

# Full Year Results 2020

March 2021



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

# Agenda

- **Introduction and strategy** 01  
Tim Roberts
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Darren Littlewood
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Tim Roberts/Darren Littlewood
- **Outlook** 24  
Tim Roberts



**Tim Roberts**  
Chief Executive Officer



**Darren Littlewood**  
Group Finance Director

# Introduction and Strategy

Speaker  
**Tim Roberts**



# Investment case

A long track record of generating attractive returns

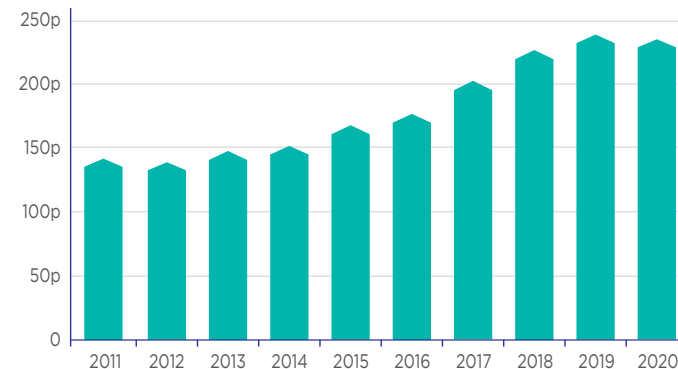
Responsible business with clear focus on three key markets driven by positive long-term structural trends

Cash generative with track record of managing gearing and the balance sheet effectively through the cycle

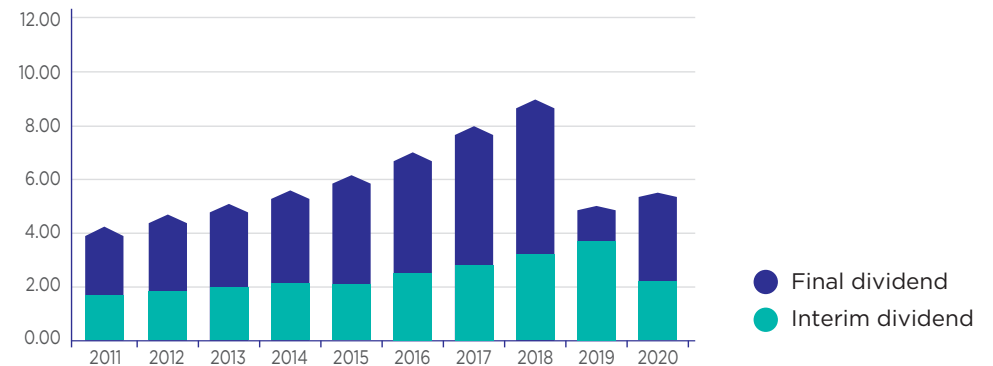
Significant embedded value across the group including 88,000 strategic land plots and a £1.1bn development pipeline (HBD's share)

Total shareholder return of 13.6% per annum over 20 years, significantly ahead of FTSE All Share (4.6%)

Net Asset Value per share



Dividend per share



# Operational performance remained robust



## LAND PROMOTION

- Sold 2,000 plots and a significant JV site
- Land bank of c.16,600 acres comprising 88,070 plots with c.60% SE/Midlands
- Planning consents on 2,708 plots (2019: 1,651) in the year

OPERATING PROFIT

**£14.2m**

2019: **£31.0m**



## PROPERTY INVESTMENT & DEVELOPMENT

- Completed £58m of developments with 100% let/pre-sold
- Committed development of £312m including 567,000 sq ft of I&L development
- Investment property values resilient, down 2.3% LfL
- Stonebridge maintained a strong sales rate

OPERATING PROFIT

**£4.9m**

2019: **£17.8m**



## CONSTRUCTION

- Output 95% of planned activity - 86% in public sector
- Order book full with BTR and mixed use schemes in Sheffield secured
- Lower activity impacted Banner Plant & Road Link

