

# Welcome to our 2015 Annual Report



“I am delighted to report a 14% increase in profit before tax to £32.4m for the year ended 31 December 2015. Once again, all our business segments performed well within a solid UK economy.

“The results achieved in this year, and the quality of the opportunities we have, are a testament to our teams of talented individuals.”

## Year of transition and strong progress

**In a year of many changes, our belief in our founder’s values, our purpose and our strategy, as well as careful succession planning, gave us the confidence that we could continue to deliver consistently to our stakeholders. Our cohesive approach has allowed us to make strong progress.**

I am delighted to report a 14% increase in profit before tax to £32.4m for the year ended 31 December 2015. Once again, all our business segments performed well within a solid UK economy. Profit growth and a reduced pension deficit saw our net asset value per share rise by 16p to 168p per share.

Our strategic land business is operating in stable market conditions. There is good demand for high quality residential sites from the strongly performing UK house builders, which is matched by a good supply of planning permissions. Within commercial property development, 2015 has seen several larger scale developments move to the delivery stage

with the result that 2016 will see us begin to deliver approximately a dozen projects with a gross development value (GDV) of around £500m over a period of four years. In excess of 90% of this GDV is pre-sold and almost all is pre-let.

In addition, we delivered over 40 houses from our jointly-owned house builder and expect to add to this in 2016. Our Construction segment, including a strong performance from plant hire, once again performed well, underpinned by the stable income stream from our PFI project, delivering expected levels of return.

### Board changes

John Brown and Mike Gunston retired as Non-executive Chairman and Non-executive Director respectively at the end of 2015. On behalf of the Company, I would like to thank them for their valuable contribution over the last nine years. At that time, I became Non-executive Chairman, whilst John Sutcliffe, previously Group Finance Director, took over from me as Chief Executive Officer and Darren Littlewood, previously Group Financial Controller, moved into the role of Group Finance Director. As announced in August 2015, Joanne Lake, Peter Mawson and Gerald Jennings joined the Board as Non-executive Directors. The newly constituted Board has many years of experience within Henry Boot or the broader real estate industry, as well as in corporate finance, and is committed to the delivery of our strategy into the future.

## Dividend

I am pleased to report that following on from another very good result, the Board will recommend an increased final dividend of 3.80p, giving a total for the year of 6.10p (2014: 5.60p), an increase of 9%.

Payment of the final dividend is subject to shareholder approval at the AGM and will be paid on 31 May 2016 to shareholders on the register as at 29 April 2016.

## Our talented team

The results achieved in this year, and the quality of the opportunities we have, are a testament to our teams of talented individuals. Their skill, hard work and dedication continue to deliver great projects and bring in new opportunities for the future. On behalf of the Board and our shareholders, we thank them for their continuing efforts once again. I look forward to reporting on our combined teams' further successes through 2016 and beyond.

## Outlook

The coming year should see us deliver more commercial development schemes than at any time in the Company's history. Our portfolio covering strategic land, commercial development and construction projects has never been larger or as far advanced in planning terms. The degree to which we have already achieved pre-lets, pre-sales and planning permissions gives us great confidence in our ability to deliver these schemes profitably and we are fully focused on this. Our strategy remains to deliver long-term growth in shareholder value and we continue to successfully acquire early stage strategic land and commercial development opportunities for our business to enable us to continue to create future value. I have taken over as Chairman with the business in excellent shape and with our people energised to deliver significant growth in activity. I look forward to reporting on progress through 2016 and beyond.

### Jamie Boot

Chairman  
22 April 2016

## Highlights of the year

- Circa £500m of commercial activity expected to commence in 2016 concluding over the next four years. Mostly pre-sold and almost all pre-let.
- Almost 150 strategic land schemes throughout the country with over 12,000 permissioned units to sell over the next 3-5 years.
- Sales of 1,763 plots in the year compared to 1,107 in 2014.
- Within Construction, major contract at Stocksbridge concluding in 2016, a new similar sized three-year contract to follow on, underpinning activity up to 2019.
- Succession planning Board changes implemented seamlessly during 2015. New team takes business on in great shape.
- Record dividend of 6.10p, a 9% increase.
- Gearing levels stable despite significant growth in activity.

