



**Henry Boot**



Our Values

**Respect**

**Integrity**

**Loyalty**

**Delivery**

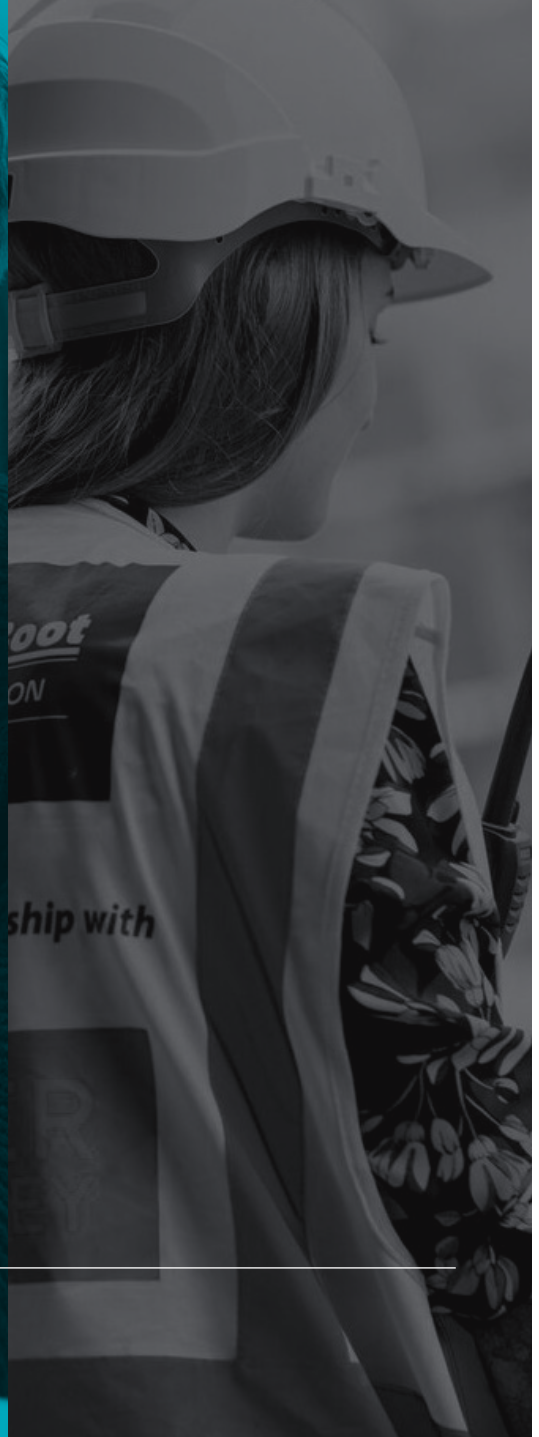
**Adaptability**

**Collaboration**

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**Henry Boot PLC**

Interim Results Presentation  
August 2018



# Agenda

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## Interim Results Presentation

August 2018

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Interim Results Presentation  
August 2018

# Operational Highlights

## Reporting Highlights

- Strong start to 2018 with land sales advanced from H2 2018. Twelve land disposals for **1,904** plots.
- Strategic land portfolio now **over 14,000 acres**, 17,061 units permissioned, 9,179 units in planning process.
- **£333m Aberdeen** scheme continues to progress well, estimated completion remains mid 2019.
- GDV of current development schemes in delivery **over £860m**, with £438m delivered since 2016.
- Estimated value of opportunity pipeline circa **£1bn**.
- **85%** of annual construction activity secured, 55% of 2019.

**217p**  
NAV per share

**↑14%**  
Interim Dividend  
to 3.2p

**£1bn**  
GDV Pipeline

**↑98%**  
1,904 Plot disposals

**↑42%**  
85% Construction  
activity secured

**↑6%**  
14,000 Acres

# Financial Highlights

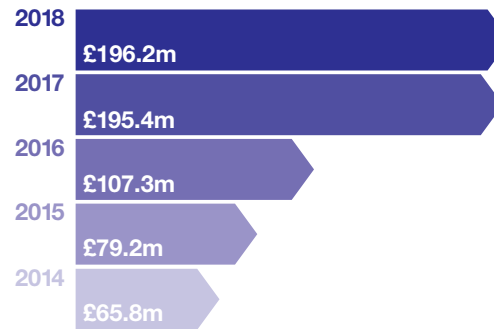
## Interim Results

2018

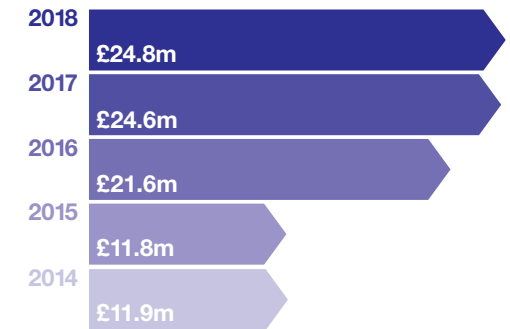
- Turnover stable at **£196m**, supported by Aberdeen project.
- Trading profit maintained by advanced land sales in absence of prior year disposals of York residential units.
- **PBT** 16% higher at **£26m**.
- **EPS** 15.7p, up **20%**.
- Interim dividend of 3.2p, up **14%**.
- Net debt £26m, 9% gearing.