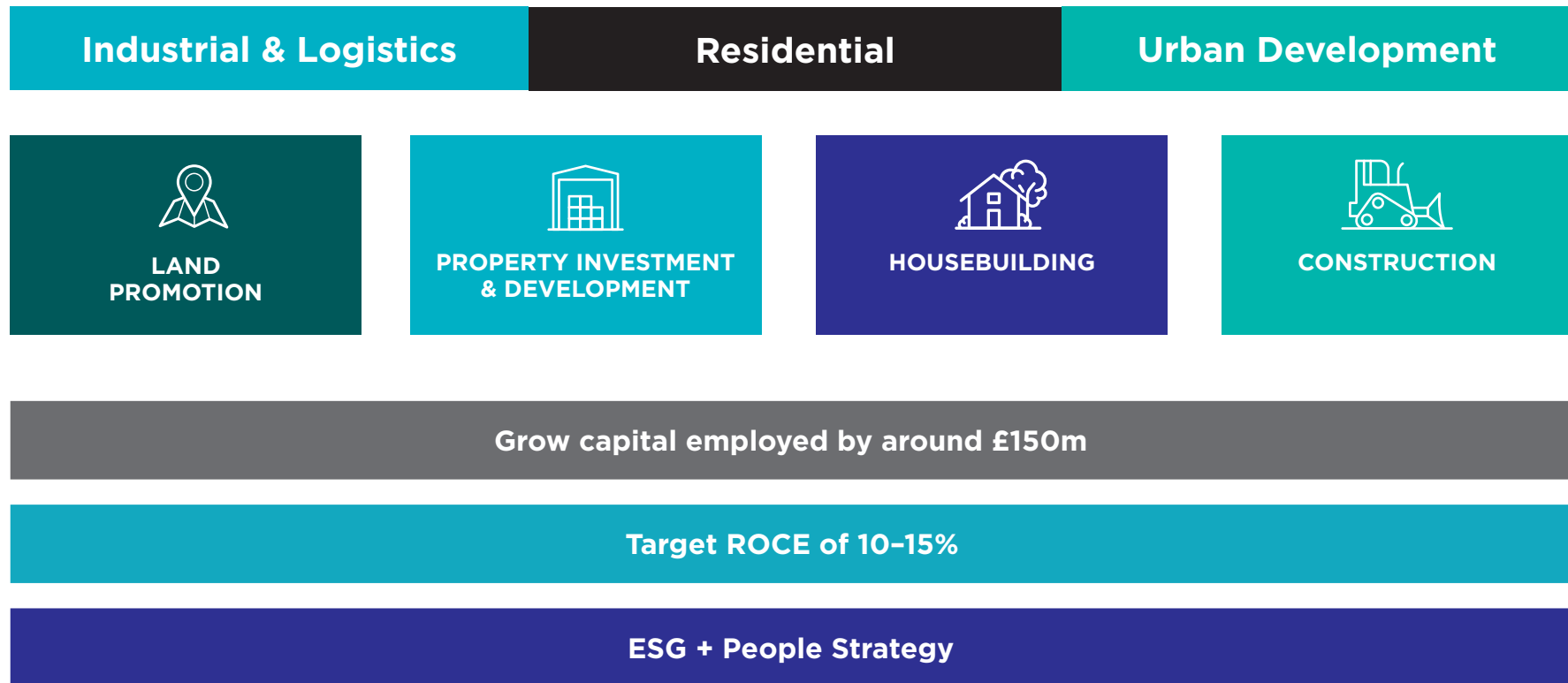
OPERATING PROFIT

**£6.5m**

2019: **£9.0m**

# Our strategy

Focused on three long-term markets



# Opportunities for growth

Significant embedded value across the business



## Land Promotion



16,600 acres or c.88,000 plots of strategic land



## Property Development & Investment



c.£1.4bn development pipeline (HBD share £1.1bn)



## Housebuilding



Multi-regional premium house builder with 1,119 plot land bank



## Construction



Full order book with focus on public sector work

# Our targets

Clear medium-term operational targets

Measure	Medium term target	Current
Land Promotion plot sales	c.3,500 per annum	2,000 in 2020
HBD development completions	HBD share c.£200m per annum	HBD share £85m in 2021
Grow investment portfolio	To around £150m	£83m as at 31 Dec 2020
Stonebridge homes sales	Up to 600 units per annum	115 units in 2020
Construction order book secured	Minimum of 65%	100% for 2021

Target ROCE of 10-15%

Embedded Value + Collaboration + Synergies + Efficiencies



# Strategic approach to ESG

Two-phase launch aligning all our responsible business activity



# Financial Review

Speaker  
**Darren Littlewood**



# Financial highlights

## Robust performance against the challenging backdrop of 2020

- Revenue decreased 41% as all segments saw delays in activity caused by the global pandemic
- Administration and pension expenses down 3%
- Operating profit benefitted from a £7.4m profit on disposal of JVs and subsidiaries
- Following a rebasing in 2019 the total dividend for the year increased by 10% to 5.5p
- Dividend cover reduced to 1.6x
- Lower operating profit reduced ROCE to 4.9%

	2020	2019	Change
Revenue	£222.4m	£379.7m	-41%
Operating profit	£17.5m	£50.3m	-65%
Profit for the year	£17.1m	£49.1m	-65%
Earnings per share	9.0p	28.3p	-68%
Dividend per share	5.5p	5.0p	+10%
Dividend cover	1.6x	5.6x	-
ROCE	4.9%	14.8%	-

# Balance sheet

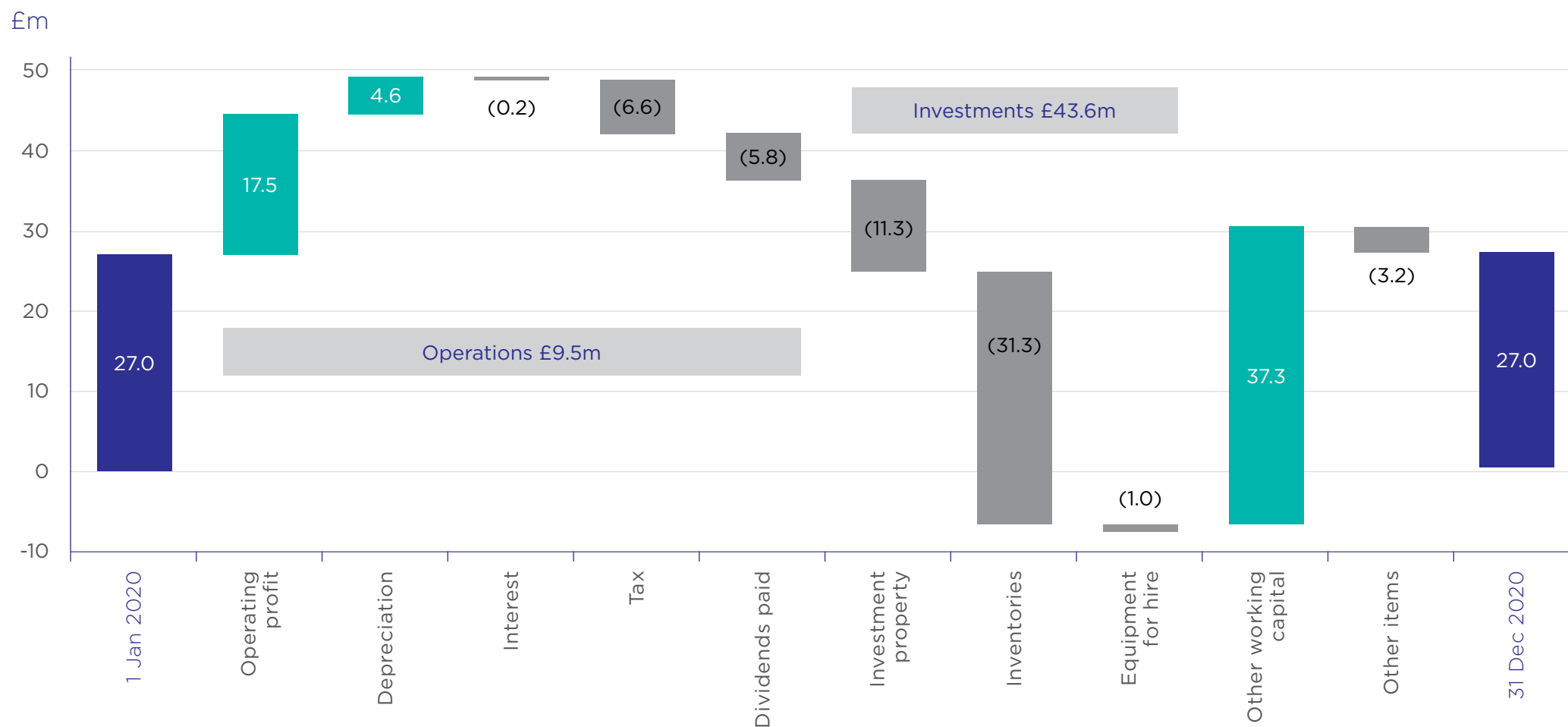
## Maintained strong cash position

- Retained developments increased investment property
- Increase in house-builder land, strategic land and urban development opportunities within inventories
- Working capital movements due to decrease in transactional activity in land and construction
- Banking facilities were renewed in January 2020 increasing to £75m plus a £30m accordion
- Pension deficit impacted by lower discount rate
- Net cash £27.0m resulting in nil gearing at year end
- NAV per share reduced by 2% to 235p

