



# Hargreaves Services plc

Six months ended 30 November 2024

Wednesday 29<sup>th</sup> January 2025

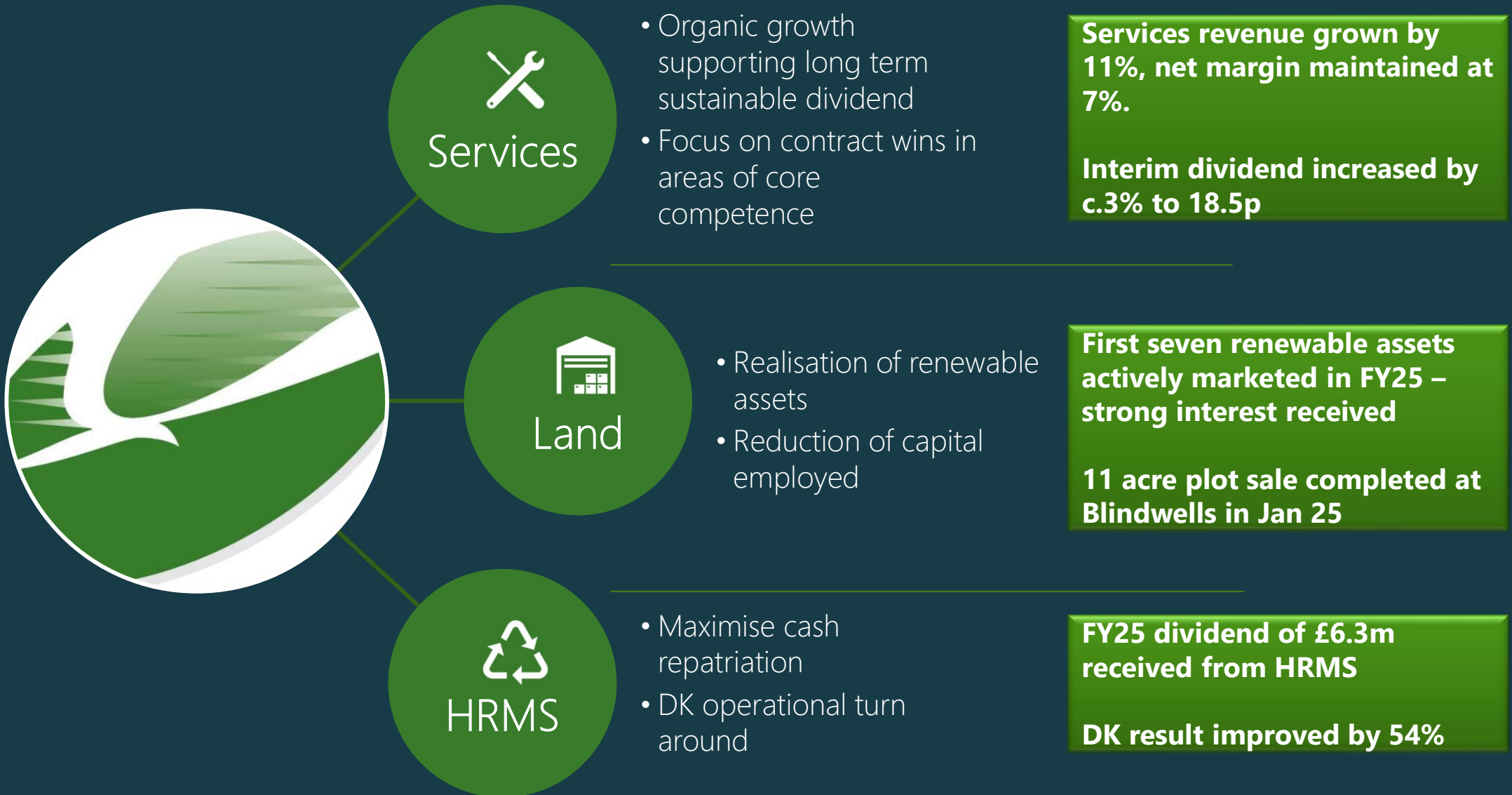


# Delivering on Strategic Commitments

Gordon Banham  
Chief Executive



# Delivering on Commitments





# Financial Review

Stephen Craigen  
Chief Financial  
Officer



# Financial Review – Income Statement



## Six months ended

	Nov 2024	Nov 2023			
	£m	£m			
<i>Revenue – Services</i>	121.2	109.5	+10.7%		
<i>Revenue – Hargreaves Land</i>	4.1	0.7	+486%		
<b>Group Revenue</b>	<b>125.3</b>	<b>110.2</b>	<b>+13.7%</b>		
<i>PBT - Services</i>	7.3%	8.8	7.1%	7.8	+12.8%
<i>LBT – Hargreaves Land</i>	(1.4)	(1.0)	-40.0%		
<i>Profit /(loss) after Tax – HRMS</i>	0.1	(1.9)	+105%		
<i>Corporate Costs &amp; Interest</i>	(2.2)	(2.2)	0%		
<b>Profit before tax</b>	<b>5.3</b>	<b>2.7</b>	<b>+96.3%</b>		
<b>Taxation</b>	<b>(1.3)</b>	<b>(1.0)</b>			
<b>Profit for the period</b>	<b>4.0</b>	<b>1.7</b>	<b>+135%</b>		
<b>EPS</b>	<b>12.2p</b>	<b>5.2p</b>	<b>+135%</b>		
<b>Dividend Per Share</b>	<b>18.5p</b>	<b>18.0p</b>	<b>+2.8%</b>		
<b>EBITDA</b>	<b>14.9</b>	<b>12.3</b>	<b>+21.1%</b>		

Services – Top line growth due to additional earthmoving activity with margin maintained

Land – Realisations anticipated in H2

HRMS – Turn around in performance following normalisation of commodity pricing

Strong growth in EBITDA

