

Henry Boot

GROUP OF COMPANIES

Full Year Results Presentation

March 2019



Agenda

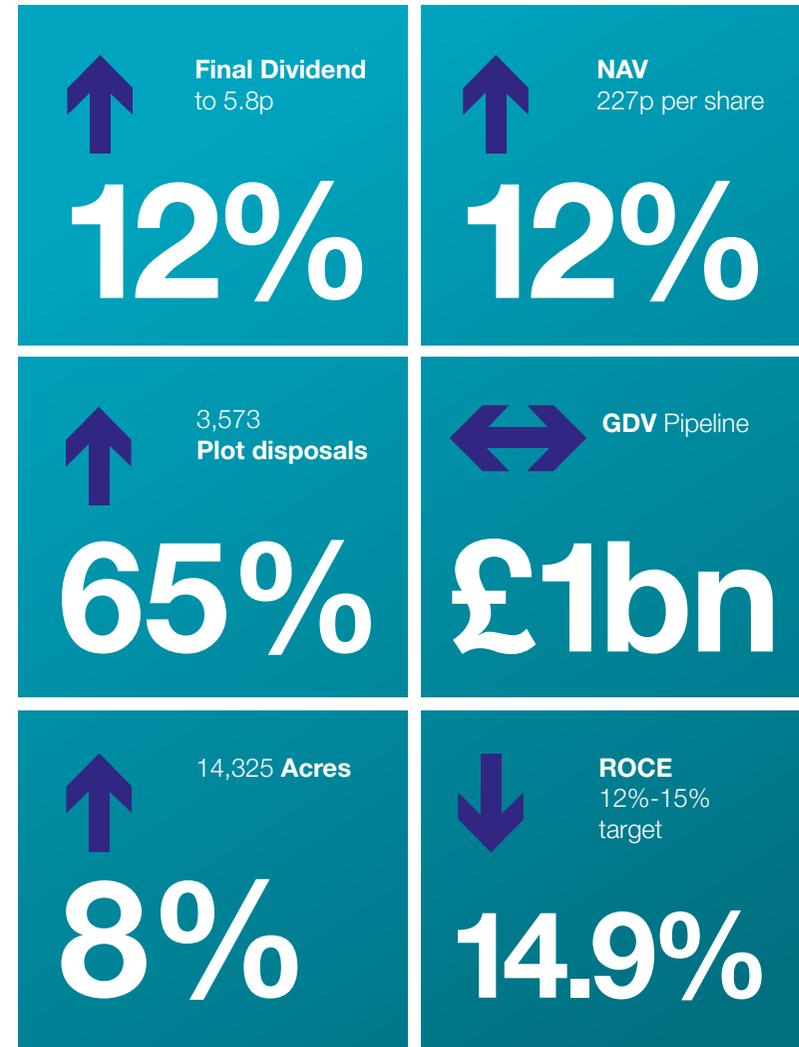
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Investment Proposition

- 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.
- Land portfolio held at cost with no recognition of planning gain on **16,489** plots.
- **£1bn** pipeline of property development opportunities.

Operational Highlights

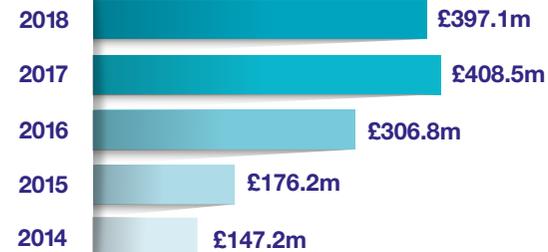
- 2018 was another strong year. 24 land disposals for **3,573** plots.
- Strategic land portfolio of **14,325 acres**, 16,489 units permissioned, 11,929 units in planning process.
- **£333m Aberdeen** scheme continues to progress well, estimated completion remains mid 2019.
- GDV of current development schemes in delivery **over £700m**, with over £400m delivered since 2017.
- Estimated GDV of opportunity pipeline circa **£1bn**.



Financial Highlights

- Turnover remains strong at **£397.1m**, supported by Aberdeen project.
- Trading profit underpinned by strong land sales in absence of prior year disposals of York residential units.
- **PBT** at **£48.6m** reflects another good year in line with our expectations.
- Full year dividend of 9.0p, up **13%**.
- Recommended 12% increase in final year dividend to **5.8p**.
- Net debt £18.6m, 6% gearing.