	2020	2019
Investment property	£82.7m	£70.0m
Property, plant & equipment	£23.8m	£22.0m
Investment in joint ventures	£5.8m	£6.6m
Inventories	£200.8m	£169.7m
Other working capital	£3.1m	£40.3m
Net cash	£27.0m	£27.0m
Retirement benefit obligations	(£36.4m)	(23.0m)
Other net assets/liabilities	£4.6m	(£0.2m)
Total equity	£313.5m	£318.5m
NAV per share	235p	239p

# Cash generation and movement in net cash

Several strategic investments over the year



# Operational Review

Speakers

**Tim Roberts &  
Darren Littlewood**

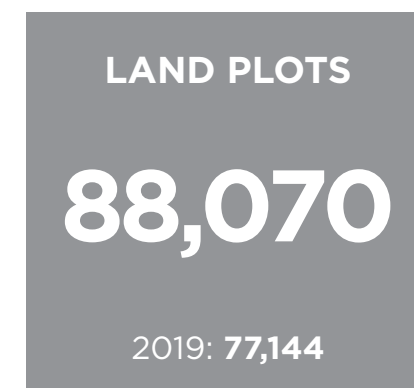


# Land promotion

## UK greenfield land values remained relatively stable

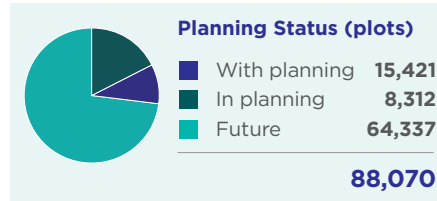
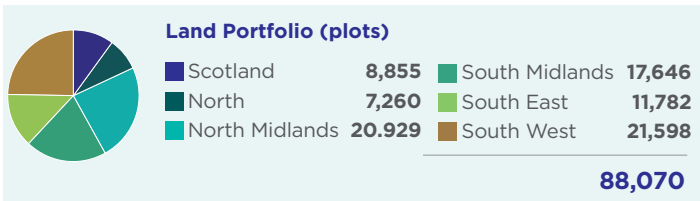
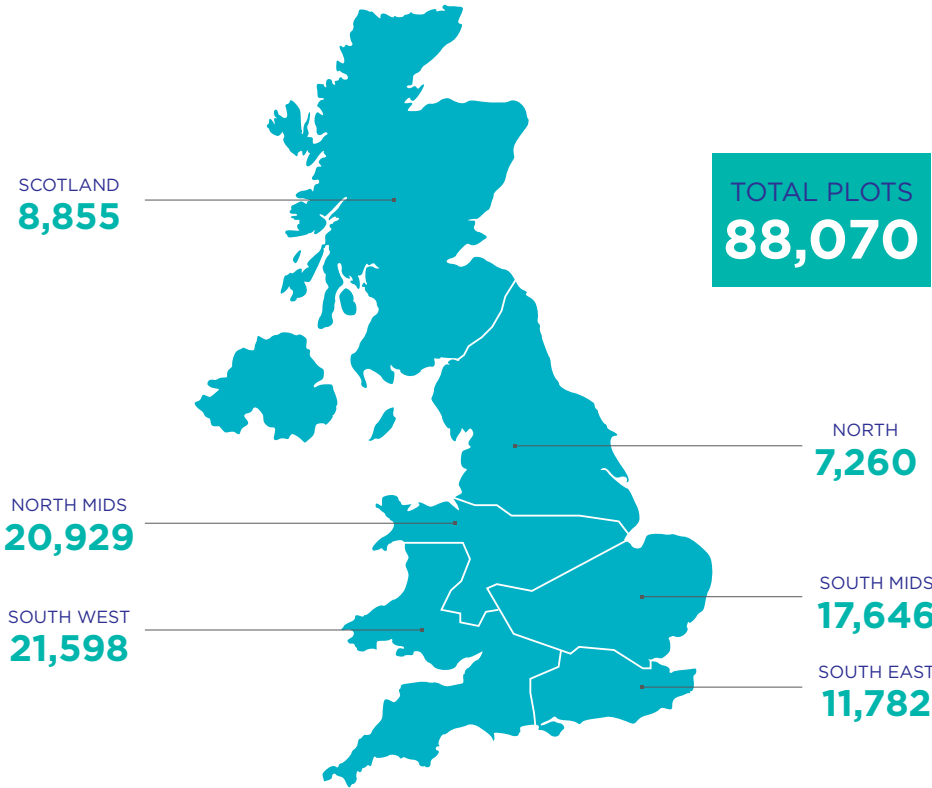


- Continued to received bids at pre-CV-19 prices
- Inventories held at the lower of cost, no uplift in value from securing planning until disposal is made
- 9 deals completed, including key disposals at Wellingborough (600 plots) & Lubbesthorpe (258 plots)
- Disposed of a significant interest in a joint venture site in the Midlands
- Planning consent won over the year for 2,708 plots (2019: 1,651 plots)
- Sites with planning permission increased to 15,421 plots (2019: 14,713 plots)
- Planning submitted on 8,312 plots (2019: 10,665 plots)
- Enter 2021 with 1,744 plots exchanged