## Five-year Data

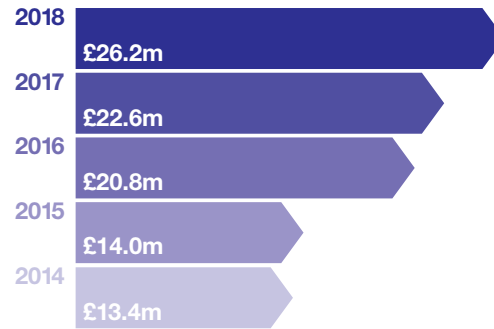
### Turnover



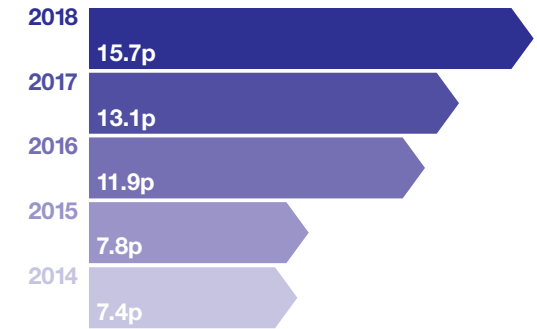
### Trading Profit



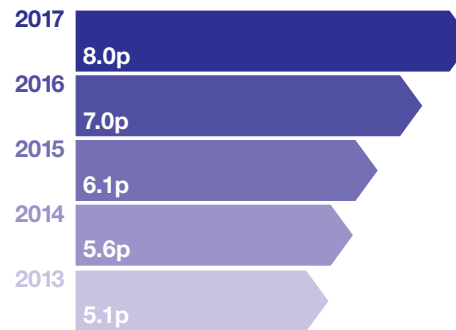
### Profit Before Tax



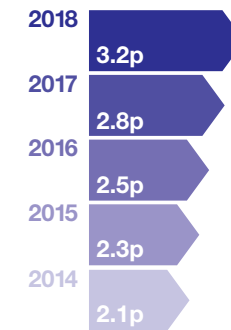
### EPS



### Full Year Dividend Per Share



### Interim Dividend



# Financial Segmental Revenue

## Segmental Revenue

- Land Promotion revenues lower due to optioned land acquired and sold in previous year.
- Higher activity in plant coming through from depot acquisitions made in April 2017. Additional works undertaken by Road Link for Highways England to design two new roundabouts.
- Property Investment and Development results down slightly, but offset by Stonebridge house sales.

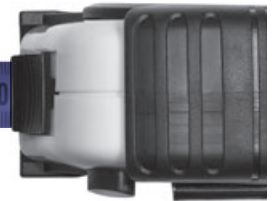
↓ 11%

Land Promotion



HY 2018  
£35.7m

HY 2017  
£40.2m



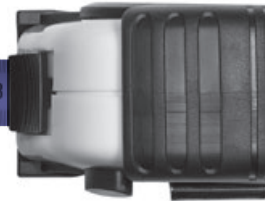
↑ 15%

Construction



HY 2018  
£48.9m

HY 2017  
£42.6m



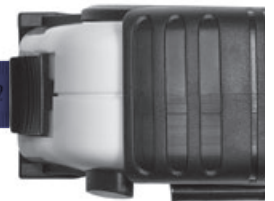
↓ 1%

Property Investment and Development



HY 2018  
£111.6m

HY 2017  
£112.6m



# Financial Segmental PBT

## Segmental PBT

- Land Promotion returns increased from disposing of 1,904 plots, up from 960 in 2017, but at a lower blended gross profit per plot sold.
- Property Investment and Development returns no longer benefiting from York.
- Construction returns lower due to tighter margins.



HY 2017  
£10.9m

↓ 21%

Property Investment and Development



HY 2018  
£8.6m

↑ 89%

Land Promotion



HY 2017  
£8.2m



HY 2018  
£15.5m

↓ 16%

Construction



HY 2017  
£4.9m



HY 2018  
£4.1m

# Financial Balance Sheet

	2018 Half Year (£m)	2017 Full Year (£m)
Group occupied (Investment) property	8.1	8.1
Equipment held for hire	15.0	13.9
Vehicles and office equipment	4.4	4.5
<b>Property, Plant and Equipment Total</b>	<b>27.5</b>	<b>26.5</b>
Completed investment property	128.5	126.6
Investment property under construction	3.3	6.2
<b>Investment Properties Total</b>	<b>131.8</b>	<b>132.8</b>
Developments in progress	21.4	20.3
House builder land and work in progress	20.3	22.6
Land held for development or sale	60.4	57.8
Options to purchase land	12.5	12.5
Planning promotion agreements	31.6	31.4
<b>Inventories Total</b>	<b>146.2</b>	<b>144.6</b>

	2018 Half Year (£m)	2017 Full Year (£m)
Intangible assets	5.4	5.4
<b>Property, Plant and Equipment</b>	<b>27.5</b>	<b>26.5</b>
<b>Investment Properties</b>	<b>131.8</b>	<b>132.8</b>
Investment in joint ventures	6.4	5.9
Trade and other receivables	9.1	2.9
Deferred tax assets	3.8	4.6
<b>Fixed Assets</b>	<b>184.0</b>	<b>178.0</b>
<b>Inventories</b>	<b>146.2</b>	<b>144.6</b>
Trade and other receivables	101.8	93.2
Cash and cash equivalents	9.3	10.3
Assets classified as held for sale	–	2.0
<b>Current Assets</b>	<b>257.3</b>	<b>250.1</b>
Borrowings	(35.3)	(39.3)
Retirement benefit obligations	(17.0)	(22.8)
Other liabilities	(100.2)	(95.9)
<b>Total Liabilities</b>	<b>(152.5)</b>	<b>(158.0)</b>
Shareholder equity	286.1	267.4
Minority interests	2.7	2.7
<b>Total Equity</b>	<b>288.8</b>	<b>270.1</b>
Net debt	(26.0)	(29.0)
Gearing (debt/equity)	9%	11%
NAV per share	217p	203p

# 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 **£17.0m** at 30/06/18, asset performance +1.3%. Discount rate **2.7%** (31/12/17: 2.5%). Scheme break-even return now **3.7%**.
- 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. Managers targeting a weighted average return of **circa 5.7%**, as some risk taken off the portfolio given lower break-even return.