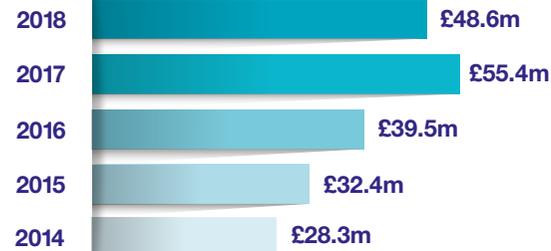
Turnover



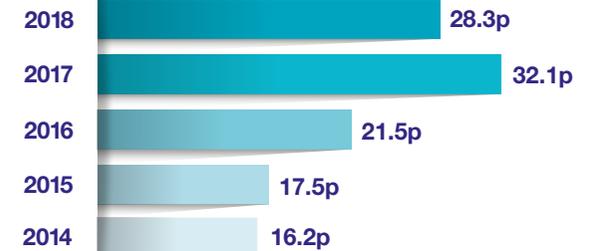
Trading Profit



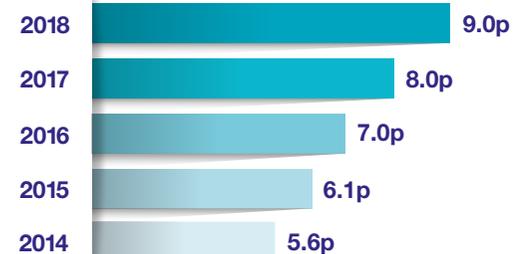
Profit Before Tax



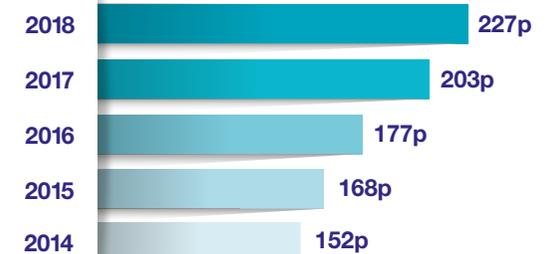
EPS



Full Year Dividend Per Share



Nav per Share



Financial Segmental Revenue

- Land Promotion revenues lower due to increased proportion of agency agreements.
- Higher activity levels in Construction as Barnsley town centre redevelopment gains momentum. 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.

↓ 2%

Land Promotion



FY 2018
£74.8m

FY 2017
£76.2m



↑ 23%

Construction



FY 2018
£100.7m

FY 2017
£81.9m



↓ 12%

Property Investment and Development



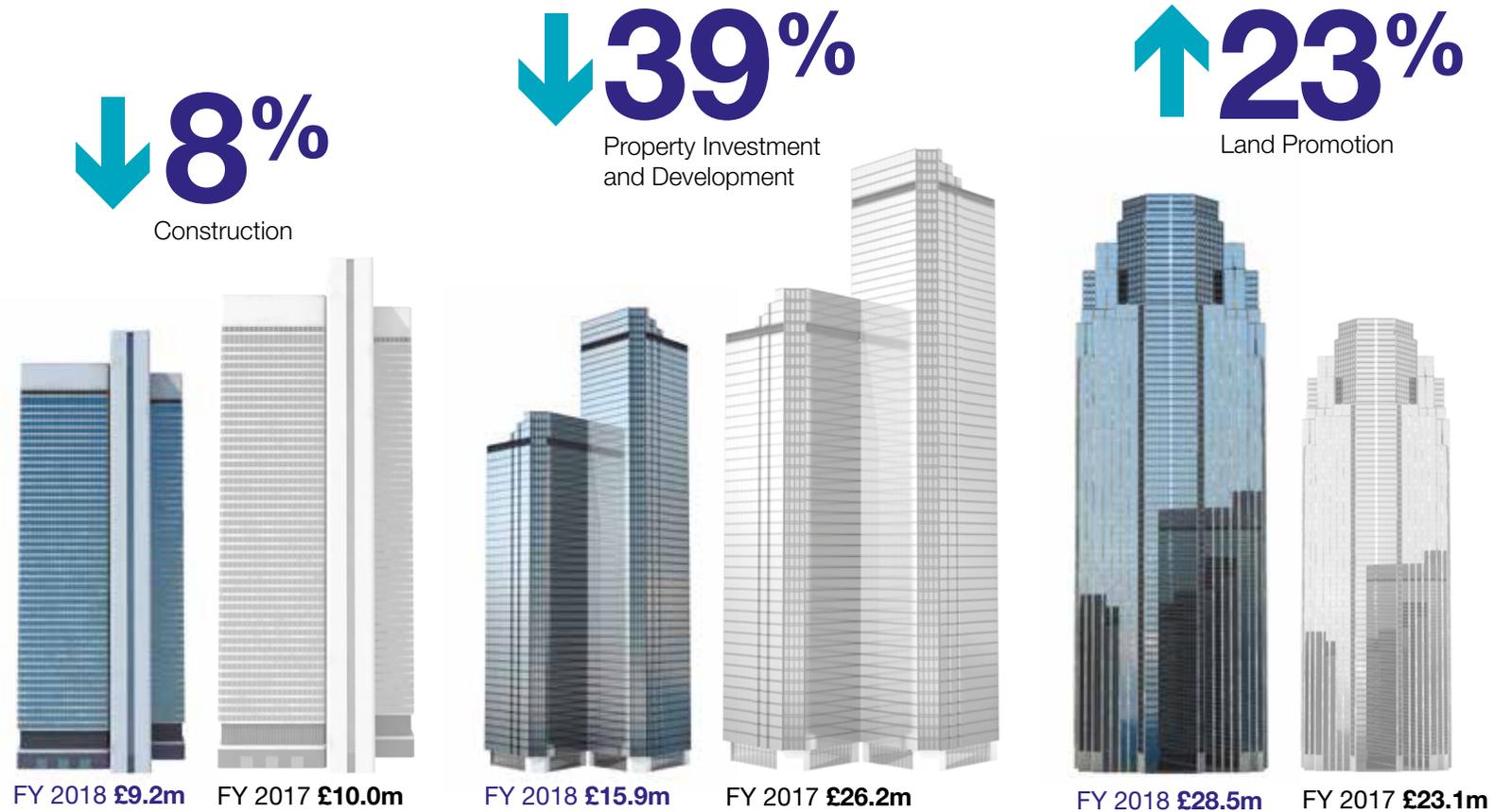
FY 2018
£221.6m

FY 2017
£250.7m



Financial Segmental PBT

- Land Promotion returns increased from disposing of 3,573 plots, up from 2,169 in 2017, but at a lower blended gross profit per plot sold as more planning promotion sites sold.
- As expected, Property Investment and Development returns no longer benefiting from York.
- Construction returns lower due to tighter margins and an increase in pre construction service agreements.