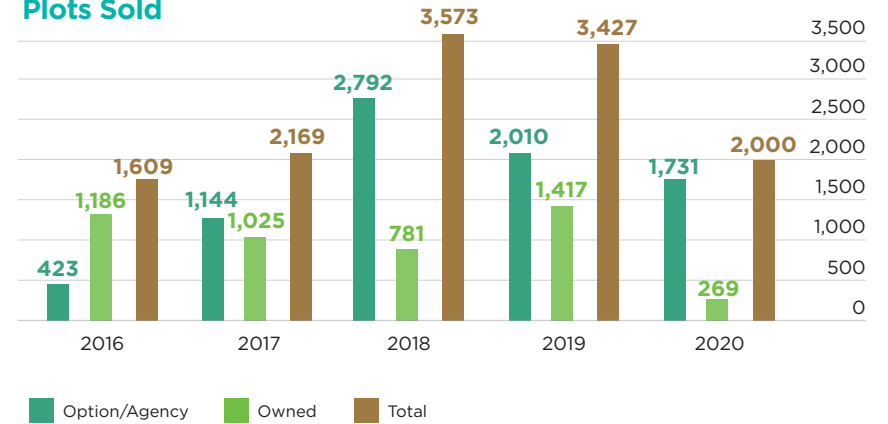


# Land promotion

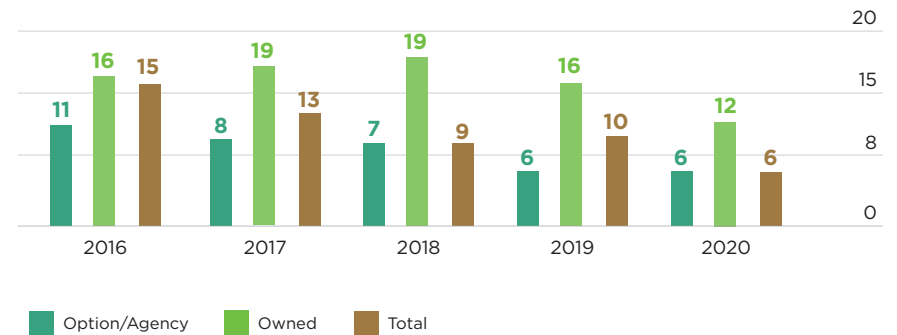
Strategic land bank focussed on higher value locations in South and Midlands



## Plots Sold



## Average Gross Profit Per Plot £000







# Land promotion

## Wellingborough, Northamptonshire

### What is it

- A 71 acre land parcel located 1.5 miles south west of Wellingborough town centre, north east of Northampton
- Held under a planning promotion agreement

### How we have created value

- An outline planning application for up to 600 plots upon a net developable area of 41 acres was submitted in November 2015
- Outline consent was formally granted in August 2019 following negotiations on the S106 Agreement
- The approval included up to 600 plots of which 30% are affordable, plus 25 acres of local and neighbourhood open space

### How we have monetised our investment

- Marketing took place during the Autumn of 2019
- The site was sold to David Wilson Homes in January 2020



TYPE	PLANNING	PLOTS
PPA	Aug 19	600



# Land promotion

## Bathgate, West Lothian

### What is it

- Site adjacent to the M8 motorway 20 miles west of Edinburgh City Centre
- Originally held under an Option Agreement and subsequently purchased in 2012

### How we have created value

- Planning application submitted in 2018 and initially refused, permission granted on Appeal in early 2020
- Consent granted for up to 190 units, 25% of which are affordable
- Section 75 developer contributions towards Primary and Secondary education infrastructure

### How we have monetised our investment

- Marketing commenced in Spring 2020 with an unconditional contract secured with Taylor Wimpey in October 2020
- Site to complete in two phases, Phase 1 in April 2021 and Phase 2 in April 2022



<b>TYPE</b>	<b>PLANNING</b>	<b>PLOTS</b>
<b>Freehold</b>	<b>Oct 19</b>	<b>190</b>

# Property investment & development

Continued focus on the industrial and logistics sector



- Industrial sector delivered positive capital growth with investors after high demand in the market
- Completed developments with a GDV of £58m (HBD share £55m), 90% in industrial and logistics
- Committed pipeline of £312m (HBD share £85m), 88% is pre-sold or pre-let
- 567,000 sq ft of industrial, with 206,000 sq ft of speculative development
- Modest committed development, but significant pipeline with optionality focussed on industrial and logistics
- Exchanged on new projects in Walsall and Wakefield and acquired medium term opportunities in Leeds and Manchester
- Investment portfolio valued at £82.7m a 2.3% decline on a like-for-like basis with occupancy increasing to 94% post period end

**OPERATING  
PROFIT**

**£4.9m**

2019: **£17.8m**

**HBD PIPELINE  
GDV**

**£1.1bn**

2019: **£1.1bn**

**INVESTMENT  
PORTFOLIO**

**£82.7m**

2019: **£70.0m**

**STONEBRIDGE  
COMPLETIONS**

**115**

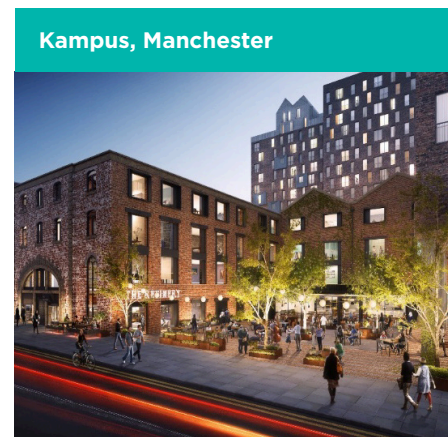
2019: **159**

# Committed pipeline

GDV of current schemes £85m of which 69% has been pre-let or pre-sold



Scheme	Area '000 sq ft	Share of GDV	GDV £m	Pre-let/Sold	Expected Finish
<b>Industrial &amp; Logistics</b>					
Markham Vale, Orion	297	100%	22	100%	H1 21
Wakefield, Kitwave	69	50%	4	100%	H2 21
Preston	56	50%	4	0%	H1 21
Enfield	65	50%	8	0%	H2 21
Luton	82	100%	14	0%	H2 21
<b>Urban residential</b>					
Kampus Manchester	44	5%	11	100%	H2 21
<b>Land &amp; Other</b>					
Wakefield	n/a	50%	8	100%	H2 21
Skipton	n/a	100%	14	100%	21/22
<b>Total</b>			<b>85</b>	<b>69%</b>	



- GDV £216m
- HBD share 5%
- 460 residential units
- 100% pre-sold
- Completion H2 2021



- GDV £22m
- HBD share 100%
- 297,000 sq ft
- 100% pre-sold
- Completion H1 2021

# Significant pipeline focused on logistics

Approximately 10 million sq ft with target hurdle rate 10-15% depending on risk



	Committed	Consented	Proposed	Total
Big Box Ind & Logistics	2.3m sq ft	1.7m sq ft	c.3m sq ft	c.7m sq ft
Mid/Small Box Ind & Logistics	0.3m sq ft	1.6m sq ft	c.1m sq ft	c.3m sq ft
Urban Residential	720 units	974 units	c.1,000 units	c.3,000 units
Urban Commercial	0.0m sq ft	0.2m sq ft	c.0.3m sq ft	c.0.5m sq ft
<b>Total</b>	<b>2.6m sq ft</b>	<b>3.5m sq ft</b>	<b>c.4m sq ft</b>	<b>c.10m sq ft</b>