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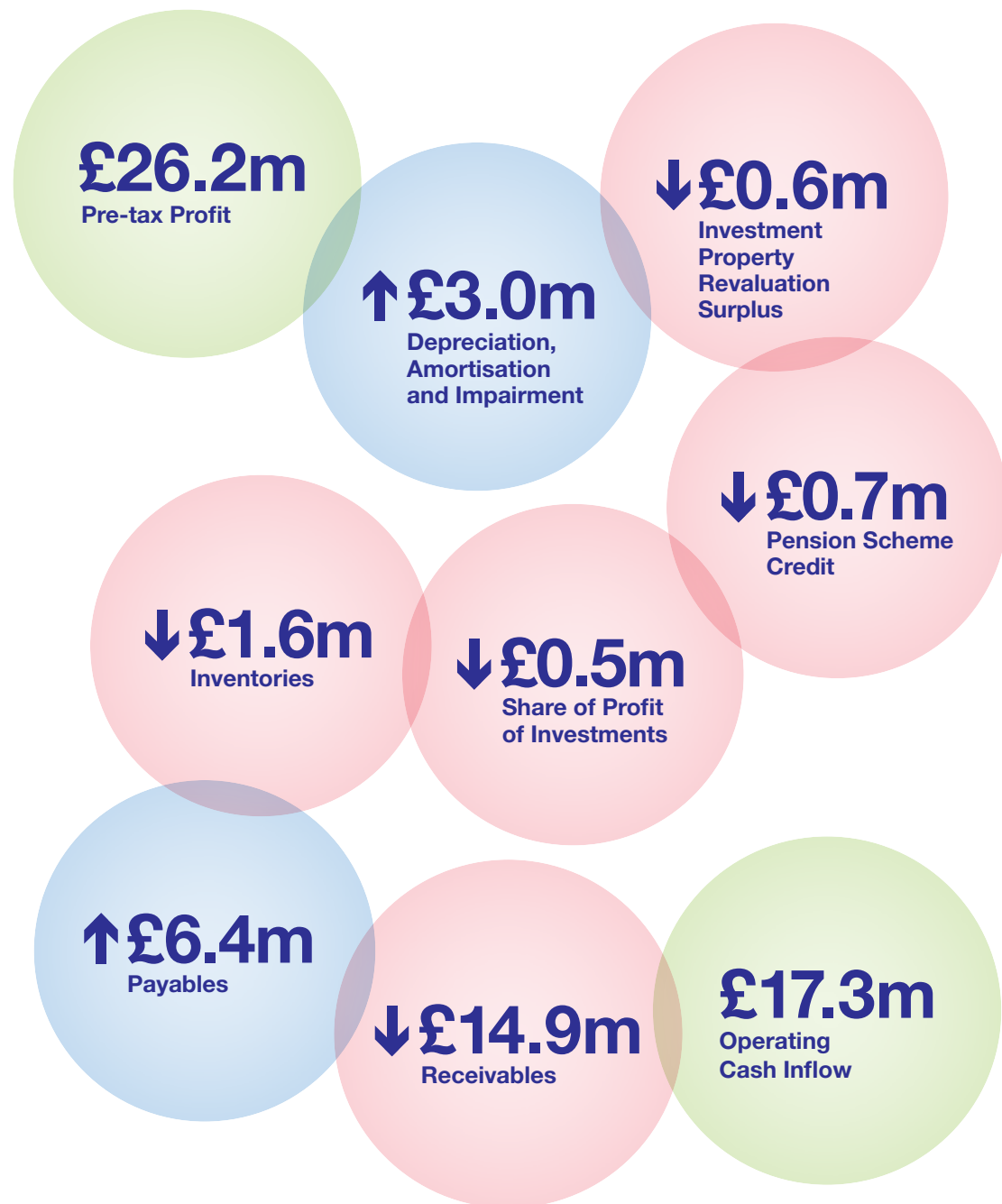
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# Financial Cash Generation

## Cash Generation

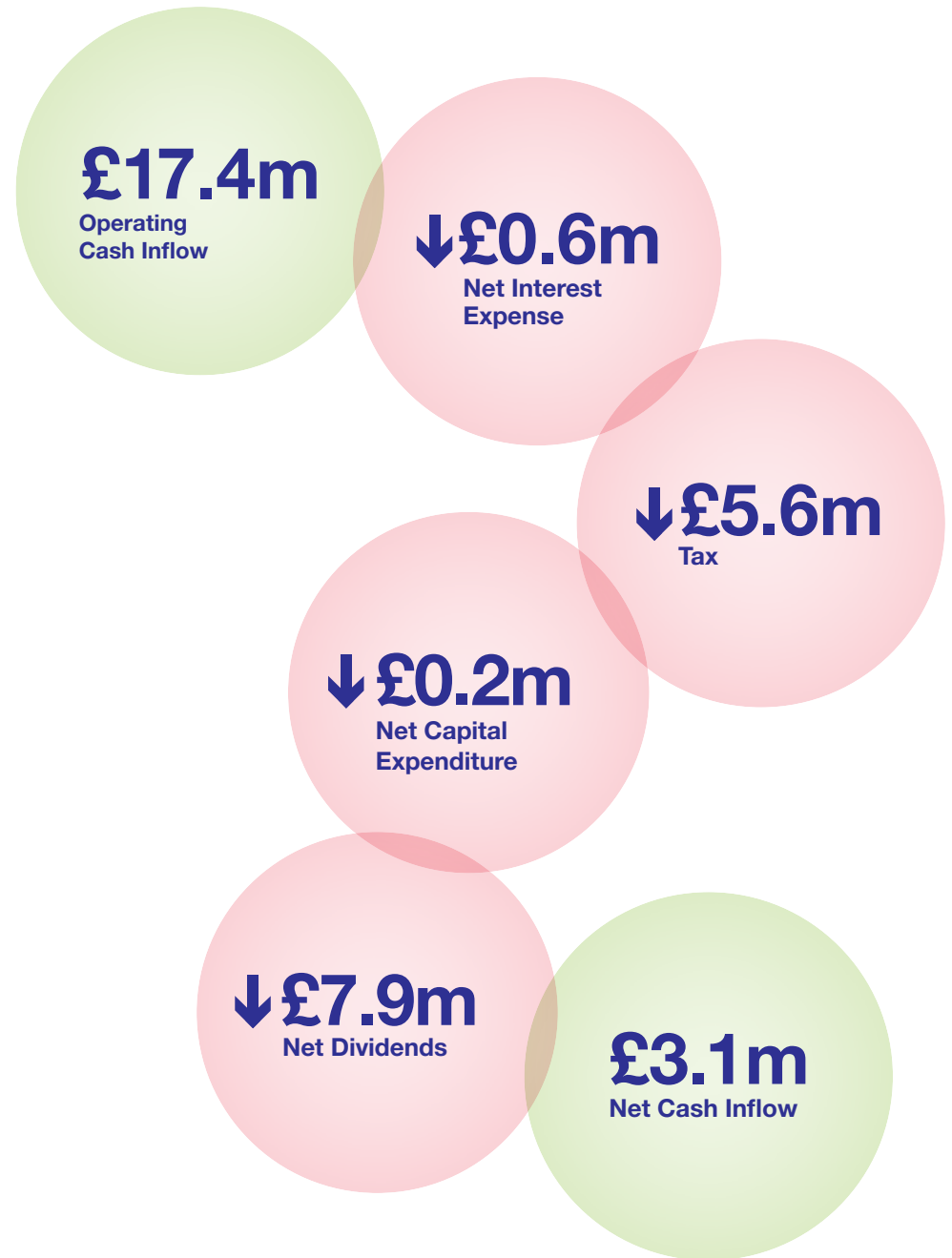
- Non-cash adjustment for depreciation and amortisation of plant and Road Link investment of **£3.0m**.
- Non-cash property revaluation surplus of **£0.6m**.
- Inventories increased as we paid overage due on owned land to be disposed of in future years.
- Payables and receivables increased as a result of land sale debtors and the levels of forward funded pre-sold property development, mainly at Aberdeen, Markham Vale and Manchester.
- Resulting in an operating inflow of **£17.3m**.



