



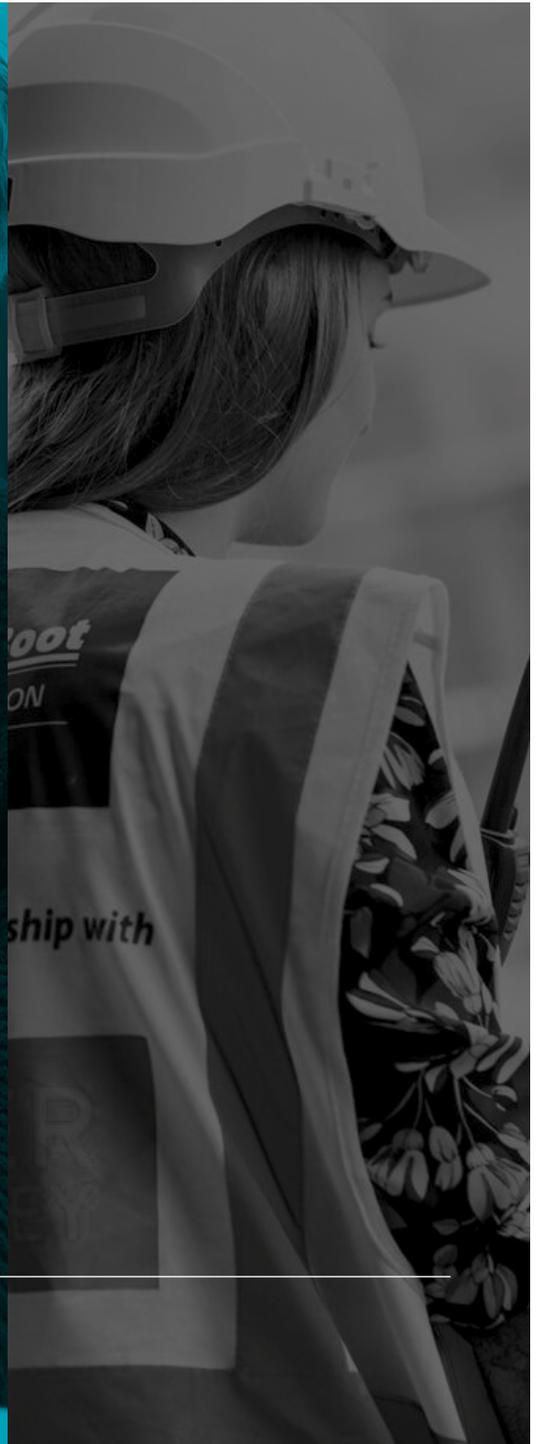
Henry Boot



**Respect
Integrity
Loyalty
Delivery
Adaptability
Collaboration**



Henry Boot PLC
Full Year Results Presentation
March 2018

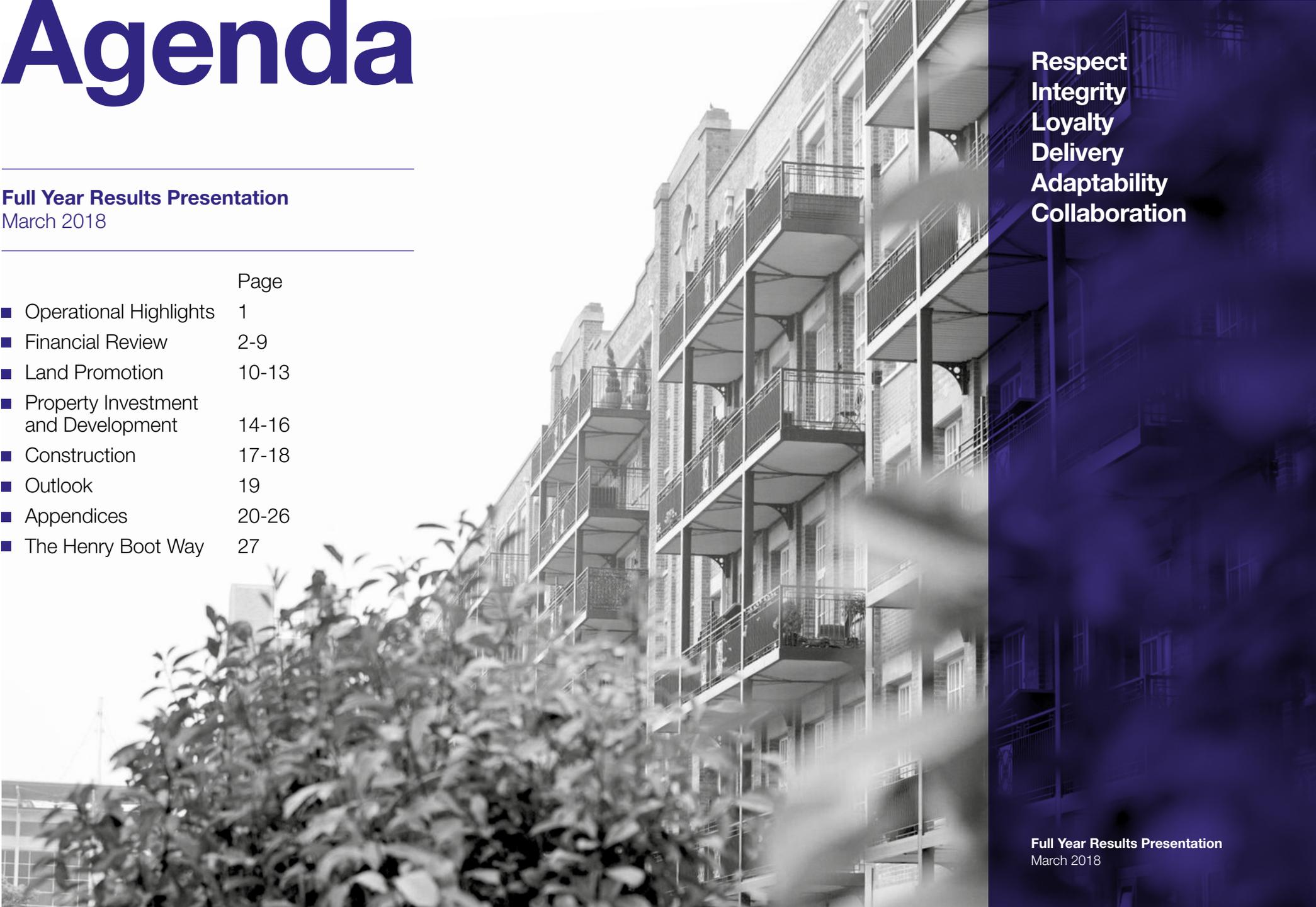


Agenda

Full Year Results Presentation

March 2018

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Operational Highlights

Reporting Highlights

- 2017 was another very successful year, with record results achieved.
- **York Chocolate Factory** scheme delivered in 18 months, ahead of the 3 year estimation.
- **£333m Aberdeen** scheme progressing well, estimated completion is 2019.
- GDV of current development schemes in delivery **over £780m**, with £330m delivered to date.
- Estimated value of opportunity pipeline circa **£1bn**.
- Strategic land portfolio now **over 13,000 acres**, 18,529 units permissioned, 9,700 units in progress.

203p
NAV per share

↑62%
Shareholder Return

↑14%
Full Year Dividend
to 8.0p

↑29%
ROCE 18.6%

↑10%
13,000 Acres

£1bn
GDV Pipeline
Record level

Financial Highlights

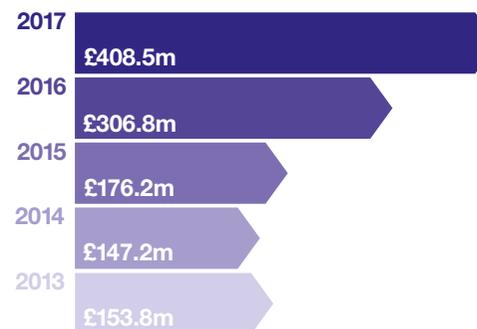
Full Year Results

2017

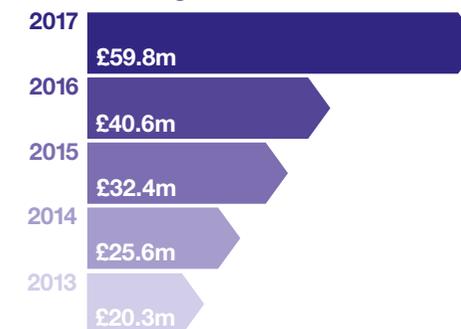
- Turnover exceeded **£400m** this year, which has more than doubled since 2015.
- Trading profit driven by faster than anticipated disposals of York residential units.
- **PBT** 40% higher at **£55m**.
- **EPS** 32.1p, ahead **49%**.