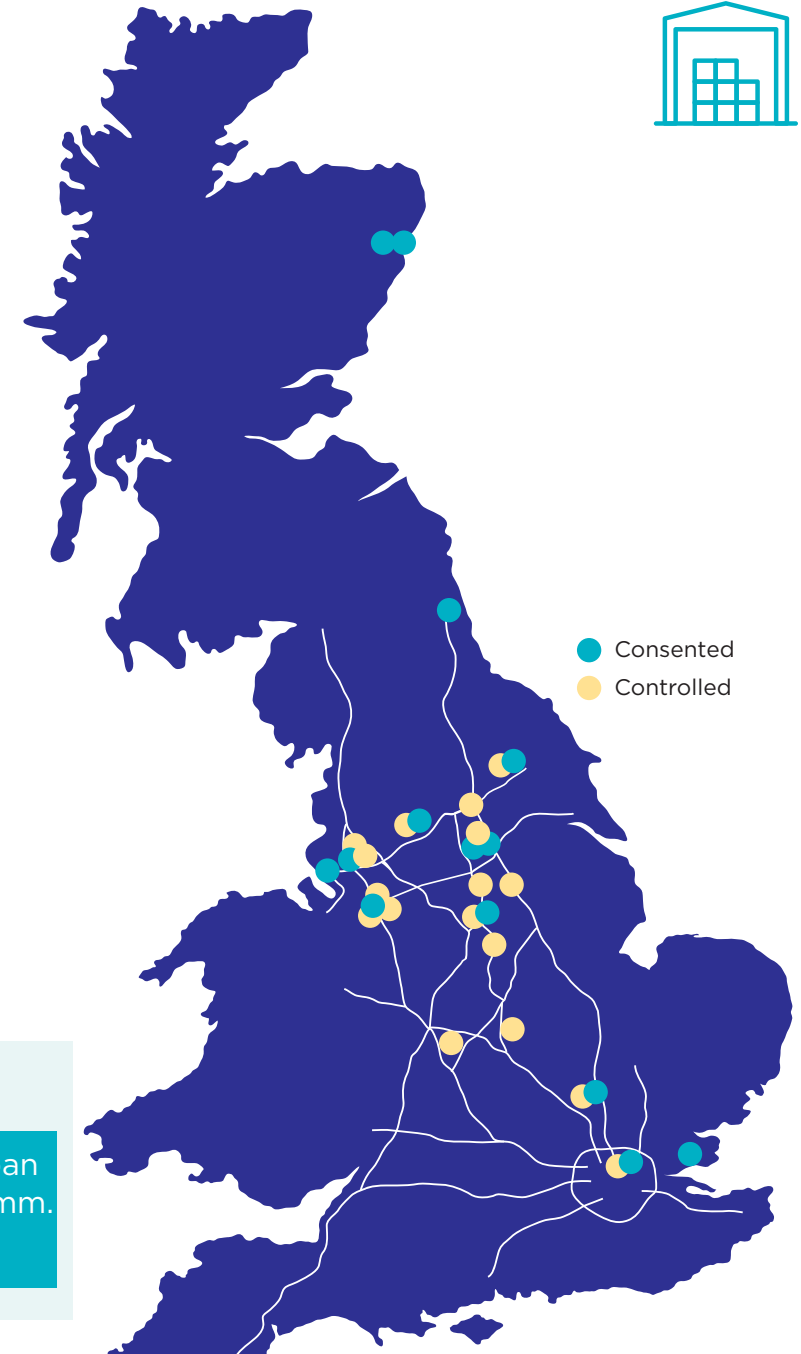
## Future pipeline by GDV

I&L  
Big Box  
50%

I&L  
Mid/Small Box  
28%

Urban  
Resi.  
11%

Urban  
Comm.  
11%



# Property investment & development

## Wakefield Hub



### What is it

- A 200 acre industrial site located at J30 of the M62 close to both the M1 and A1
- Joint venture between HBD and developer Yorkcourt

### What are we doing

- Unit already completed for NewCold with 65,000 sq ft pre-let to Kitwave currently under construction
- Planning application submitted to develop a 2m sq ft unit, to be pre-let prior to a start on site
- 260,000 sq ft pre-let agreed with a German pharmaceutical company with total GDV in excess of £30m

### What is the future

- Subject to securing planning work is expected to start on the 260,000 sq ft pre-let in H2 2021
- Construction of the 2m sq ft unit anticipated to commence in H2 2021
- Strong interest from potential occupiers in the remaining space



SECTOR

**Industrial & Logistics**

HBD SHARE

**50%**

GDV

**£40m+**

# Stonebridge

Jointly owned premium house builder focused on Yorkshire



- Average private selling price £368k – 2.7% ahead of budget
- Despite CV-19 disruption maintained strong sales rate of 0.61 private units per site per week – or 0.71 excluding April and May
- Some delays due to challenging planning environment but achieved consent for 70 units at Kingsley Farm Phase 2 in February
- Total of 218 plots added to the land bank including a key site in Wakefield (149 plots) and first site in the North East (69 plots)
- Total land bank of 1,119 plots of which 59% has either detailed or outline planning consents (657 plots)
- Strong forward sales rate with 69 reservations secured to date
- Target >15% operating margin in medium term



COMPLETIONS

115

2019: 159

TOTAL  
LAND BANK

1,119

2019: 1,023

# Construction

## Robust performance despite lower activity levels



- Division consists of Construction, Plant Hire and Road Link (A69)
- Construction currently running at 95% of planned output
- Secured £40m BTR scheme and £42.5 mixed use urban development project
- 100% orderbook secured for 2021
- Banner Plant restored activity levels to 95%
- Road Link impacted by low traffic levels but remained profitable, 5 years remain on concession
- Segment has very low levels of capital employed
- 86% of completed construction orderbook in public sector
- Well positioned long-term with a bias towards public sector work

### OPERATING PROFIT

**£6.5m**

2019: **£9.0m**

### EXTERNAL TURNOVER

**£115.9m**

2019: **£114.2m**

### RETURN ON SALES

**2% Construction**  
**12% Plant Hire**  
**42% Road Link**

### 2021 ORDERBOOK

**£80m**

2020: **£85m**



# Construction

## Kangaroo Works, Sheffield



### What is it

- A 364 unit residential build to rent scheme, the only privately developed scheme of Sheffield City Council's Heart of the City II regeneration programme

### What are we doing

- Henry Boot Construction has secured the £40m contract to build the BTR scheme
- The development is being constructed under two separate contracts enabling/substructure and superstructure
- 100% of the project will be delivered using the local supply chain

### What is the future

- The project is part of Sheffield City Council's wider city centre regeneration scheme
- Set to complete in 2023