# Financial Movement in Net Debt

## Movement in Net Debt

- **£0.6m** net interest expense reflects low interest rates and very prudent gearing.
- Tax paid of **£5.6m**.
- Net Capital Expenditure **£0.2m**.
- Dividends **£7.9m**.
- Resulting in net cash inflow **£3.1m**.



# Financial 2018 Guidance

- Revenue – marginal increase on 2017 from continued high levels of property development and mix of land disposal sites.
- H2 land disposals unlikely to be as strong as H1 and subject to continuing house-builder performance.
- Cash outflows expected from increased property development. Potential investment property disposals 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 at standard rate subject to increase/decrease for revaluation deficit/surplus.
- Continued investment in house builder WIP.



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# Land Promotion

- **Profit £15.5m** (2017: £8.2m), twelve deals completed and 1,904 units sold in period.
- Strategic Land Holdings increased to over **14,000 acres**. Investment totalling circa £105m.
- Continue to be very busy in planning terms. Sites with planning permission for **17,061 units**.
- Planning consent won for **436 units** in period (HY2017: 2,680).
- Planning submitted and in progress on 27 schemes, circa **9,179 units**.
- Continuing to acquire new schemes to replenish land bank. Further planning applications expected to be submitted in second half of 2018 on circa eight sites, circa **5,700 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
<b>Jun18</b>	<b>1,595</b>	<b>12,420</b>	<b>14,015</b>
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

	Plots	Of Which Permitted
<b>Jun18</b>	<b>26,088</b>	<b>17,061</b>
Dec17	26,511	18,529
Dec16	26,869	16,417
Dec15	26,811	12,043
Dec14	22,193	11,547

### Plots Sold in Period

### Gross Profit per Plot Sold £000's

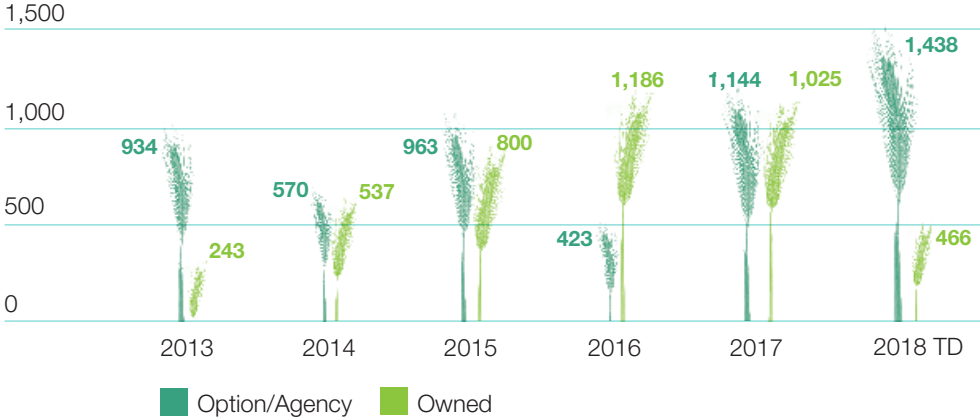
<b>Jun18</b>	<b>1,904</b>	<b>£9.1</b>
Dec17	2,169	£13.0
Dec16	1,609	£14.7
Dec15	1,763	£15.0
Dec14	1,107	£17.9

■ Gross profit of **£115m** from 8,552 plots over 4½ years at an average of **£13.5k** per plot.