Read more information in our **Financial Review** on pages **32 to 37**

## Quick links to further reading

### Strategic Report



Pages **6 to 47**

### Governance



Pages **48 to 79**

### Financial Statements



Pages **80 to 133**

### Shareholder Information



Pages **134 to 144**



## Visit us online

For more information on Henry Boot PLC please visit our website at [www.henryboot.co.uk](http://www.henryboot.co.uk)

Overview

# Consistent Performance

## Our year in numbers

### Group

The strength of our business and our consistent growth is achieved through our diverse business segments. This business model allows us to invest prudently in appropriate market opportunities throughout the business cycle, delivering long-term shareholder value growth.

 Read more about how our segments support our **Business Model** on pages 10 and 11



**Pictured** Burdiehouse near Edinburgh, a development of over 300 houses.



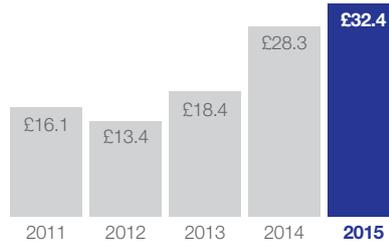
**Pictured** Euro Garages based at Markham Vale Derbyshire.



**Pictured** Yeadon extra care housing scheme awarded by Leeds City Council.

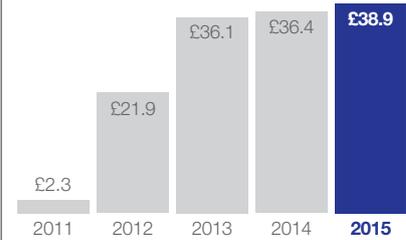
#### Profit before tax (£m)

**+14%**  
**£32.4m**



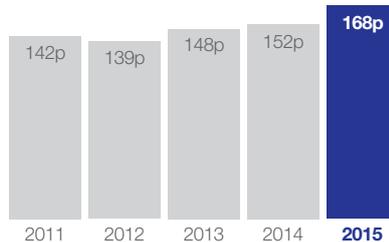
#### Net debt (£m)

**+7%**  
**£38.9m**



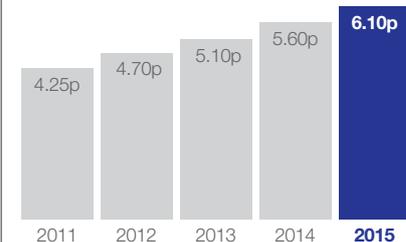
#### Net asset value per ordinary share (p)

**+10%**  
**168p**



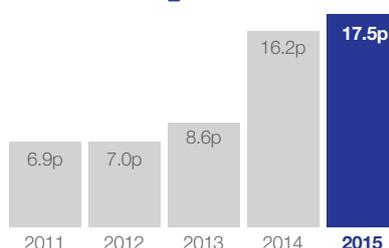
#### Dividends per ordinary share (p)

**+9%**  
**6.10p**



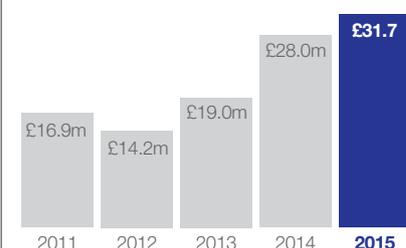
#### Earnings per ordinary share (p)

**+8%**  
**17.5p**



#### Operating profit (£m)

**+13%**  
**£31.7m**



## Segmental performance

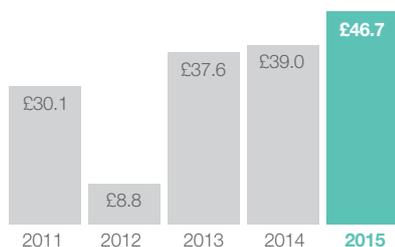
### Land Development

#### Hallam Land Management Limited

The strategic land and planning promotion arm of the Henry Boot Group. Our experienced land and planning teams promote opportunities through the complexities of the UK planning system and sell schemes to the UK house builders. The company has been acquiring, promoting, developing and trading in land since 1990.