**CLIENT**  
Ridgeback  
Group and  
Angelo  
Gordon

**CONTRACT  
VALUE**  
£40m

**COMPLETION**  
Early  
2023

# Outlook

Speaker  
**Tim Roberts**



# Outlook

- Resilient balance sheet, profits ahead of expectations
- Strong financial and operating position allowed us to continue to invest
- Recovery in our markets with strong forward sales and very healthy order book
- Recovery in land market has continued with 2,309 plots exchanged
- Committed developments of £312m are already 88% presold or let
- Stonebridge ahead, with 57% of 2021 sales secured
- Construction order book 100% for 2021
- Focused on growth in three long term markets, with clear objectives driven by long term trends



# Well placed for the future

Investing to support growth



Land Promotion



16,600 acres or c.88,000 plots of strategic land



Property Development & Investment



c.£1.4bn development pipeline (HBD share £1.1bn)



Housebuilding



Multi-regional premium house builder with 1,119 plot land bank



Construction



Full order book with focus on public sector work

# Appendices

- **Group Structure** – Segment Composition
- **Group Structure** – Board of Directors
- **Group Structure** – Senior Management
- Business Model
- Investment Property
- Shareholding as at 1st March 2021
- Movement in NAV per share
- 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

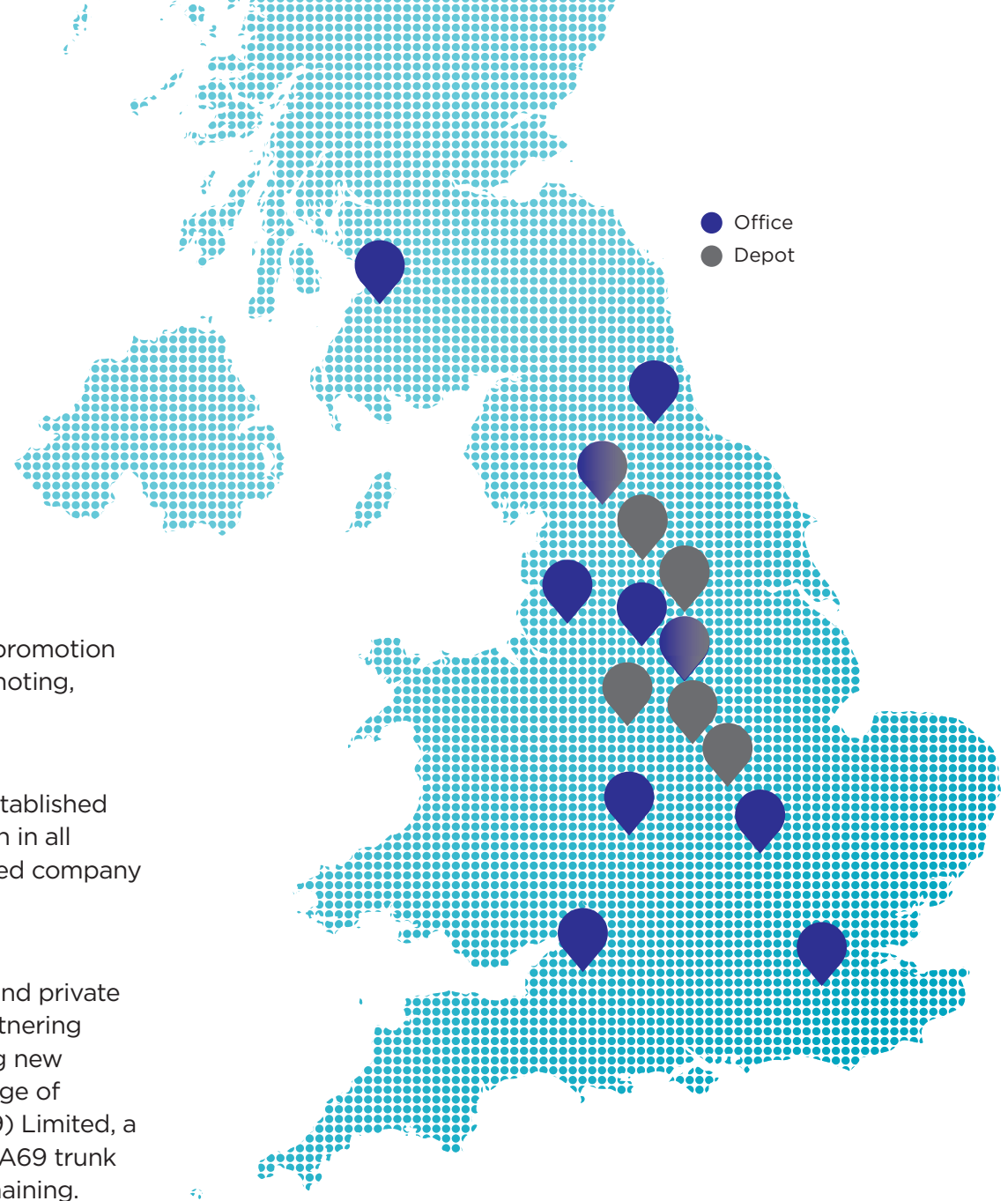
Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

## Property Investment and Development

Henry Boot Developments Limited (now trading as HBD) 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



*Back row, left to right*

**Tim Roberts**

Chief Executive Officer

**Amy Oakley**

Company Secretary

**Gerald Jennings**

Non-executive Director  
and Chairman of the  
Remuneration Committee

**Peter Mawson**

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

*Front row, left to right*

**Darren Littlewood**

Group Finance Director

**Joanne Lake**

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

**Jamie Boot**

Chairman

**James Sykes**

Non-executive Director

# Group structure

## Senior Management

### Land Promotion

### Property Investment & Development

### Construction



**Nick Duckworth**  
Hallam Land Management Limited



**Edward Hutchinson** **Darren Stubbs**  
Henry Boot Developments Limited (now trading as HBD) Stonebridge Homes Limited



**Simon Carr** **Giles Boot** **Trevor Walker**  
Henry Boot Construction Limited Banner Plant Limited Road Link (A69) Limited



# Business model

Track record of generating attractive returns



# Investment property

Rent collection at 88% with increased weighting to industrial and logistics sector

	2020	2019
Valuation	£81.8m	£65.3m
Number of properties	14 <sup>1</sup>	10
Total area - '000 sq ft	531	338
% industrial and alternative	53%	43%
Net passing rent	£3.5m	£3.0m
Net initial yield	4.0%	4.3%
Net reversionary yield	5.9%	5.99%
WAULT to expiry	12.9 years	9.9 years
Occupancy	80% <sup>2</sup>	84%