- Full year dividend of 8.0p, up **14%**.
- **16% increase** in recommended final year dividend to 5.2p, due to strong performance with continued growth expected.

Five Year Data

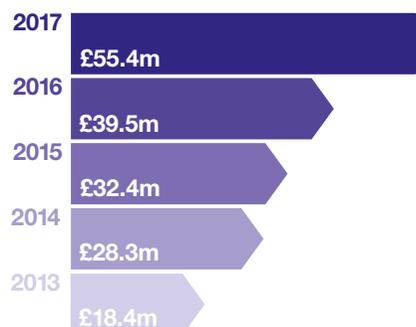
Turnover



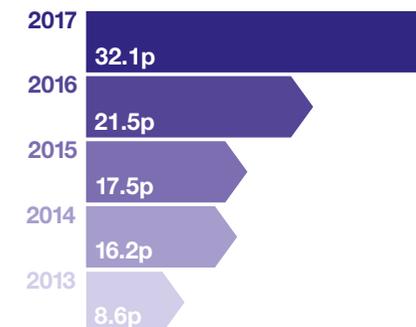
Trading Profit



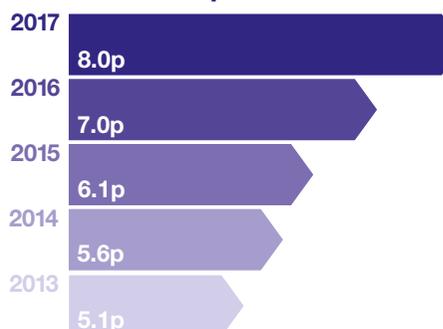
Profit before tax



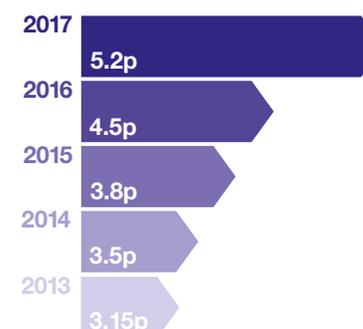
EPS



Dividends per share



Recommended final dividend



Financial Segmental Revenue

Segmental Revenue

- Land Promotion revenues increased from higher number of plot disposals.
- Delayed turnover in Construction offset by increased activity in plant hire following depot acquisitions.
- Property investment and development results boosted by a full 12 months activity in Aberdeen.

↑ **49%**

Land promotion



FY 2017
£76.2m

FY 2016
£51.2m



↑ **3%**

Construction



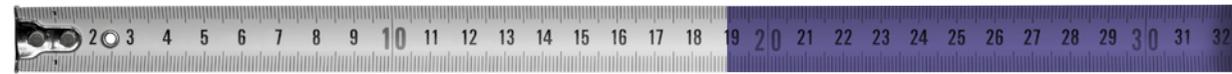
FY 2017
£81.9m

FY 2016
£79.4m



↑ **42%**

Property Investment and Development



FY 2017
£250.7m

FY 2016
£176.3m



Financial Segmental PBT

Segmental PBT

- Property Investment and Development returns increased by Aberdeen, York and Markham Vale.
- Construction returns lower due to delayed activity and overall margins tighter.
- Land Promotion returns increased from disposing of 2,169 plots, up from 1,609 in 2016 but at a slightly reduced blended gross profit per plot sold.