Financial Balance Sheet

	2018 Full Year (£m)	2017 Full Year (£m)
Group occupied (Investment) property	7.9	8.1
Equipment held for hire	14.1	13.9
Vehicles and office equipment	4.2	4.5
Property, Plant and Equipment Total	26.2	26.5
Completed investment property	117.6	126.6
Investment property under construction	3.4	6.2
Investment Properties Total	121.0	132.8
Developments in progress	24.6	20.3
House builder land and work in progress	22.5	22.6
Land held for development or sale	58.8	57.8
Options to purchase land	16.5	12.5
Planning promotion agreements	32.6	31.4
Inventories Total	155.0	144.6

	2018 Full Year (£m)	2017 Full Year (£m)
Intangible assets	5.1	5.4
Property, Plant and Equipment	26.2	26.5
Investment Properties	121.0	132.8
Investment in joint ventures	6.7	5.9
Trade and other receivables	11.9	2.9
Deferred tax assets	3.4	4.6
Fixed Assets	174.3	178.0
Inventories	155.0	144.6
Contract Assets	42.8	30.9
Trade and other receivables	60.2	62.2
Cash and cash equivalents	10.8	10.3
Assets classified as held for sale	–	2.0
Current Assets	268.8	250.0
Borrowings	(29.2)	(39.3)
Retirement benefit obligations	(16.7)	(22.8)
Other liabilities	(94.9)	(95.9)
Total Liabilities	(140.8)	(158.0)
Shareholder equity	299.2	267.4
Minority interests	3.1	2.7
Total Equity	302.3	270.1
Net debt	(18.6)	(29.0)
Gearing (debt/equity)	6%	11%
NAV per share	227p	203p

Financial Pensions

- Triennial valuation commenced 1st January 2019.
- Recovery contributions currently **£2.5m** per annum.
- IAS 19 deficit **£16.7m** at 31/12/18, asset performance +1.3%. Discount rate **2.8%** (31/12/17: 2.5%). Scheme break-even return now **3.8%**.
- Long-term investment returns since 31/03/10 **7.0%**, well ahead of long-term scheme break-even return.
- Mismatch between use of UK bonds and gilts for discount rate when Scheme invested globally in return seeking assets. Managers targeting a weighted average return of **circa 5.3%**, as some risk taken off the portfolio given lower break-even return.
- GMP cost of £1.5m taken through profit and loss in year.



Financial

Cash Generation & Movement in Net Debt

- Non-cash adjustment for depreciation, amortisation of plant and Road Link investment **£6.2m**.
- Inventories increased as we paid overage due on owned land to be disposed of in future years.
- 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.
- **£1.2m** net interest expense reflects low interest rates and very prudent gearing.
- Tax paid of **£10.1m**.
- Dividends **£13.6m**.
- Net Capital Inflow **£10.1m** from sale of retail asset at St. Ann's Square, Manchester.
- Resulting in net cash inflow and reduction in net debt of **£10.6m**.



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 **30-40% decrease** as Aberdeen concludes in August. Offset by around a **10% uplift** in Stonebridge activity.