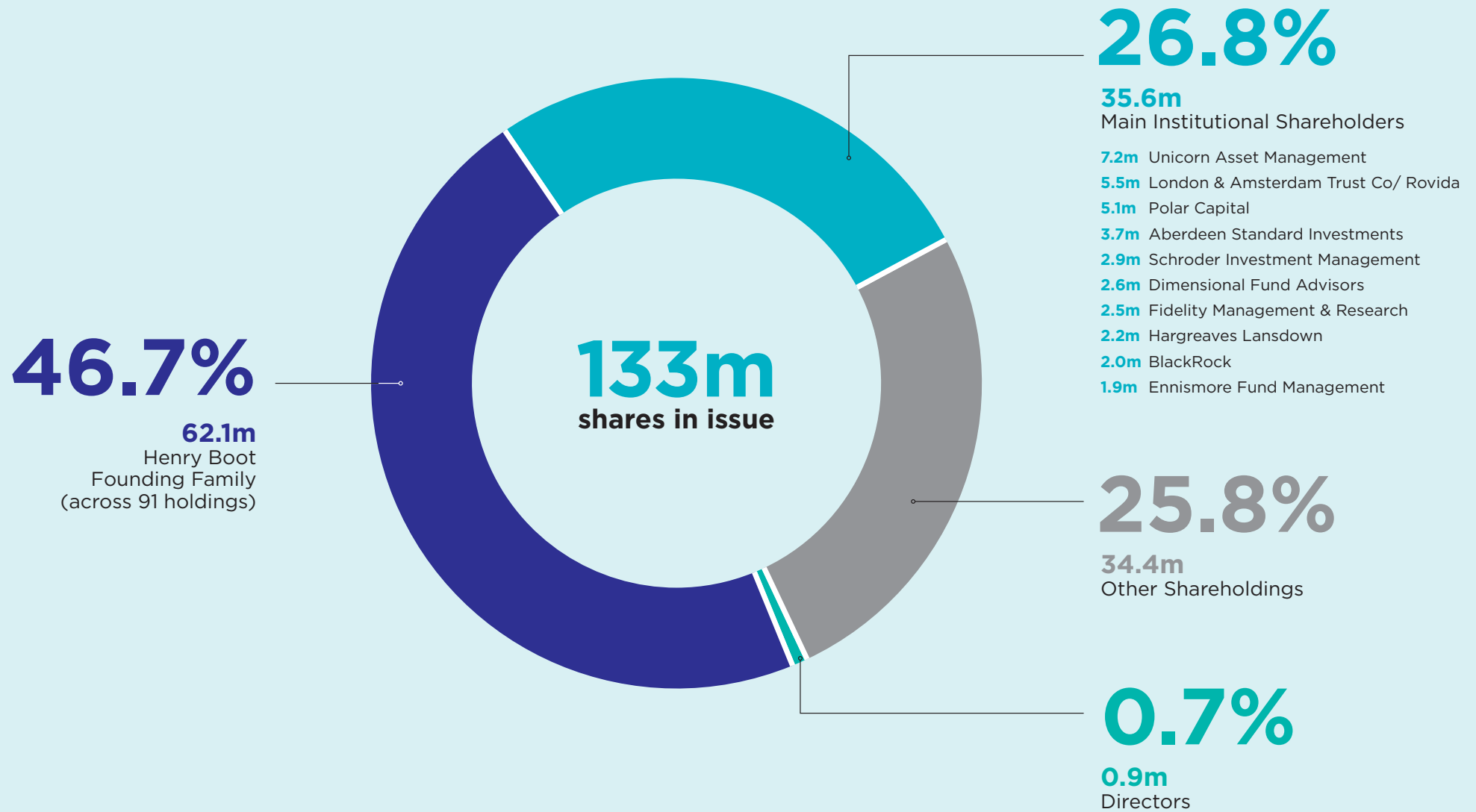
<sup>1</sup> Reduced to 13 assets in January 2021 following the disposal of Aldi at Huyton

<sup>2</sup> Increasing to 94% post period end following lettings at MV55, Markham Vale and Blake House, Uxbridge



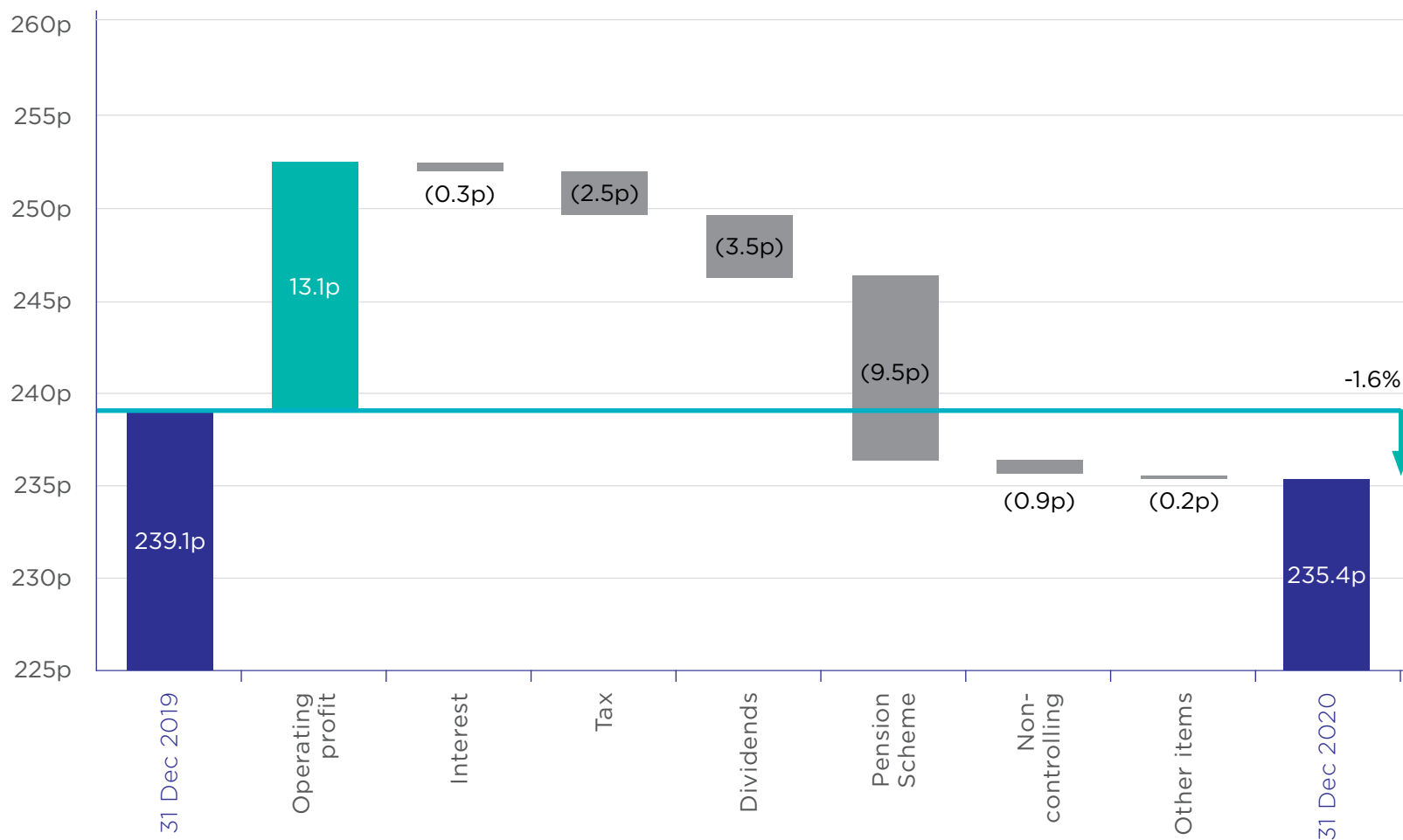
- Mid Box logistics
  - 55,000 sq ft
  - HBD share 100%
  - Completed in 2019
  - 100% let PPE
- 
- Food store
  - 29,300 sq ft
  - HBD share 100%
  - Completed in 2012
  - 100% let
  - WAULT 12.2 years