↑ **234%**

Property Investment and Development



FY 2016
£11.2m



FY 2017
£26.2m

↑ **31%**

Land Promotion



FY 2016
£17.7m



FY 2017
£23.1m

↓ **9%**

Construction



FY 2016
£11.0m



FY 2017
£10.0m

Financial Balance Sheet

| | 2017 Full Year (£m) | 2016 Full Year (£m) |
|--|---------------------------|---------------------------|
| Group occupied (Investment) property | 8.1 | 6.5 |
| Equipment held for hire | 13.9 | 11.5 |
| Vehicles & Office Equipment | 4.5 | 4.0 |
| Property, Plant & Equipment Total | 26.5 | 22.0 |
| Completed investment property | 126.6 | 101.0 |
| Investment property under construction | 6.2 | 22.7 |
| Investment Properties Total | 132.8 | 123.7 |
| Developments in progress | 20.3 | 17.0 |
| House builder land and work in progress | 22.6 | 13.0 |
| Land held for development or sale | 57.8 | 70.1 |
| Options to purchase land | 12.5 | 10.7 |
| Planning promotion agreements | 31.4 | 27.1 |
| Inventories Total | 144.6 | 137.9 |

| | 2017 Full Year (£m) | 2016 Full Year (£m) |
|--|---------------------------|---------------------------|
| Intangible assets | 5.4 | 4.9 |
| Property, Plant & Equipment | 26.5 | 22.0 |
| Investment properties | 132.8 | 123.7 |
| Investment in joint ventures | 5.9 | 5.1 |
| Trade and other receivables | 2.9 | 5.6 |
| Deferred tax assets | 4.6 | 5.2 |
| Fixed assets | 178.0 | 166.5 |
| Inventories | 144.6 | 137.9 |
| Trade and other receivables | 93.2 | 67.0 |
| Cash and cash equivalents | 10.3 | 7.4 |
| Assets classified as held for sale | 2.0 | 5.2 |
| Current assets | 250.1 | 213.3 |
| Borrowings | (39.3) | (40.3) |
| Retirement benefit obligations | (22.8) | (26.4) |
| Other liabilities | (95.9) | (79.5) |
| Total liabilities | (158.0) | (146.2) |
| Shareholder's Equity | 267.4 | 231.7 |
| Minority interests | 2.7 | 1.9 |
| Total Equity | 270.1 | 233.6 |
| Net Debt | (29.0) | (32.9) |
| Gearing (debt/equity) | 11% | 14% |
| NAV per share | 203p | 177p |

Financial Pensions

- Triennial valuation next due 1st January 2019.
- Recovery contributions reduced from **£3.75m** to **£2.5m** per annum in 2017.
- IAS 19 deficit **£22.8m** at 31/12/17- asset performance +9%. Discount rate **2.5%** (31/12/17: 2.8%). Scheme break-even return now **3.7%**.
- Long term investment returns over last ten years **6.5%**, 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 5.8%**, as some risk taken off the portfolio given lower breakdown return.



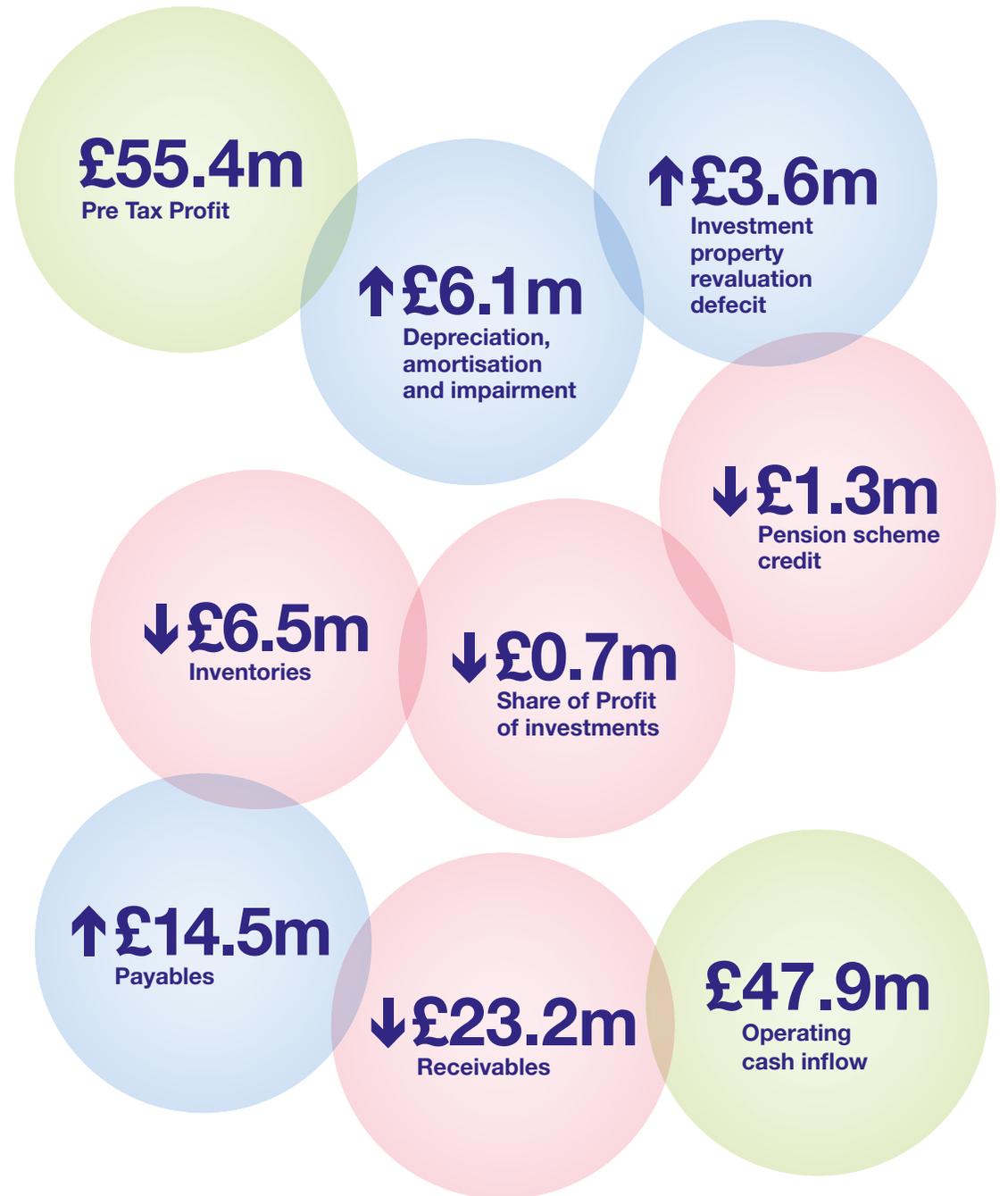
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Financial Cash Generation