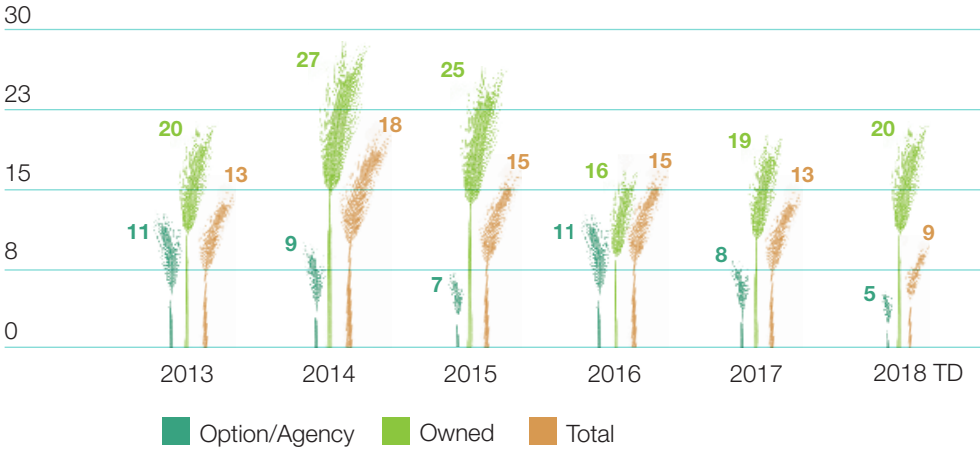


# Average Returns

Plots Sold



Average Gross Profit Per Plot £000



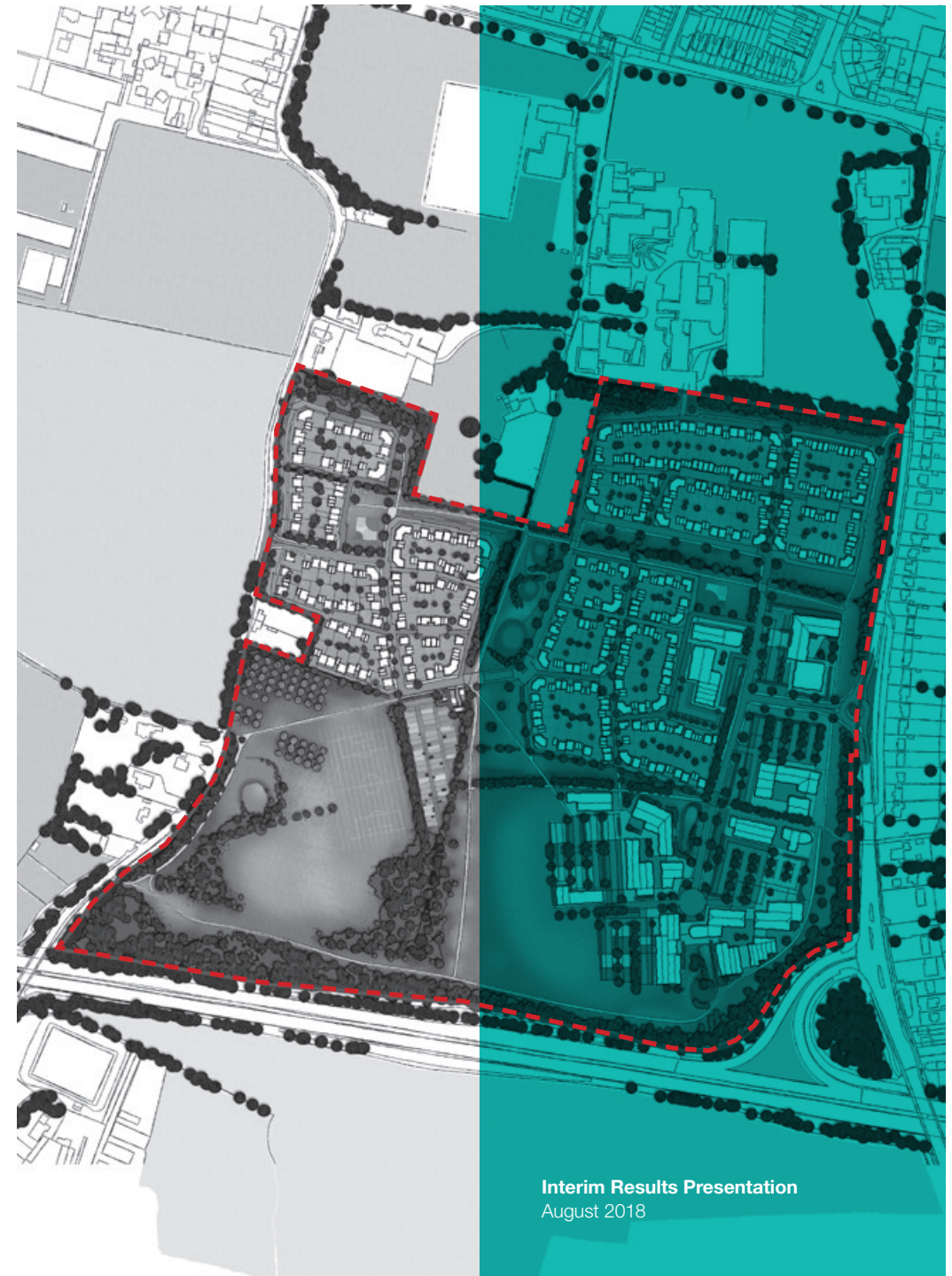
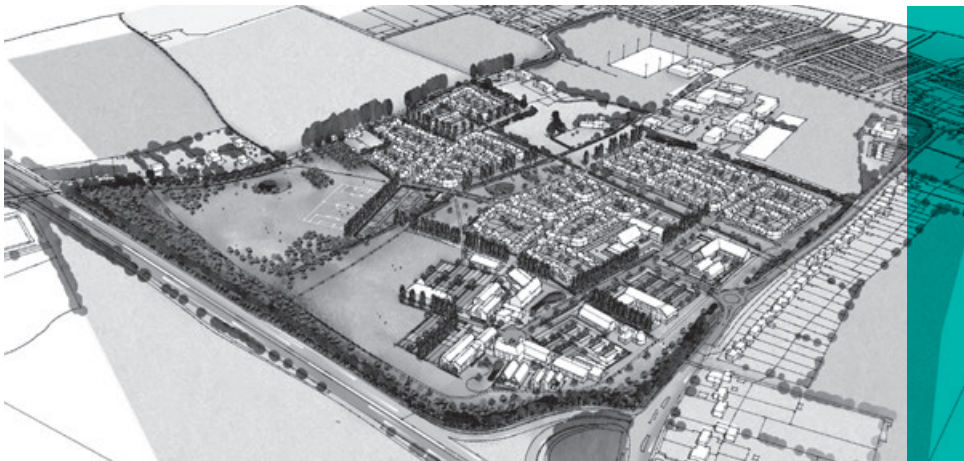
Land Promotion

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# Faversham

## Land Promotion Current Sites

- 30 hectares of agricultural land sandwiched between the A2 and M2 south of Faversham, secured by Hallam Land in January 2013 under a Planning Promotion Agreement.
- A resolution to grant planning permission was secured from Planning Committee in January 2017 subject to completion of a Section 106 Agreement which was completed in March 2017.
- The housing element was sold in two phases to Barratt Homes in July 2017 and January 2018. Contracts were subsequently exchanged with Henry Davidson Developments for a hotel – Premier Inn, a care home – LNT Care, and a convenience store.
- Work on the housing site is due to commence in late 2018.



# Property Investment & Development

- Investment property portfolio of circa **£130m**, rent passing **£7.6m**. 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 **£860m**, over 90% pre-let, pre-sold and pre-funded. **£438m** delivered since 2016. In addition, circa **£1bn** of opportunities progressing.
- So far little impact on commercial property development from EU negotiations, however, the situation continues to be monitored.
- New Birmingham Regional Office opened in 2017 now supporting delivery of schemes in the Midlands.

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£1bn

Opportunity Pipeline

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# Project Delivery

## Contracted Delivery of Projects Between 2016–2020



	5 Years				
	2016	2017	2018	2019	2020
Aberdeen		£236m		£113m	
Markham Vale		£92m		£21m	
Southend-on-Sea		£7m		£56m	
York Chocolate Factory		£56m		£11m	
Epsom		£23m		£18m	
Thorne		£7m			
Chesterfield			£3m		
Manchester, Invicta			£6m		
Manchester St. Ann's				£11m	
Monmouth			£2m		
Luton				£30m	
Belper	£4m			£3m	
Leicester				£20m	
Nottingham				£20m	
Skipton				£12m	
Walsall				£13m	
Bristol			£10m		
Wakefield				£50m	
Daventry				£28m	
Hull	£2m				
Enfield					£12m
<b>Delivered/To deliver</b>		<b>£438m</b>		<b>£428m</b>	