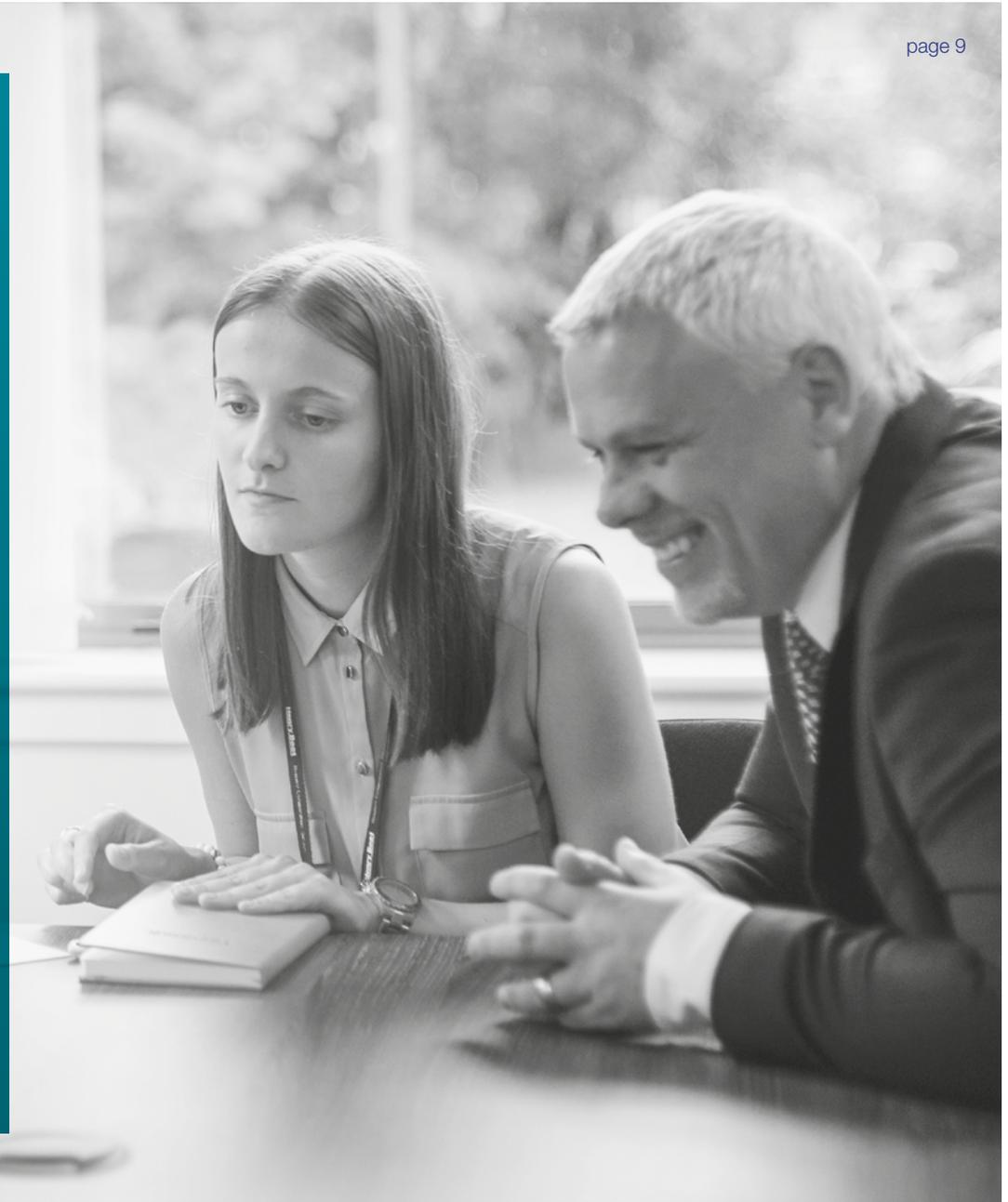
Evenly weighted throughout the year.

PBT

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

Cash

Continued investment in land and property **circa £30m+** could see net debt increase but also potential for asset disposals £25m+



Land Promotion

- **Profit £28.5m** (2017: £23.1m), 24 deals completed and 3,573 units sold in period.
- Strategic land holdings of over **14,325 acres** Investment totalling circa £108m.
- Sites with planning permission for **16,489 units**.
- Planning consent won over the year **1,533** (FY2017: 4,281).
- Planning submitted and in progress on 29 schemes, circa **11,929 units**.
- Continuing to acquire new schemes to replenish land bank. Board approval granted for 34 new sites in the year, over **13,000 plots** and **1,000 net acres**.



Land Promotion Inventory

- Gross profit of **£133m** from 10,221 plots over 5 years at an average of **£13.0k** per plot.

Land Bank

	Owned Acres	Agency/Optioned Acres	Total
Dec18	1,562	12,763	14,325
Dec17	1,608	11,665	13,273
Dec16	1,749	10,139	11,888
Dec15	1,804	9,257	11,061
Dec14	1,819	8,166	9,985