# Financial Review – Balance Sheet



Renewables: £7.6m  
Other: £8.6m

Including £48.1m for  
Blindwells

30 Nov 24 (£'m)	Services	Land	HRMS	Unallocated	Nov 24	May 24
Tangible FA's (incl. ROU assets)	50.3	16.2	-	0.6	67.1	64.9
Goodwill	6.0	-	-	-	6.0	6.0
Investments in JCEs	-	5.8	48.5	-	54.3	62.0
Inventory	1.2	52.9	-	-	54.1	49.3
Other working capital	7.1	10.2	14.2	4.9	36.4	28.6
Operating provisions	(20.9)	(0.3)	-	(0.4)	(21.6)	(19.8)
Finance lease debt	(33.5)	(0.2)	-	(0.5)	(34.2)	(34.2)
Pension scheme	-	-	-	1.3	1.3	1.3
Deferred tax asset	-	-	-	9.8	9.8	11.3
Net cash	-	-	-	15.7	15.7	22.7
<b>Total Capital Employed</b>	<b>10.2</b>	<b>84.6</b>	<b>62.7</b>	<b>31.4</b>	<b>188.9</b>	<b>192.1</b>
31 May 24	Services	Land	HRMS	Unallocated	Total	
<b>Total Capital Employed</b>	<b>5.1</b>	<b>79.4</b>	<b>70.2</b>	<b>37.4</b>	<b>192.1</b>	

Capital employed in  
Services remains low

Capital increase in Land  
due to investment at  
Blindwells, realisations  
expected in H2

Decrease in HRMS  
capital employed helped  
by dividend receipt

Deferred tax asset  
reflects the value of tax  
losses to be offset  
against future profits

# Valuation Considerations



## Services\*

REVENUE	<b>£208m</b>
EBIT	<b>£12.3m</b>
EBITDA	<b>£27.3m</b>
Equity Employed	<b>£8m-£15m</b>

\*Source – All figures are consensus analyst estimates for FY25 and exclude £4.4m of unallocated central EBIT

