

# Chief Executive Officer Update



## JOHN SUTCLIFFE

In my final update to stakeholders, I am very pleased to report that the Group has produced another resilient financial performance.

The economic and political backdrop was tricky throughout the year; however, our very capable people navigated through those challenges and delivered results slightly ahead of last year and broadly in line with expectations.

Highlights in the year include the following. The completion of TECA, our largest ever project, on time and budget during the year. The strategic disposal of the major retail biased investment property assets, which reduced rental income and profit slightly but generated cash, and the Group ended the year with net funds of £27m. Finally, Hallam Land replaced the politically delayed sale of a major scheme at Didcot by re-phasing other sales.

The Board conducted a very thorough succession process researching widely, considering our vision, values and culture to identify and appoint my replacement, Tim Roberts. As I hand over, it is a pleasure to welcome Tim to Henry Boot; I am sure he will continue to positively develop and grow the business over the coming years.

Looking back over the last 14 years as Finance Director and latterly Chief Executive of Henry Boot, I am proud of the resilience and scale we have built into the Balance Sheet. We have built a safe working environment, good job security, career progression and leadership development opportunity for our people, with our vision, values and long-standing culture to the fore. For stakeholders, we have achieved this resilience without issuing large tranches of equity, but by reinvesting profits, more than doubling dividends and adding significantly to NAV per share. The COVID-19 pandemic is a challenge that no business had envisaged and it will have an unprecedented impact on our activities.

However, we have more than doubled the strategic land acreage and the potential commercial development portfolio is now valued at over £1.3bn, on numerous sites across the UK. These opportunities have been assembled without debt and I am pleased, given the situation we are in, to be able to hand over a business in good shape, with strong financial foundations allowing Tim the flexibility to consider the best ways to grow the business in the future.

It has been an honour to serve on the Board of Henry Boot and I feel very proud of the business we have helped to build to date. I have worked with a fantastic team of skilled and committed colleagues who rarely fail to deliver great outcomes to difficult commercial challenges. I wish the Board, all stakeholders and all those colleagues every success in the future. I will watch with keen interest as the business goes from strength to strength.

**John Sutcliffe**  
Chief Executive Officer  
(to 1 Jan 2020)



I feel very proud of the business we have helped to build to date. I have worked with a fantastic team of skilled and committed colleagues who rarely fail to deliver great outcomes to difficult commercial challenges.

**John Sutcliffe**  
Chief Executive Officer



Watch the CEO's interview at  
[henryboot.annualreport2019.com](http://henryboot.annualreport2019.com)



## TIM ROBERTS

At the time of writing we are all facing a dominant challenge in COVID-19. We are fortunate in that I take over the leadership of Henry Boot from John Sutcliffe in a considered and planned manner, and find the business operating well and in robust financial shape. This puts us in a position to withstand the economic and social disruptions that the UK will face. As our COVID-19 update stated, we have made decisions that have been driven by three main priorities:

- the welfare of our people, customers and the communities in which we operate;
- operational responses to Government guidance together with feedback from our customers and supply chain;
- the long-term financial stability of the Group.

In line with our strategic priorities, safety and people, we promptly closed our offices, sites and sales centres (except where were working on vital NHS projects), with many people carrying on working from home. The reduced activity has meant a proportion of our workforce has been furloughed but made the decision that pay be topped up to 100%.

The pause on construction sites has allowed us to review our procedures and on selective sites we have recently resumed work, adhering to strict precautions and at reduced output. This also applies for our development business, although our measured approach to risk means all recently completed development is either pre-sold or let, and nearly all committed development is pre-funded or pre-let. Though our land promotion business will be affected in the short term by the pause in the housing market, they will operate remotely identifying and promoting land to create long-term value.

Financially we ended the year in a strong financial position with £27.0m of net cash and no gearing, and at 30 April that had grown to £45m. In order to manage our cash flow and maintain financial stability, we have scaled back on capital expenditure, reduced our final dividend, fully aligned to a reduced payment of all awarded bonuses in relation to 2019 – which as John has set out was a good year – and the Board has agreed to a reduction in salary and fees.

I have joined a successful, long-term business, and I look forward to shaping its strategy and leading a team which has extensive operational skills in key markets such as residential, manufacturing and logistics and urban development. I believe these are sustainable markets and as a team we are determined to make sure we have the financial resources and organisation capacity to operate profitably in them in the future.

Again, my thanks to John, and I look forward to working with the Board, my colleagues and all our various stakeholders to realise our long-term ambitions in better times.

**Tim Roberts**  
Chief Executive Officer  
(from 1 Jan 2020)



I have joined a successful, long-term business, and I look forward to shaping its strategy and leading a team which has extensive operational skills

**Tim Roberts**  
Chief Executive Officer