Average cost per acre

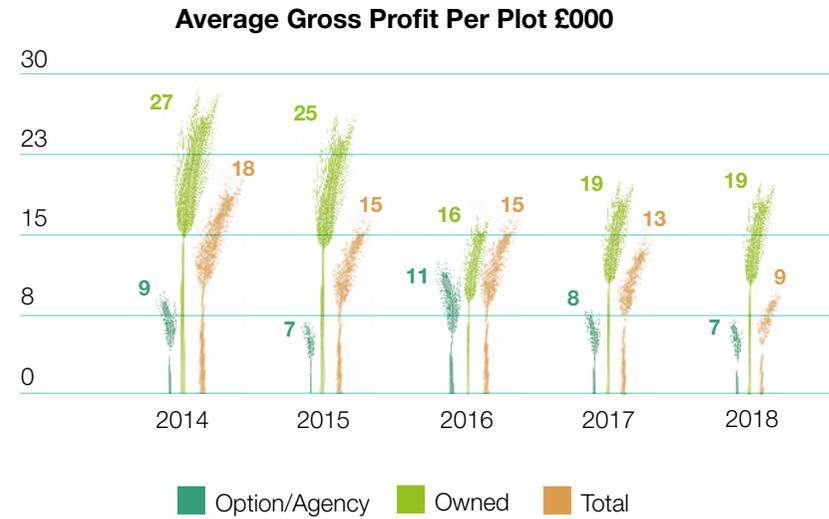
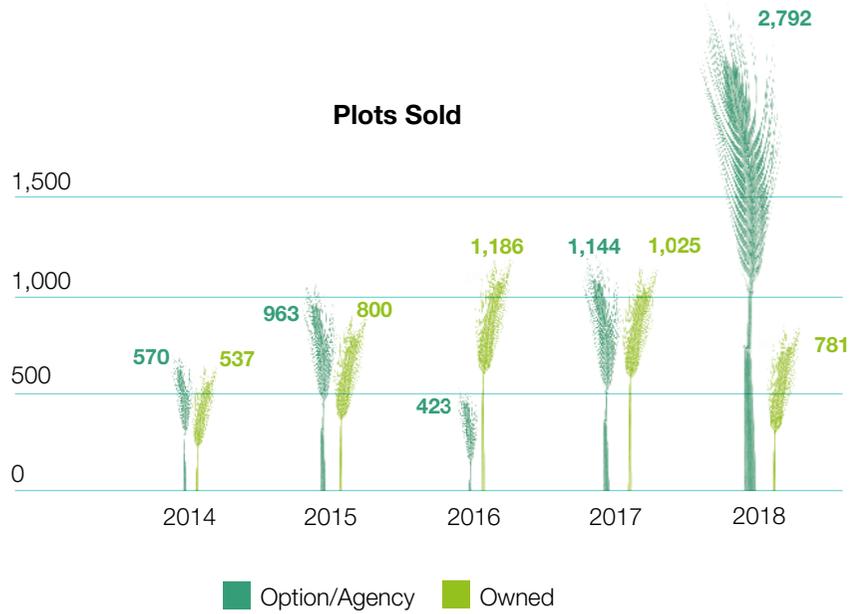
Owned £38k	Agency/Optioned £4k	Total £8k
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Plots	Of Which Permitted	Plots Sold in Period	Gross Profit per Plot Sold £000's	Profit Before Tax
Dec18	16,489	3,573	£9.4	£28.5m
Dec17	18,529	2,169	£13.0	£23.1m
Dec16	16,417	1,609	£14.7	£17.7m
Dec15	12,043	1,763	£15.0	£19.1m
Dec14	11,547	1,107	£17.9	£18.1m

Land Promotion

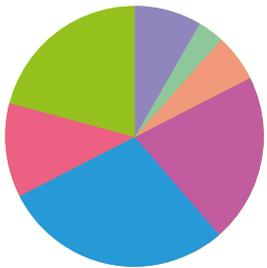
Average Returns



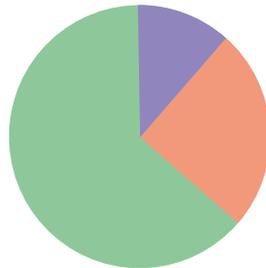
Land Promotion Inventory

December 2018 Year End

Company Land Interests (Acres)



Company Land Control (Acres)



Airfield Farm Market Harbourough

Land Promotion Current Site

Hallam Land purchased the 56 hectare site in 1999 and started working on the master plan in the early 2000s. After consulting the Local Development Framework, a planning application was submitted:

- Residential development, up to 924 dwellings
- Construction of access roads
- Local centre, retail & leisure
- Marina with hotel
- Community uses
- Primary school

Airfield Farm secured planning consent in May 2016, followed by approval of its Reserved Matters first phase in February 2017. Hallam completed the sale of 226 plots to house builder, Taylor Wimpey (East Midlands) in 2018. The installation of both on and off site infrastructure commenced in January 2018, facilitating the housing construction. The first house sales are due to commence in May 2019.

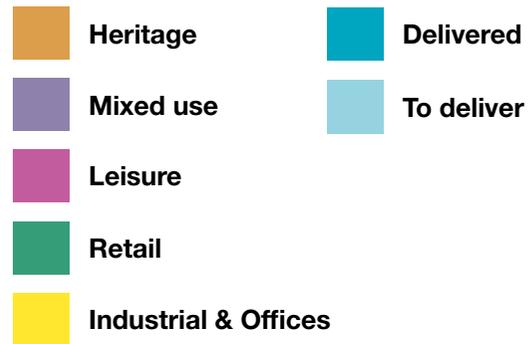


Property Investment & Development

- Investment property portfolio of **£120m** following investment disposal of St. Ann's, Manchester, rent passing **£7.0m**. Also, circa **30** development sites with potential or in progress.
- 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 **£700m**, over 90% pre-let, pre-sold and pre-funded. **£406m** delivered since 2017. Circa **£1bn** 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 **145 unit** sales (2017: 79) targeting 1,000 p.a. over a ten year period.

Project Delivery

Contracted Delivery of Projects Between 2016–2020



	5 Years				
	2017	2018	2019	2020	2021
■ Aberdeen (TECA)	£278m		£47m		
■ Markham Vale	£46m		£30m		
■ Southend-on-Sea	£9m			£30m	
■ York Chocolate Factory	£26m			£10m	
■ Epsom	£31m		£7m		
■ Thorne	£5m				
■ Chesterfield		£3m			
■ Manchester, Invicta		£6m			
■ Manchester St. Ann's				£11m	
■ Monmouth		£2m			
■ Luton				£26m	
■ Preston				£12m	
■ Leicester			£9m		
■ Nottingham				£17m	
■ Skipton				£14m	
■ Walsall				£25m	
■ Bristol			£10m		
■ Sunderland				£30m	
■ Aberdeen				£26m	
■ Hull			£1m		
Delivered/To deliver	£406m			£305m	