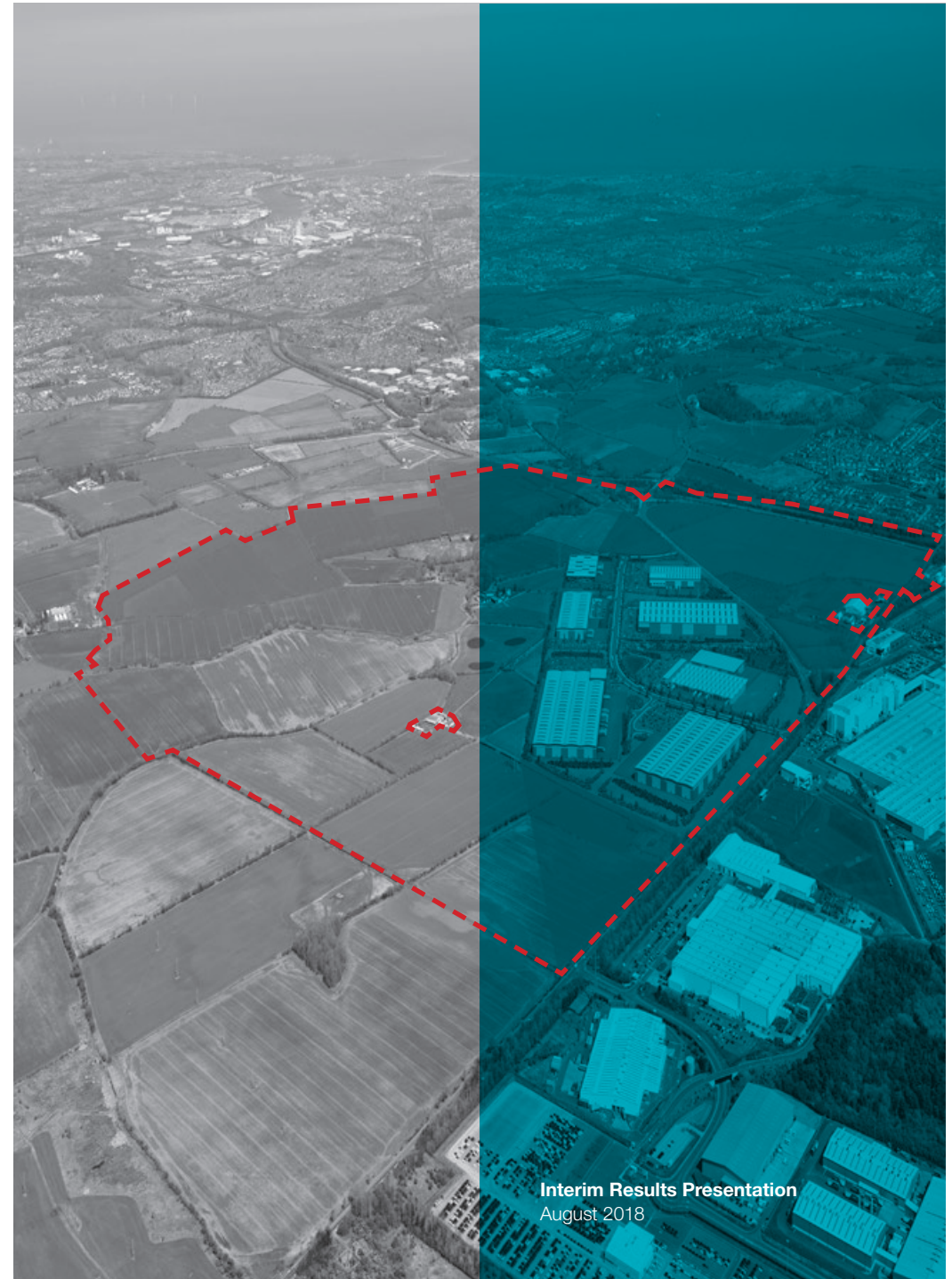
Combined Total £866m

# International Advanced Manufacturing Park

## Property Investment and Development

### Current Sites

- Henry Boot Developments has secured planning permission for the first phase of the £400m International Advanced Manufacturing Park (IAMP) in Sunderland.
- This first phase, known as IAMP ONE, covers 150 acres and will deliver 1.6m sq ft of advanced manufacturing and industrial space. The second phase will provide an additional 3.0m sq ft, creating a scheme of significant size and scale.
- Expected to create over 7,000 new jobs and to bring in significant private sector investment over the next decade.



# Construction

- Division consists of Construction, Plant Hire and Road Link (A69).
- External turnover **up 15%** at £48.9m. Trading profit slightly behind at £4m. 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. Eight years remain on concession. Very solid underpin of segment returns.
- **85%** of 2018 construction activity secured. **55%** secured for 2019. Now actively tendering larger contract sums £10m–£15m+.
- Plant performing well in 2018, **10%** return on sales (2017 10%).
- Segment has very low levels of capital employed, helps fund more cash/equity intensive development.

↑ **15%**



External Turnover



Return on Sales in 2018

**2%**  
Construction

**10%**  
Plant

**36%**  
Road Link

# Sheffield

## Olympic Legacy Park

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### Construction

#### Completed Schemes

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- The project has improved access to the Park's facilities for the local community, creating an area available for use by the public, as well as schools and local teams.
- The infrastructure works included a total of 10,000m of paving, 7,000m of roads and footpaths, and 22,000m of landscaping. Accompanying a new 3G sports pitch and 100m running track, new running paths have an innovative lighting/Wi-Fi system so runners can record their data between distance markers.
- The project was successfully completed in 2017.



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# Outlook Summary

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Collaboration

- Continued higher capital allocation to land and property development.
- Strong development pipeline, especially industrials and distribution, to be delivered over the next 5 years and beyond.
- Strategic land performing well with outline permission on over 50 sites working towards disposal.
- Housebuilding market continues to be buoyant – good for land trading.
- Stable returns from construction segment.
- Group currently trading well, but mindful of continued global political and economic uncertainty.
- Trading in line with Board's expectations for full year 2018, and no change to expectations for 2019 at this early stage.