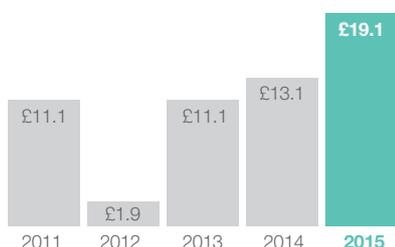
#### Total revenue (£m)

**+20%**  
**£46.7m**



#### Profit before tax (£m)

**+46%**  
**£19.1m**



### Property Investment and Development

#### Henry Boot Developments Limited

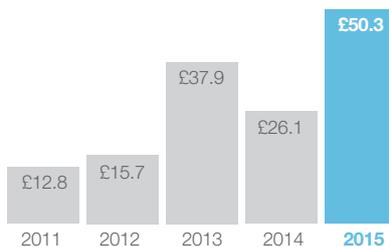
A major established leading force in the UK property development market. The company has also built up an investment portfolio of over £100m in recent years.

#### Stonebridge Projects Limited

A jointly owned company in the north of England which develops family homes that combine care, consideration and attention to detail. The company also provides high specification fully serviced office space to small business occupiers.

#### Total revenue (£m)

**+93%**  
**£50.3m**



#### Profit/(loss) before tax (£m)

**-24%**  
**£3.5m**



### Construction

#### Henry Boot Construction Limited

Specialising in serving both public and private clients in all construction and civil engineering sectors.

#### Banner Plant Limited

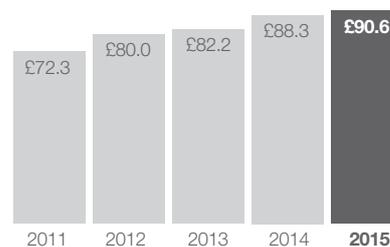
Offering a wide range of construction equipment and services for sale and hire.

#### Road Link (A69) Limited

Road Link has a 30-year contract (ten years remaining) with Highways England to operate and maintain the A69 trunk road between Carlisle and Newcastle upon Tyne.

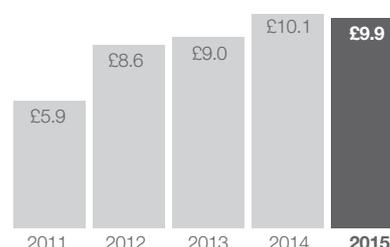
#### Total revenue (£m)

**+3%**  
**£90.6m**



#### Profit before tax (£m)

**-2%**  
**£9.9m**



## OUR VALUES

Our reputation is a key asset which is fundamental to the success of Henry Boot PLC; our values are what ensure that employees, suppliers, investors and other stakeholders have the confidence to trust that we will carry out business ethically.

By embedding these values in our actions we strengthen the ability to deliver long-term shareholder value and competitive advantage.

These values are fundamental in creating an environment of trust where all can thrive and in doing so securing the future of our business by creating long-term, sustainable relationships. All stakeholders should believe in and uphold our core values: **Respect, Integrity, Excellence** and **Innovation**.

 Read more about **Corporate Responsibility** on pages **24 to 31**

## OUR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In October we welcomed Joanne Lake, Peter Mawson and Gerald Jennings as new Non-executive Directors to the Board. They bring extensive corporate finance, planning, strategic land and commercial development experience to the Company and are, therefore, ideally suited to support our Group Executive team. We are in no doubt that they will make a strong contribution to the delivery of our strategic goals into the future.

In December John Brown and Michael Gunston retired from their positions of Chairman and Senior Independent Non-executive Director respectively. We would like to thank them both for their wise counsel and dedicated service over the last nine years and wish them well for the future.

Jamie Boot also relinquished his role as Group Managing Director in December and was appointed Chairman to succeed John Brown. At the same time John Sutcliffe was appointed Chief Executive Officer and Darren Littlewood as Group Finance Director.

Also in December we saw the retirement of Keran Power as Managing Director of Hallam Land Management Limited. Keran had been Managing Director for six years and previously a Director of the business for 12 years. We thank him for all his endeavours and wish him well in his retirement. He has been succeeded by Nick Duckworth who has worked for Hallam for over 23 years, 14 of which have been as a Director.

 Read more about our **Board of Directors** and **Senior Management** on pages **50 and 51**



**Pictured** (from left to right): Russell Deards, John Brown, Peter Mawson, James Sykes, John Sutcliffe, Michael Gunston, Gerald Jennings, Joanne Lake, Jamie Boot, Simon Carr, Trevor Walker, Darren Littlewood, David Anderson, Giles Boot, Darren Stubbs.

**Inset:** Keran Power and Nick Duckworth.



# Strong agile leadership team . . . now and for the future