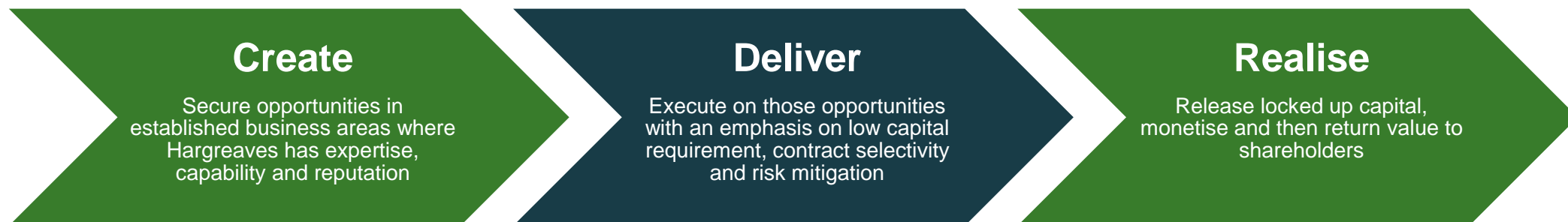


Hargreaves Services plc



Hargreaves

Hargreaves Services plc - Strategic Value Proposition



Services

- Portfolio of predictable revenue streams with over 60 frameworks and term contracts
- Organic growth focus
- Growing M&E engineering capability
- Cash generative with low capital requirements
- Inflation resistant contracts

Hargreaves Land

- Realise the inherent value in the Group's existing portfolio
- Build out major long term developments to release capital employed and provide reliable earnings
- Use of conditional contracts, joint ventures, options and development agreements to minimise capital required for new pipeline
- **Deliver and then realise value from the renewable energy land portfolio**

HRMS Joint Venture

- Support trading through commodity cycles to demonstrate inherent value
- Sustain profitability following operational changes at DK
- Secure contracts for the CPP to maximise capacity utilisation
- Repatriate cash to shareholders when appropriate

Renewables Valuation and Realisation Plan

Valuation undertaken by Jones Land LaSalle Limited covering ground rents on:

- 3 Wind Farms (125 MW);
- 6 Access Agreements (506 MW);
- 2 Battery Storage schemes (550-1050MW);



All with planning approval and grid connection dates

	Low Case	High Case
Market Value Today	£21.6m	£23.1m
Market Value at COD*	£27.2m	£28.9m
Book Value at 31 May 23	£6.6m	£6.6m

...Future Renewables

- 9 schemes under discussion
- 800 MW capacity
- Timescale 5+ years

Targeting sales over next 5 years, proceeds to be repatriated to shareholders

* Market Value at Commissioning of Development ("COD") will be achieved once all schemes are fully commissioned.

Hargreaves Services plc – FY23 Results Overview

Services

- 23% revenue growth driven by HS2 and M&E contracts;
- 21% underlying growth in UPBT from £7.6m to £9.2m
- £3.2m non-recurring profit recognised for asset realisations

Hargreaves Land

- Completion of the sale of 4.5 acres to Ogilvie Homes at Blindwells;
- 20 acre sale to Avant Homes worth £18.5m exchanged unconditionally for completion in January 2024.

HRMS

- Profitable although lower performance from HRMS, contributing £15.5m (2022: £25.0m) to Group PBT;
- Softening commodity markets, in particular zinc and iron ore, as expected.

Group

- Full year dividend increased by 2.9% to 21p including the additional 12p attributable to the repatriation of funds from HRMS;
- The Group holds no borrowings, other than specific leasing debt with cash of £21.9m at the year end.

Underlying Profit before
Tax

£27.3m

(FY22: £30.4m)

Dividend per share

21.0p

(FY22: 20.4p)

EBITDA

£21.8m

(FY22: £13.6m)

Net asset per share

£6.18

(FY22: £5.53)

Cash in hand

£21.9m

(FY22: £13.8m)

Services

- Over 60 framework agreements in place, many with cost plus characteristics or escalation factor clauses to cover increases in fuel and other inflation impacted costs
- Further growth opportunities from Sizewell and Lower Thames Crossing
- Strong revenue visibility, with over 70% secured for the new financial year, and good profit resilience

Land

- Avant sale for £18.5m exchanged unconditionally for completion in January 2024
- Development pipeline has a GDV of c£940m
- **Renewables land estimated to realise c£28m over next five years giving a gain of c£21m over NBV**

HRMS

- Trading business record demonstrates profits can be delivered outside of commodity price booms
- Reduction in trading activity will lead to surplus cash repatriation to the UK

Group Outlook

- Trading outlook for FY24 is strong led by Service and Hargreaves Land
- Pension scheme buy out for c£15m being pursued
- **Renewables land value now in the realisation phase with repatriation of cash to shareholders to follow**

Hargreaves Services plc – Investment Proposition