Combined Total £711m

Butterfield Business Park Luton

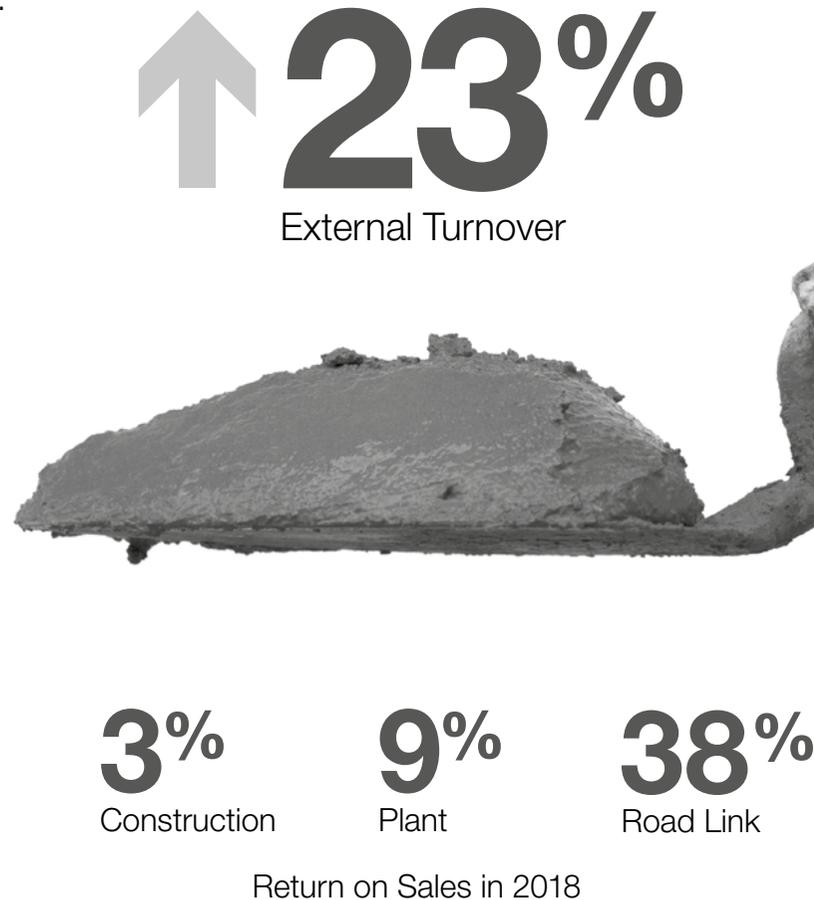
Property Investment and Development Current Site

- A joint venture partnership with a consortium of landowners was secured to deliver the next phase of development at Butterfield, Luton. 45 acres of employment land, which upon completion will deliver a further 650,000 sq.ft. of design and build business space.
- In 2018 the site was reallocated in the Local Plan. This resulted in a revised allocation of light manufacturing, warehousing and distribution uses adding to the parks long-standing allocation for offices.
- The next phase of development is forecast to complete in Autumn 2019 and will comprise the speculative development of 10 high-quality industrial units bringing 83,000 sq. ft. of much needed supply to the Luton market.



Construction

- Division consists of Construction, Plant Hire and Road Link (A69).
- External turnover **up 23%** at £100.7m. Trading profit slightly behind at £9.2m. Workloads good but taking longer to get on site at construction.
- 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.
- **69%** of 2019 construction activity secured. **15%** secured for 2020. Now actively tendering larger contract sums £10m–£15m+.
- Plant market toughened in 2018, **9%** return on sales (2017 10%) Supported by profits on disposal.
- Segment has very low levels of capital employed, therefore ROCE is the highest in the Group, which helps fund more cash/equity intensive development.



The Glass Works

Phase 1

Construction Current Site

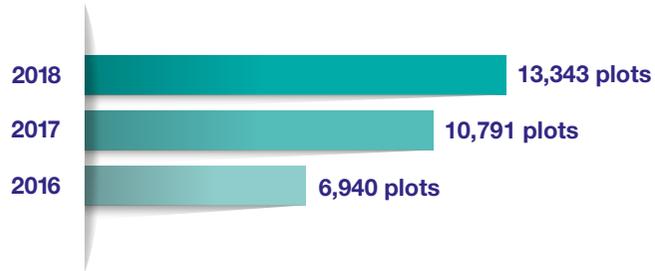
- In partnership with Barnsley Metropolitan Borough Council, The Glass Works Phase 1 is a £42m regeneration scheme.
- The redevelopment of the town centre will include new retail, leisure and market space, with the new Barnsley Markets, library, public open space and market square, with contracts worth over £8 million having been awarded to Barnsley-based contractors.
- Phase 1 of the Barnsley town centre redevelopment scheme is near completion, with design and remediation works on the first part of the £88m Phase 2 now commencing.