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# Appendices

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- Group Structure – Segment Composition
- Group Structure – Board of Directors
- Group Structure – Senior Management
- Top 10 Institutional Shareholders as at 3rd August 2018
- Five-year Track Record of Strong Growth
- Henry Boot PLC Share Price vs Benchmark Indices

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# Group Structure

## Segment Composition

2018

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

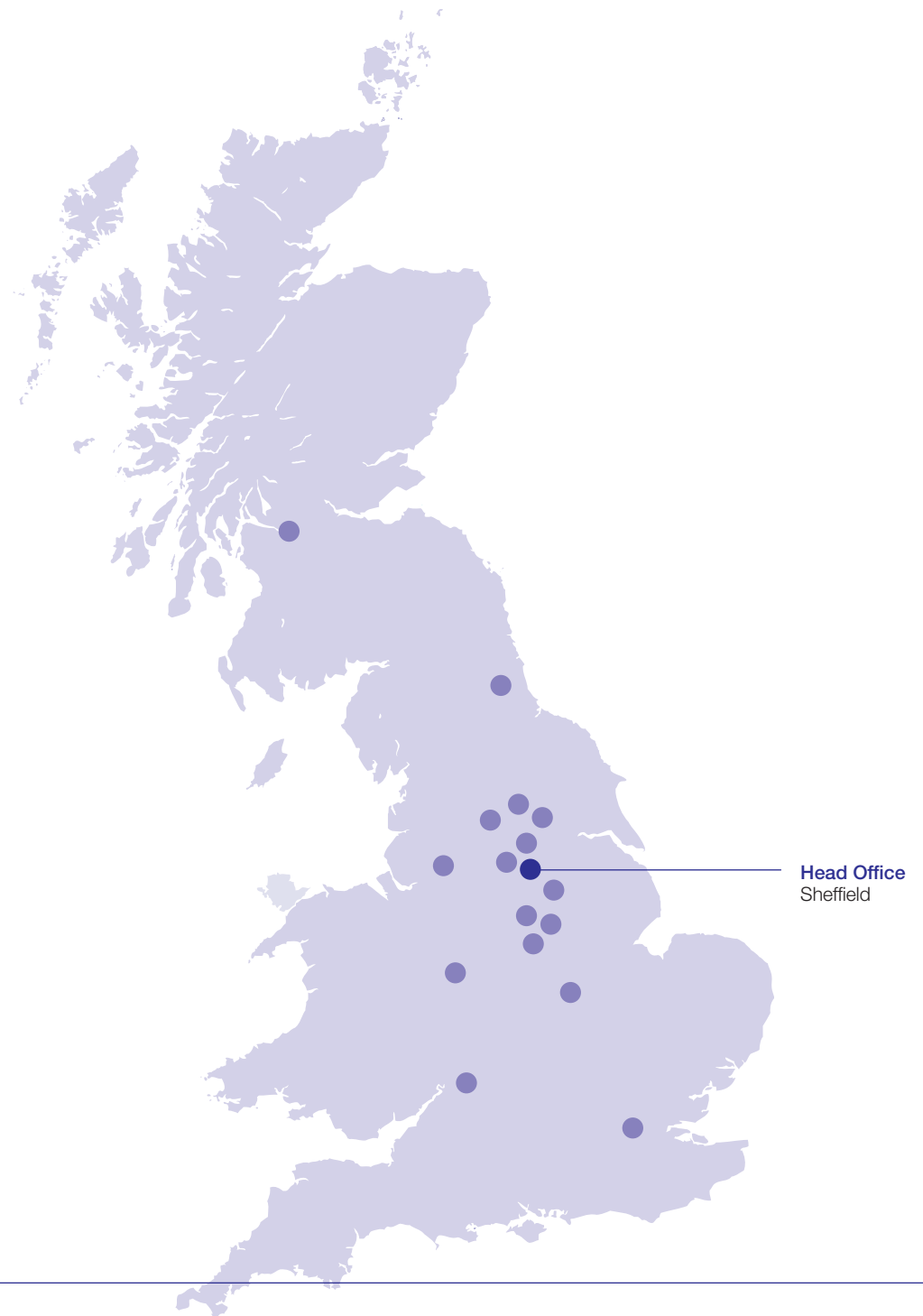
Hallam Land Management Limited is the strategic land and planning promotion arm of the Henry Boot Group. The company has been acquiring, promoting, developing and trading in land since 1990.

### Property Investment 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 eight years remaining.



# Group Structure

(from left to right)

- Peter Mawson**  
Senior Independent Non-executive Director and Chairman of the Nomination Committee
- Darren Littlewood**  
Group Finance Director
- Joanne Lake**  
Non-executive Director, Deputy Chairman and Chairman of the 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 Committee
- Russell Deards**  
Head of PLC Operations, General Counsel and Company Secretary

