assets

2023	£410.1m
2022	£394.3m
2021	£355.3m
2020	£313.5m
2019	£318.5m

Net Asset Value per Share

2023	306p
2022	295p
2021	267p
2020	235p
2019	239p

Capital employed

2023	£416.7m
2022	£399.1m
2021	£375.6m
2020	£358.5m
2019	£340.9m

ROCE

2023	9.9%
2022	12.0%
2021	9.6%
2020	4.9%
2019	14.8%

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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