Investing for the future

Strategic Land

New Site Board approvals



Appraised returns of approvals



Property

Stonebridge Homes Residential Land Portfolio

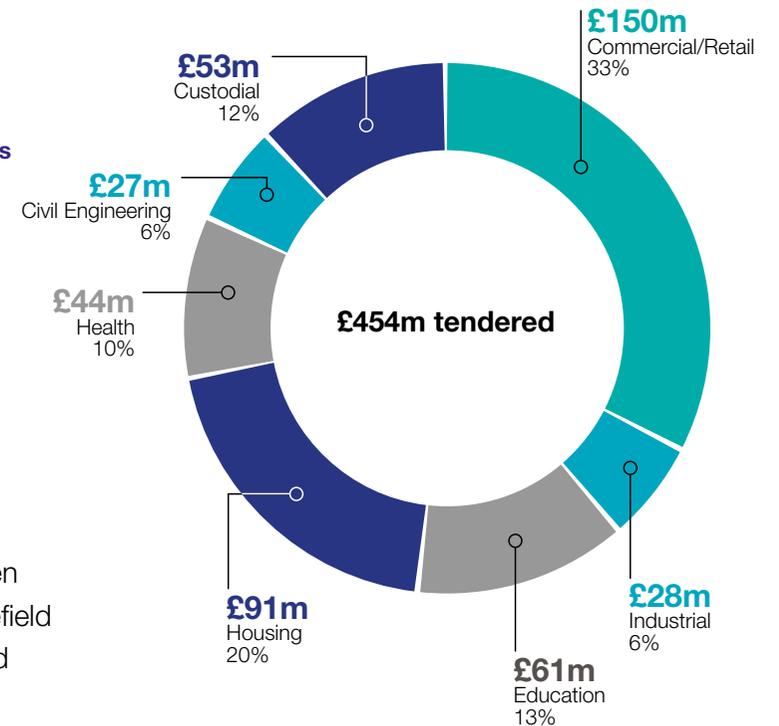


Recent HBD Board Approvals working towards planning

- 120 Bed hotel scheme in Sutton
- 100,000 sq ft Office scheme in Whitehaven
- 82,000 sq ft Industrial units in Luton
- 50 acre Industrial/Residential site in Aberdeen
- 65,000 sq ft Distribution warehouse in Wakefield
- 130,000 sq ft CESAM building in Sunderland
- Aldi and Eurogarages in Huyton

Construction

2018 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 we are at an early stage in the year.

Appendices

- **Group Structure** – Segment Composition
- **Group Structure** – Board of Directors
- **Group Structure** – Senior Management
- Corporate Social Responsibility
- Shareholding as at 1st March 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

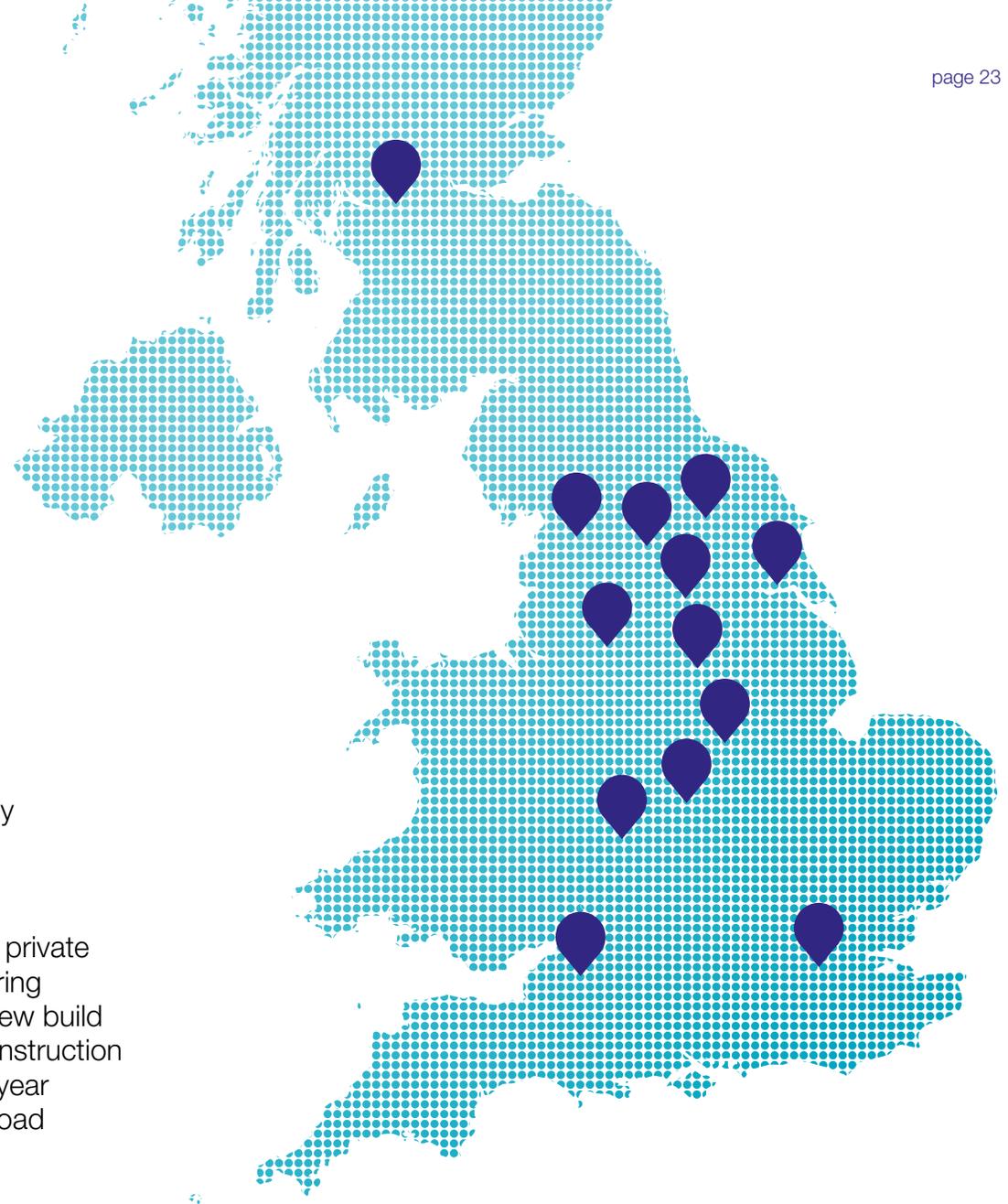
Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