# Shareholders



# Movement in NAV per share

Reduction in net assets as a result of actuarial loss on defined benefit pension scheme



**Note : Other items includes revaluation of Group occupied property, issue/purchase of shares, share based payments and preference share dividends**

# Strong track record

## Five-year Financial Results

2016 – 2020

### Dividends per Ordinary Share

2020	5.5p
2019	5.0p
2018	9.0p
2017	8.0p
2016	7.0p

### Net Assets

2020	£313.5m
2019	£318.5m
2018	£302.3m
2017	£270.0m
2016	£233.6m

### Net Asset Value per Share

2020	235p
2019	239p
2018	227p
2017	203p
2016	177p

### ROCE

2020	4.9%
2019	14.8%
2018	15.8%
2017	19.7%
2016	15.4%

### Profit Before Tax

2020	£17.1m
2019	£49.1m
2018	£48.6m
2017	£55.4m
2016	£39.5m

### Net Cash (Debt)

2020	£27.0m
2019	£27.0m
2018	(£18.4)m
2017	(£29.0)m
2016	(£32.9)m

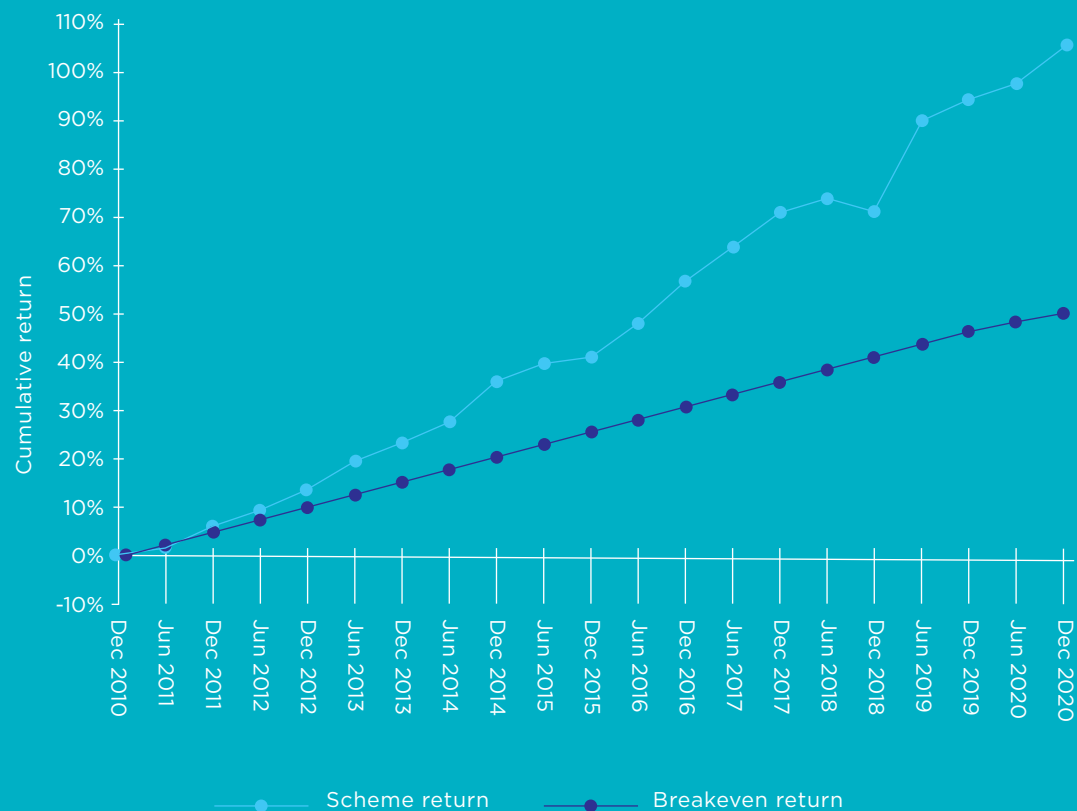
### Turnover

2020	£222.4m
2019	£379.7m
2018	£397.1m
2017	£408.5m
2016	£306.8m

# Financial

## Pensions

- Triennial valuation at 1st January 2019 concluded showing a deficit of **£19.8m**.
- Recovery contributions agreed at **£3.25m** rising by £0.1m per annum.
- IAS 19 deficit £36.4m at 31/12/20, asset performance +6.9%. Discount rate 1.4% (31/12/19: 2.0%). Scheme break-even now 3.3% p.a. (31/12/19: 3.3%).
- Long-term investment returns since 31/03/10 **7.6%**, 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.



# Share price

## Henry Boot PLC Share Price vs Benchmark Indices



# 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 Values

### Respect

We treat everyone in the way they wish to be treated.  
We strive to always meet our commitments and obligations.

### Loyalty

We are committed to giving back to our communities.  
We value the longevity of our relationships with our people and our partners.

### Adaptability

We are open to opportunities to do things differently.  
We are resilient, have staying power.

### Integrity

We operate with the utmost professionalism.  
We champion ethical working..

### Delivery

We are relentless in delivering for our customer.  
We deliver our best quality work for everyone, no matter what.

### Collaboration

We set clear mutual expectations and strive to achieve them.  
We work in partnership to make things happen.

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



## **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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