Cash Generation

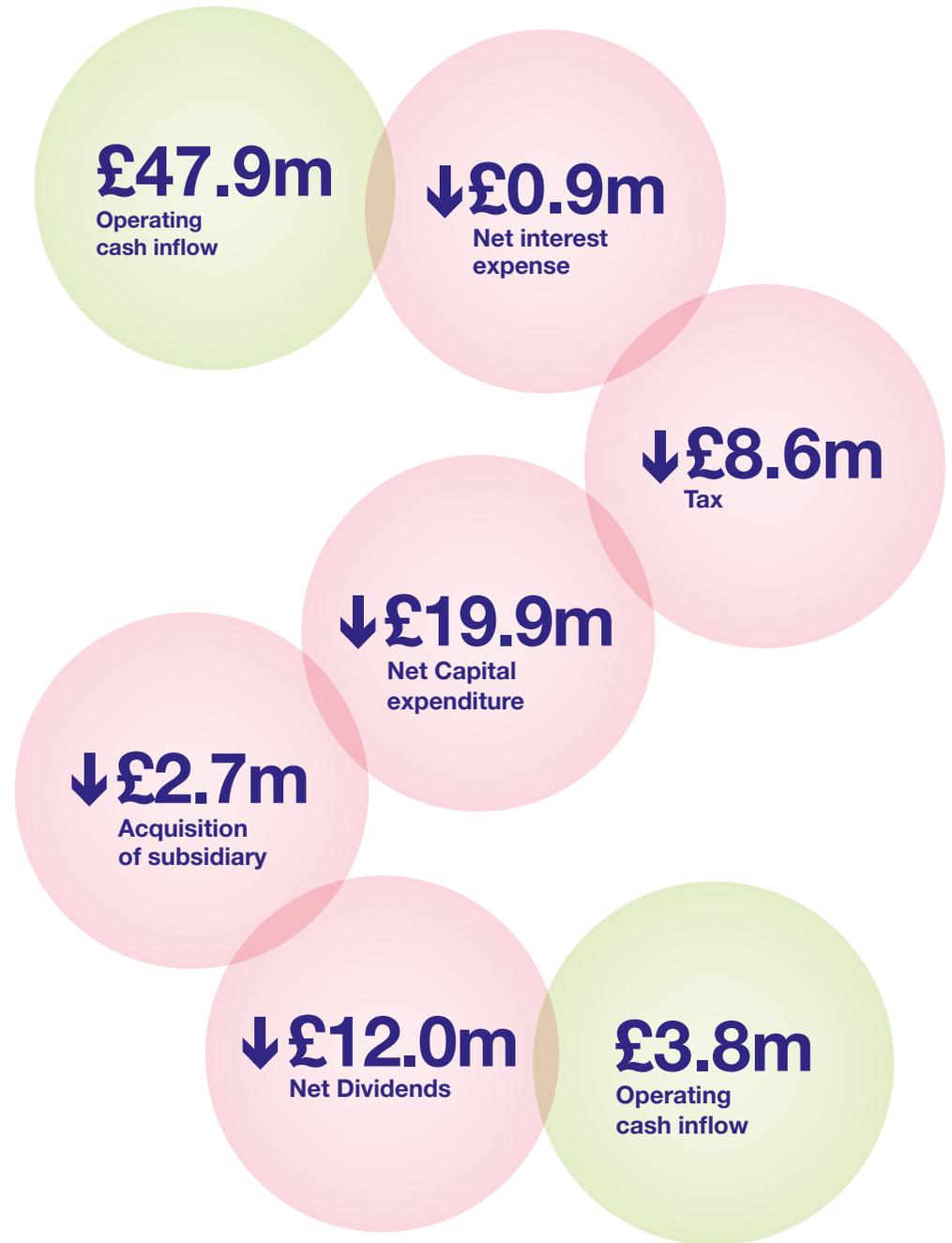
- Inventories increased as we further invested in our house building operations and property developments.
- Payables and receivables increased as a result of the levels of forward funded pre-sold property development mainly at Aberdeen, Markham Vale and Manchester.
- Non cash property revaluation deficit of **£3.6m**
- Resulting in an operating inflow of **£47.9m**



Financial Movement in Net Debt

Movement in Net Debt

- Tax paid of **£8.6m**
- Net Capital expenditure **£19.9m**
- Dividends **£12.0m**
- Subsidiary acquisition **£2.7m**
- Resulting in net cash inflow **£3.8m**



Financial 2018 Guidance

- Revenue – marginal increase on 2017 from continued high levels of property development and mix of land disposal sites.
- PBT – H1 weighting due to anticipated land disposals, subject to continuing house-builder performance.
- Cash outflows expected from increased property development. Potential investment property disposals of up to £50m in H2.
- Net finance cost, similar to 2017 subject to timing of investment property acquisitions and disposals.
- Share of JV profits, similar to 2017.
- Tax standard rate subject to + revaluation deficit – revaluation surplus.
- Continued investment in house builder WIP to £30m.



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Land Promotion

- **Profit £23m** (2016: £17.7m), 15 deals completed and 2,169 units sold in period.
- Strategic Land Holdings increased to over **13,000 acres**. Investment totalling circa £101m.
- Continue to be very busy in planning terms. Sites with planning permission for around **18,500 units**.
- Planning consent won for **4,281 units** in period (FY2016: 5,900, FY2015: 2,300, FY2014: 2,200).
- Planning submitted and in progress on circa 30 schemes, circa **8,532 units**.
- Continuing to acquire new schemes to replenish land bank. Further planning applications expected to go forward in 2018 on circa 12 sites, circa **6,000 units**.
- Planning process remains complex and time consuming. As does the selling process with house builders looking to achieve detailed consent before buying land. Sale exchange and completion could be many months apart.