Property Investment and 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

Board of Directors

(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 Remuneration Committee

Gerald Jennings
Non-executive Director

Jamie Boot
Chairman

John Sutcliffe
Chief Executive Officer

James Sykes
Non-executive Director and
Chairman of the Audit & Risk Committee

Amy Oakley
Company Secretary



Full Year Results Presentation
March 2019

Respect | Integrity | Loyalty | Delivery | Adaptability | Collaboration

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.

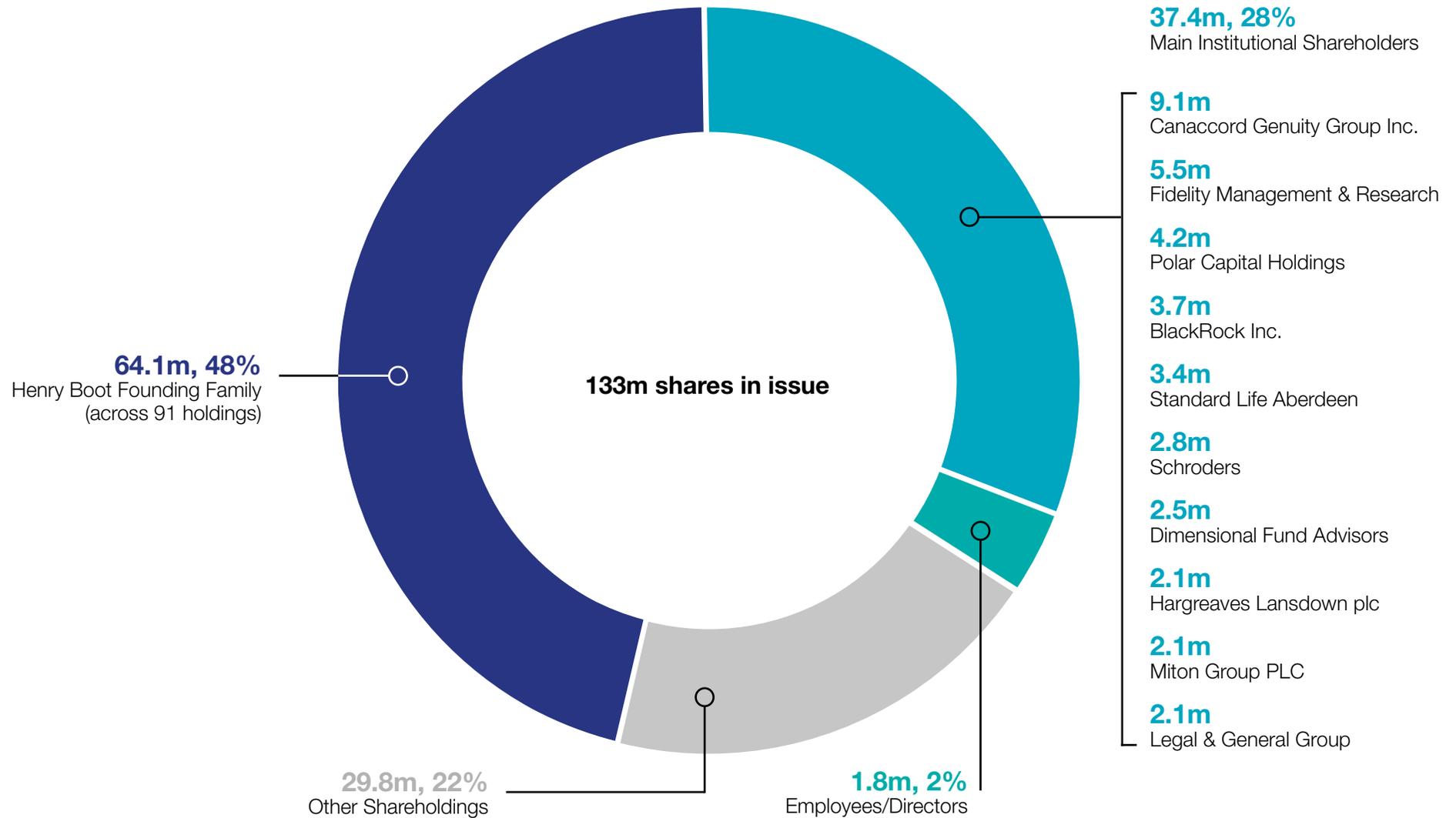
Health & Safety

- 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 Small Cap

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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