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## Board of Directors

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# Group Structure

## Senior Management

### Land Promotion



**Nick Duckworth**  
Hallam Land  
Management Limited

### Property Investment & 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 3rd August 2018

**8,811,508**

Canaccord Genuity Group Inc

**5,155,841**

Fidelity Management & Research

**4,122,957**

Polar Capital Holdings

**2,784,182**

Schroder Investment Management

**2,765,166**

Standard Life Aberdeen

**2,503,089**

Dimensional Fund Advisor

**2,240,511**

Hargreaves Lansdown PLC

**2,112,293**

Legal & General Group

**2,075,000**

Miton Group PLC

**1,994,200**

Ennismore Fund Management

■ 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

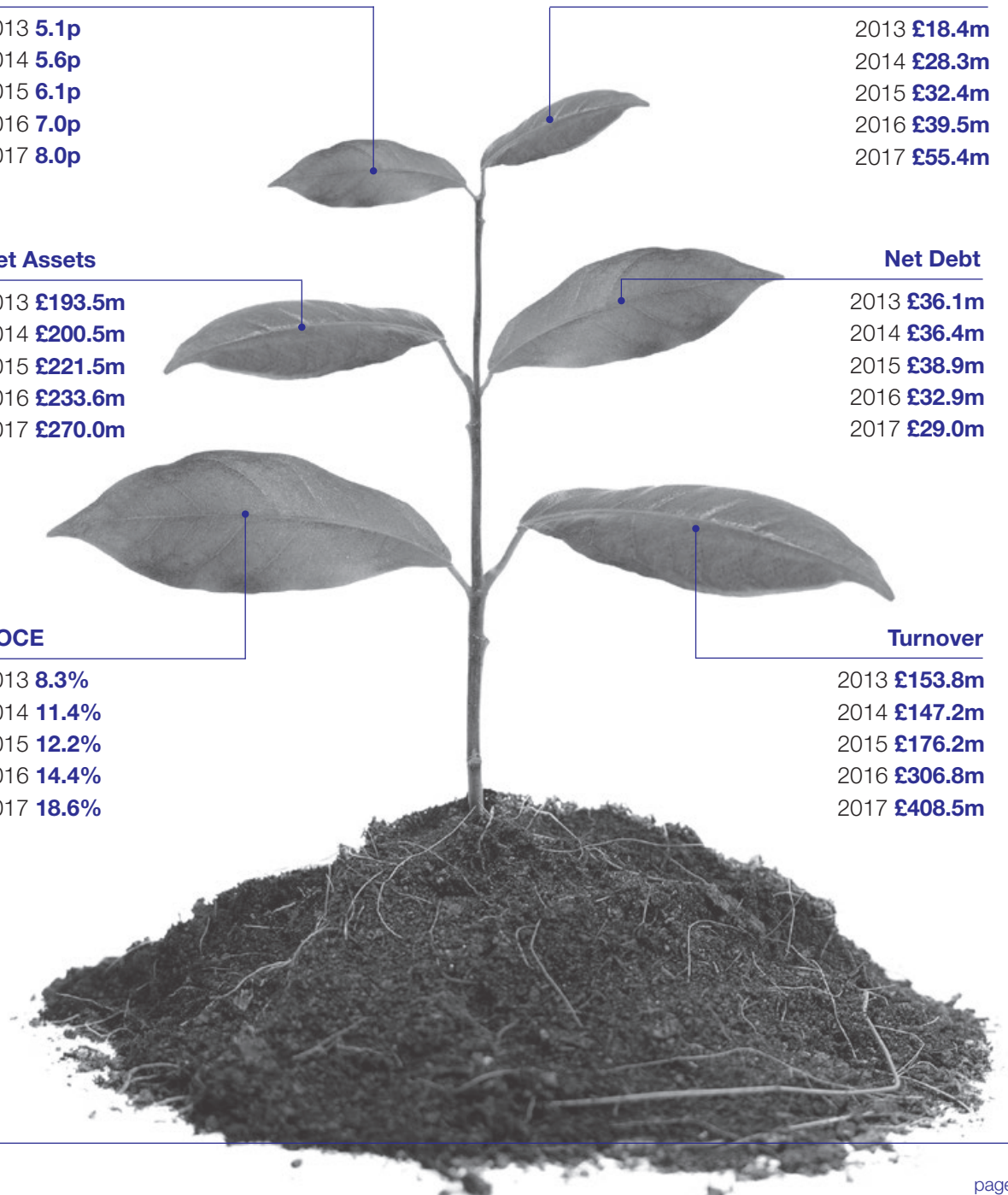
2013 **£36.1m**  
2014 **£36.4m**  
2015 **£38.9m**  
2016 **£32.9m**  
2017 **£29.0m**

## 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

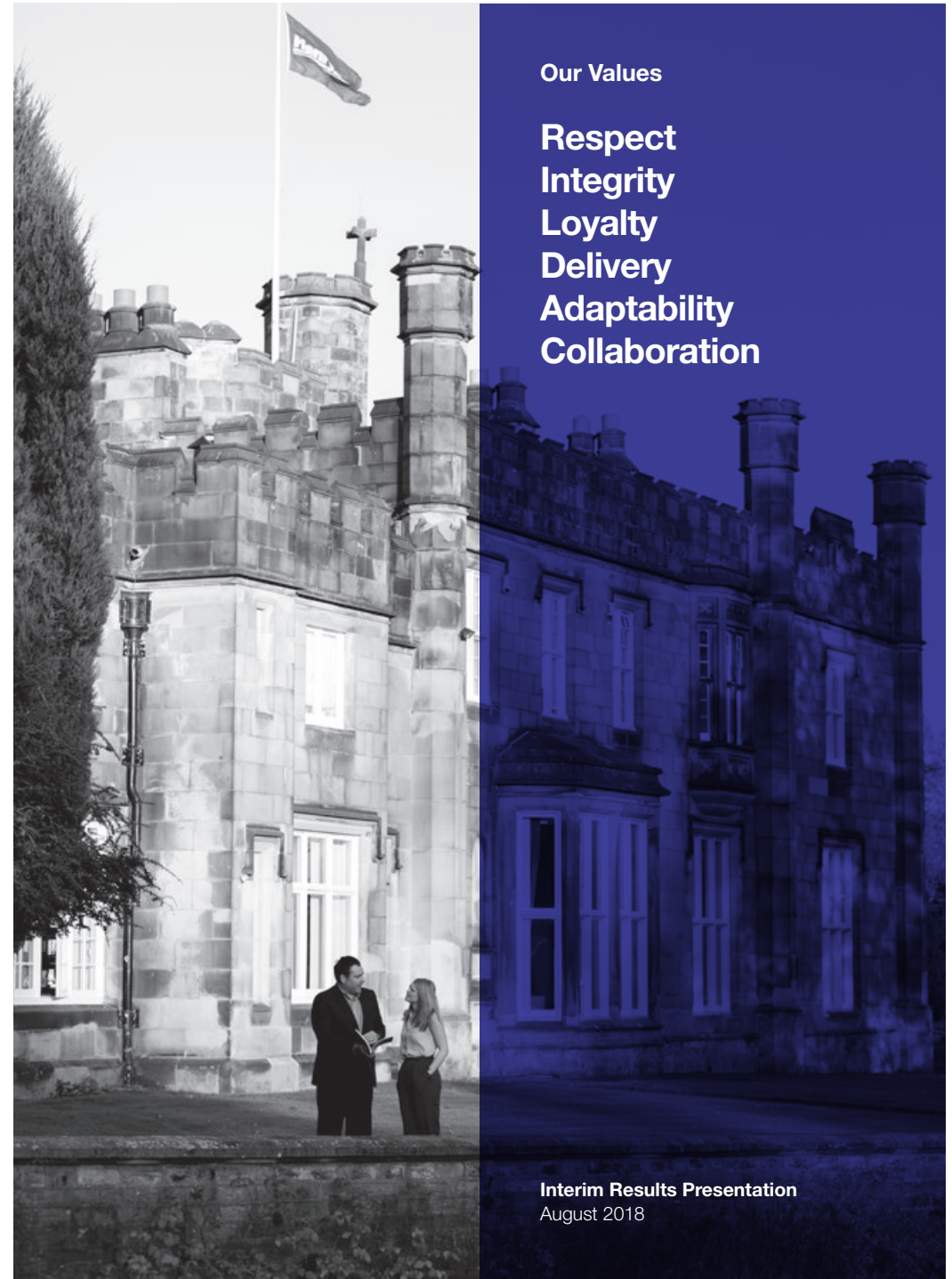
To empower and develop our people to create long-term value and sustainable growth for our stakeholders.\*

### 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

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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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