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Inventory

Land Bank

| | Owned Acres | Agency/Optioned Acres | Total |
|------------------------------|--------------|-----------------------|---------------|
| 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 |
| Dec13 | 1,791 | 7,932 | 9,733 |
| Average cost per acre | | | |
| | Owned £37k | Agency/Optioned £4k | Total £8k |

| | Plots | Of which permitted |
|--------------|---------------|--------------------|
| Dec17 | 26,511 | 18,529 |
| Dec16 | 26,869 | 16,417 |
| Dec15 | 26,811 | 12,043 |
| Dec14 | 22,193 | 11,547 |
| Dec13 | 19,925 | 10,438 |

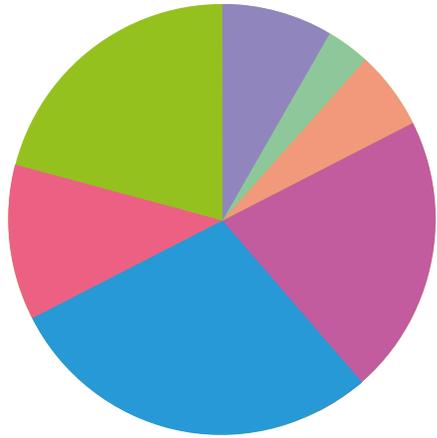
| | Plots sold in period | Gross profit per plot sold £000's |
|--------------|----------------------|-----------------------------------|
| Dec17 | 2,169 | £13.0 |
| Dec16 | 1,609 | £14.7 |
| Dec15 | 1,763 | £15.0 |
| Dec14 | 1,107 | £17.9 |
| Dec13 | 1,177 | £13.4 |

- Gross profit of **£114m** from 7,825 plots over 5 years at an average of **£14.5k** per plot.



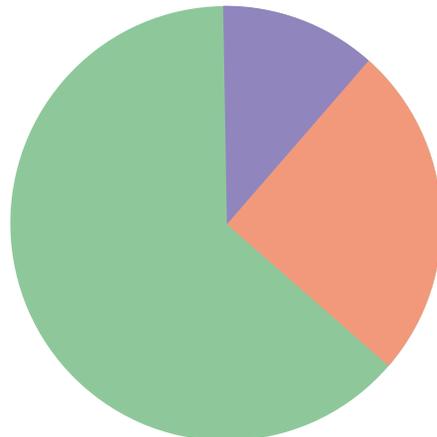
Inventory

Company Land Interests (Acres)



| Region | Acres |
|----------------|---------------|
| South West | 2,631 |
| South East | 1,688 |
| South Midlands | 3,514 |
| North Midlands | 2,981 |
| North West | 415 |
| North East | 752 |
| Scotland | 1,292 |
| Total | 13,273 |

Company Land Ownership (Acres)



| Ownership Type | Acres |
|----------------|---------------|
| Agency | 8,844 |
| Optioned | 2,821 |
| Purchase | 1,608 |
| Total | 13,273 |



Land Promotion

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Haverhill

Land Promotion Current Sites

- Involved with the site since 2012 via a planning promotion agreement.
- Now in final discussions on the s106 agreement prior to permission being issued and the site is currently being marketed for sale to a developer.
- The site contains:
 - 2,500 homes
 - 2 primary schools
 - 2 local centres
 - Doctors surgery
 - 12 acres allocated for expansion of the secondary school



Property Investment & Development

- Investment property portfolio of circa **£130m**, rent passing **£8.2m**. Also, circa **30** development sites with potential or in progress.
- We look to achieve developer's return based on prudent appraisal yields, pre-lets and conservative construction costs. 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 **£780m**, over 90% pre-let, pre-sold and pre-funded. **£330m** delivered to date. In addition, circa **£1bn** of opportunities progressing.
- So far little impact on commercial property development from EU negotiations, however, we continue to monitor the situation.

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£1bn
opportunity pipeline

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Project delivery

Contracted delivery of projects Between 2016-2020

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|-------|------|-------|-------|------|
| Aberdeen | £147m | | £190m | | |
| Markham Vale | £87m | | | £25m | |
| Southend on Sea | £5m | | | £58m | |
| York Chocolate Factory | £56m | | £4m | | |
| Epsom | £13m | | | | |
| Thorne | £5m | | | | |
| Chesterfield | £3m | | | | |
| Manchester | £6m | | | | |
| Manchester St. Ann's | | | | £11m | |
| Monmouth | | £2m | | | |
| Luton | | | | £34m | |
| Belper | £4m | | £3m | | |
| Leicester | | | | £31m | |
| Nottingham | | | | | £20m |
| Skipton | | | | | £12m |
| Walsall | | | | | £13m |
| Aberdare | | | | £8m | |
| Clydebank | | | | £17m | |
| Daventry | | | | | £25m |
| Hull | £2m | | | | |
| Delivered/To Deliver | £330m | | | £450m | |

Combined Total £780m



Kampus

Current Property Investment & Development Schemes

- Henry Boot Developments, in partnership with local developer Capital & Centric.
- Construction on the **£230m** project commenced in mid 2017.
- Works will include the conversion of the historic Minto & Turner listed warehouse and the retention of the original 11 storey university campus tower. Anticipate the last of the 540 apartments will complete during 2020.



Construction

- Division consists of Construction, Plant Hire and Road Link (A69).
- External turnover **up 3%** at £81.9m. Trading profit stable at circa £10m. Workloads good but pricing very competitive at Construction.
- Segment has very low levels of capital employed, helps fund more cash/equity intensive development.
- Plant performing well in 2017, **10%** return on sales (2016 11.5%). Acquired small plant hire business in period with circa £3m pa turnover. Integration going well.
- Road Link performed to expectations. Cash generation strong. Eight years remain on concession. Very solid underpin of segment returns.

↑ **3%**



External turnover

4%
Construction

10%
Plant

48%
Road Link



Return on sales in 2017

Rudding Park Hotel Harrogate

Construction

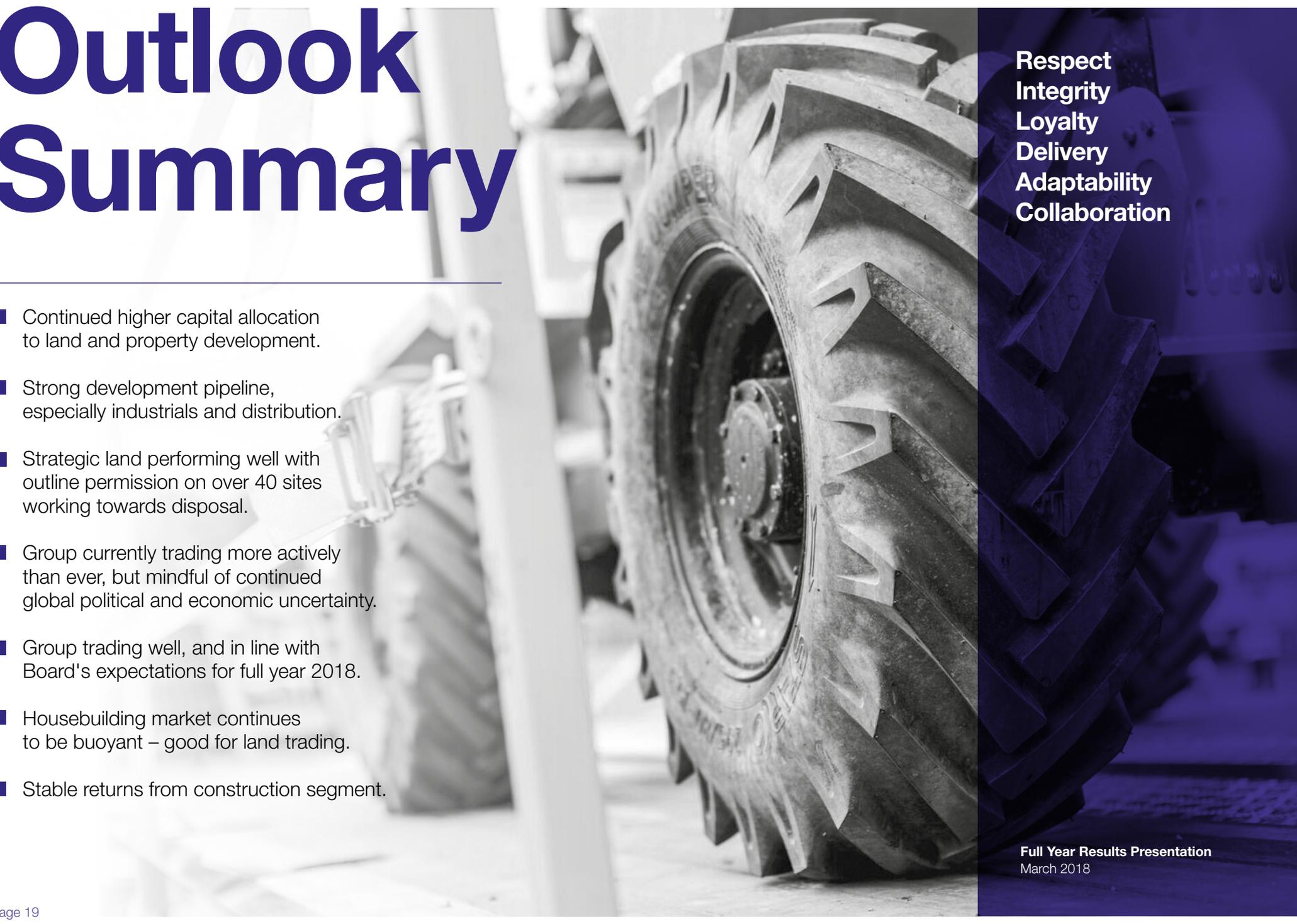
Completed Schemes

- Henry Boot Construction delivered a **£9m** luxury state of the art spa facility.
- The project included the construction of a multi-level extension to the Grade 1 listed Rudding Park Hotel, situated within the historic Humphry Repton landscape.
- The project was successfully completed in 2017.



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Outlook Summary



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- Continued higher capital allocation to land and property development.
- Strong development pipeline, especially industrials and distribution.
- Strategic land performing well with outline permission on over 40 sites working towards disposal.
- Group currently trading more actively than ever, but mindful of continued global political and economic uncertainty.
- Group trading well, and in line with Board's expectations for full year 2018.
- Housebuilding market continues to be buoyant – good for land trading.
- Stable returns from construction segment.

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Appendices

- Group structure – segment composition
- Group structure – Board of Directors
- Group structure – Senior Management
- Top 10 Institutional Shareholders as at 2nd March 2018
- Five year track record of strong growth
- Henry Boot PLC share price vs Benchmark Indices
- Henry Boot Way – Purpose, Vision, Values

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Group Structure

Segment Composition

2017

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 divisions.

Land Promotion

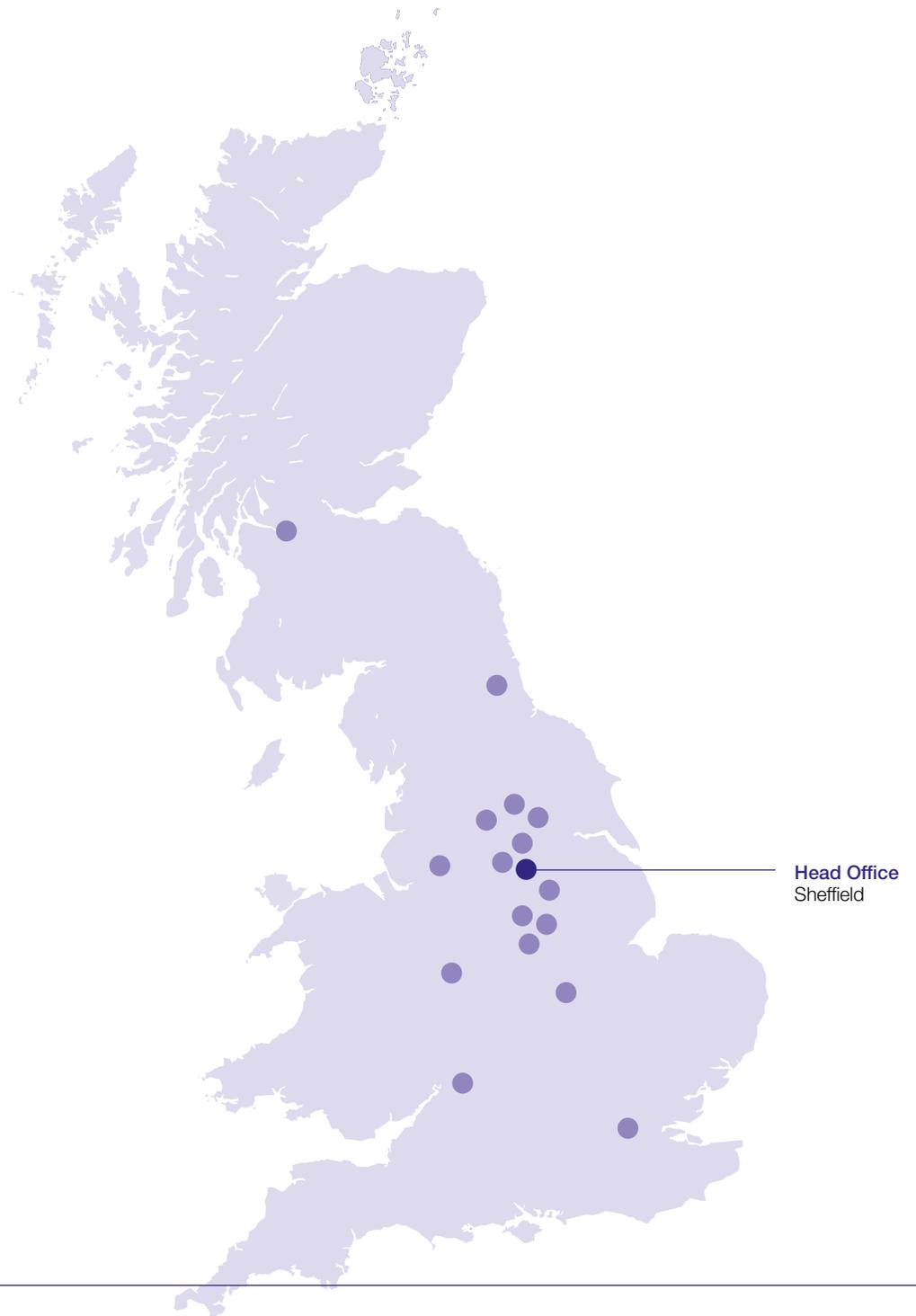
Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

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 eight years remaining.



Group Structure

(from left to right)

- Peter Mawson**
Senior Independent Non-executive Director & Chairman of the Nomination Committee
- Darren Littlewood**
Group Finance Director
- Joanne Lake**
Non-executive Director, Deputy Chairman & Chairman of the Remuneration Committee
- Gerald Jennings**
Non-executive Director
- Jamie Boot**
Chairman
- John Sutcliffe**
Chief Executive Officer
- James Sykes**
Non-executive Director & Chairman of the Audit Committee
- Russell Deards**
Head of PLC Operations, General Counsel & Company Secretary

Board of Directors



Group Structure

Senior Management

Land Promotion



Nick Duckworth
Hallam Land Management Limited

Property Investment and Development



David Anderson
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

Top 10 Shareholders

Institutional Shareholders

as at 2nd March 2018



8,963,419

Canaccord Genuity Group Inc

5,277,270

Fidelity Management & Research

3,551,889

BlackRock Inc

3,298,412

Standard Life Aberdeen

2,951,003

Polar Capital Holdings

2,795,735

Schroder Investment Management

2,687,398

Hargreaves Lansdown PLC

2,439,104

Dimensional Fund Advisor

2,184,649

Legal & General Group

2,140,150

Miton Group PLC

- Founding family shareholding
64m shares across 91 holdings.
133m shares in issue.

Strong Growth

Five Year Track Record
2013-2017

Dividends Per Ordinary Share

2013 **5.1p**
2014 **5.6p**
2015 **6.1p**
2016 **7.0p**
2017 **8.0p**

Profit Before Tax

2013 **£18.4m**
2014 **£28.3m**
2015 **£32.4m**
2016 **£39.5m**
2017 **£55.4m**

Net Assets

2013 **£193.5m**
2014 **£200.5m**
2015 **£221.5m**
2016 **£233.6m**
2017 **£270.0m**

Net Debt

2013 **£36.1m**
2014 **£36.4m**
2015 **£38.9m**
2016 **£32.9m**
2017 **£29.0m**

ROCE

2013 **8.3%**
2014 **11.4%**
2015 **12.2%**
2016 **14.4%**
2017 **18.6%**

Turnover

2013 **£153.8m**
2014 **£147.2m**
2015 **£176.2m**
2016 **£306.8m**
2017 **£408.5m**



Share Price

Henry Boot PLC Share Price vs Benchmark Indices

Henry Boot PLC

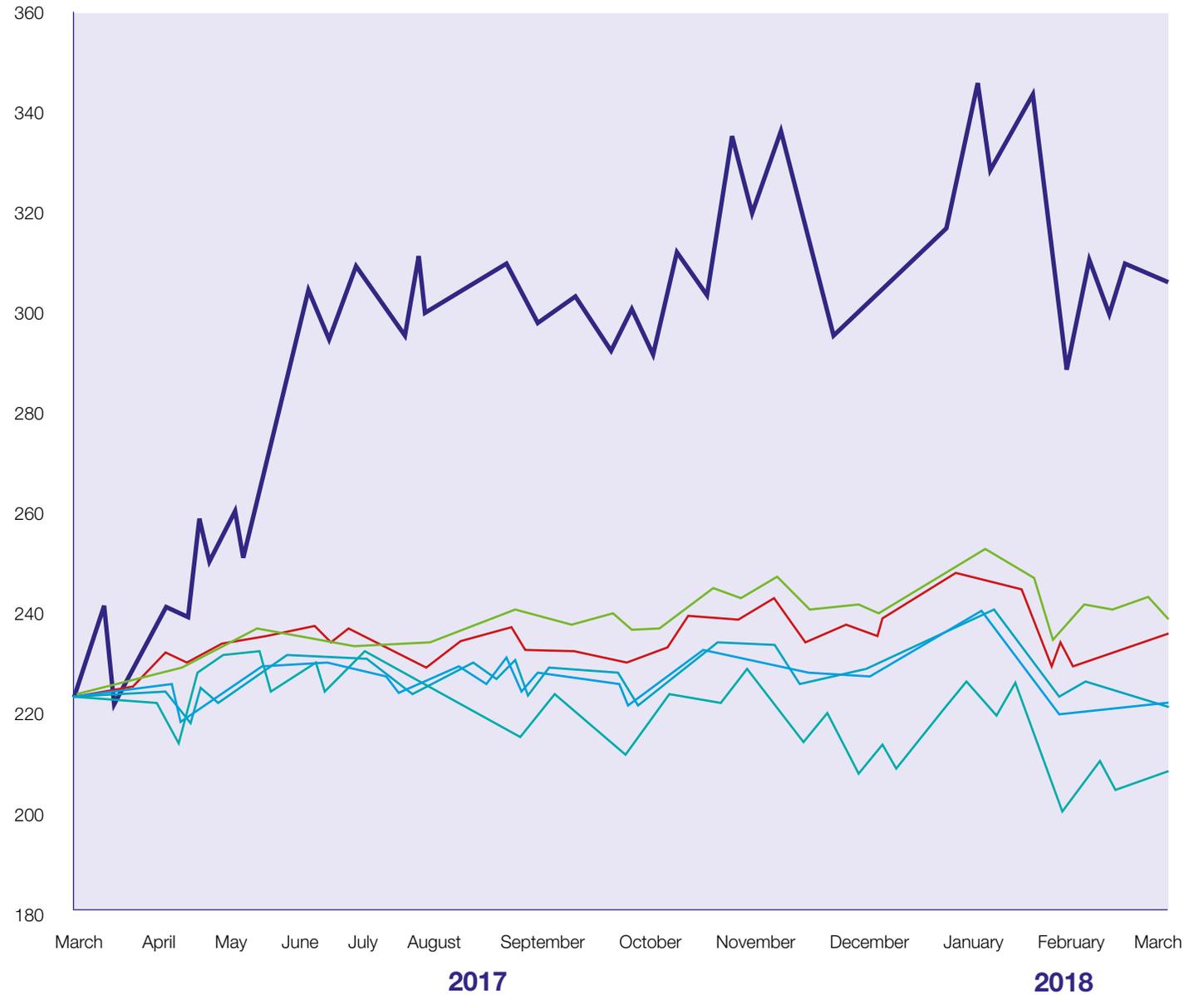
FTSE 250

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

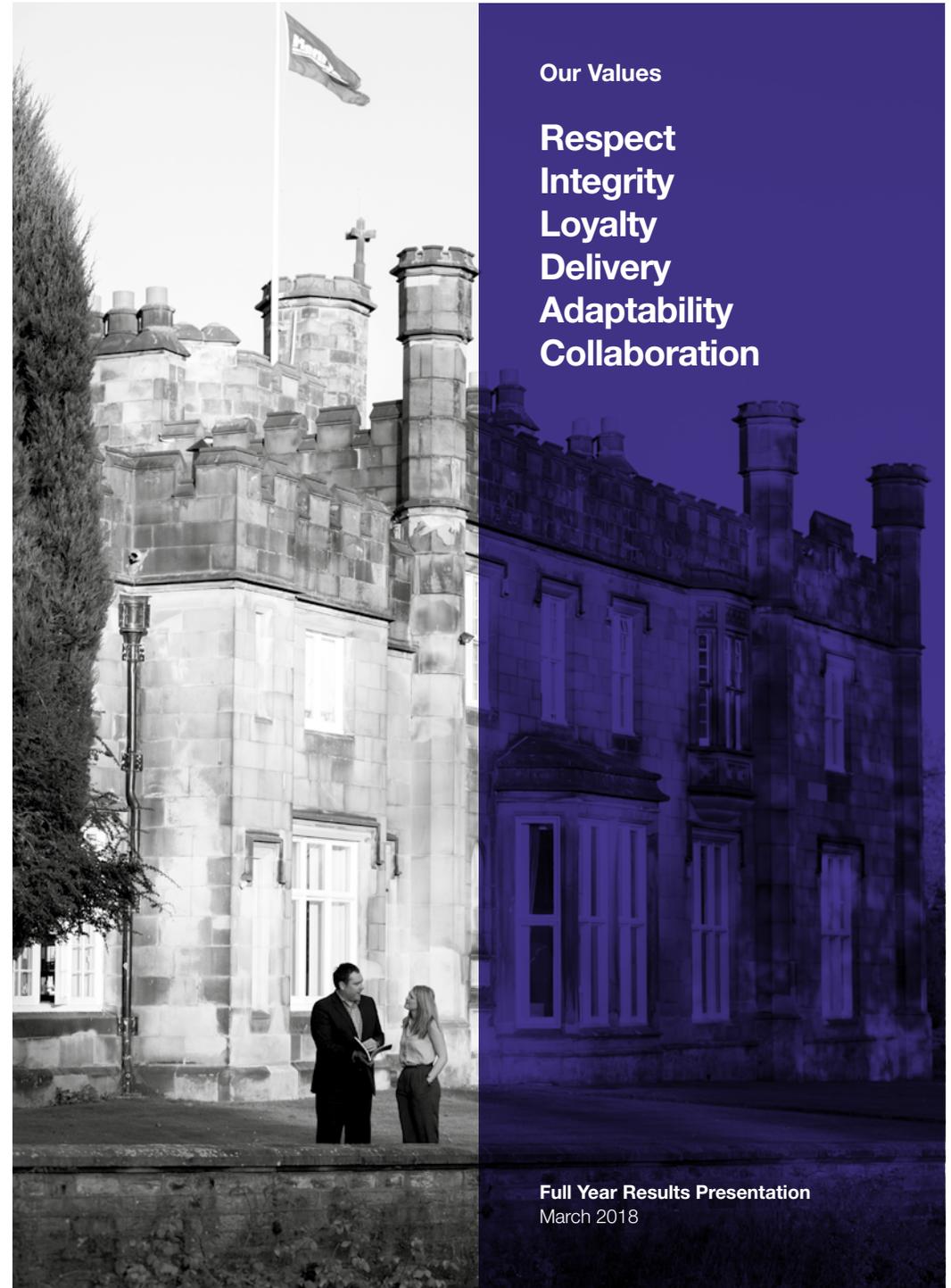
To empower and develop our people to create long-term value and sustainable growth for our stakeholders.*

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
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Loyalty
Delivery
Adaptability
Collaboration

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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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