## Land

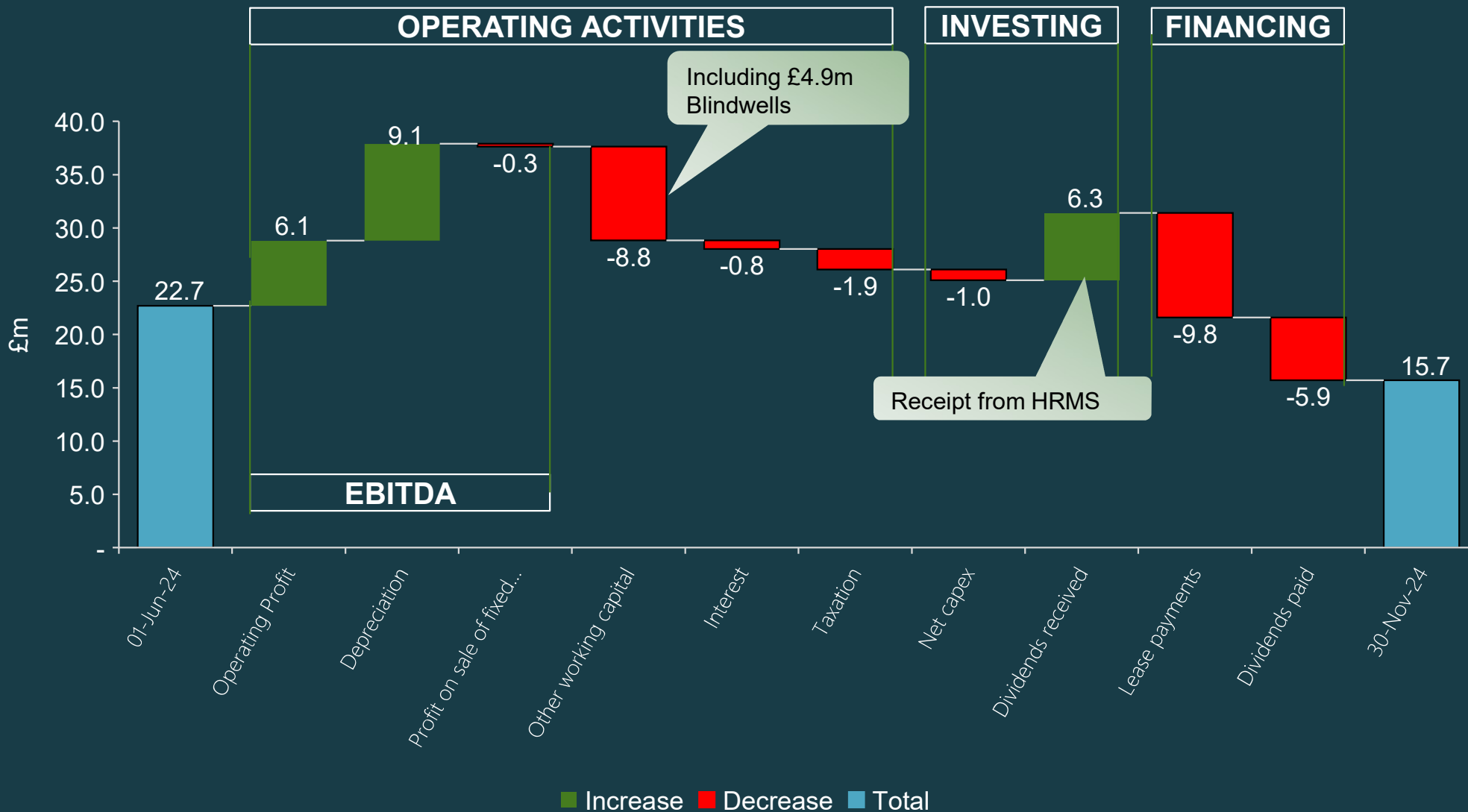
BOOK VALUE (Cost)	<b>c£80m</b>
RENEWABLE UPLIFT	<b>&gt;£20m</b>
Timescale	<b>5-7 years</b>

Moving to a lower capital model, utilising c£20m of capital employed to deliver minimum 15% return

## HRMS (Joint Venture)

BOOK VALUE (Cost)	<b>£70m</b>
ANNUAL CASH RECEIPT	<b>£7m</b>
Timescale	<b>5-7 years</b>

# Finance Review – Cash flow





# Finance Review – HRMS Summary

## Consolidated financials



### Income statement

£'m		Nov 24		Nov 23
Revenue – HRMS		109.3		137.7
Revenue – DK		47.8		65.6
<b>Revenue</b>		<b>157.1</b>		<b>203.3</b>
PBT – HRMS	4.3%	4.7	4.1%	5.7
LBT - DK	-9.6%	(4.6)	-15.1%	(9.9)
<b>Profit/(loss) before tax</b>		<b>0.1</b>		<b>(4.2)</b>
Taxation		-		2.0
<b>Profit/(loss) after tax</b>		<b>0.1</b>		<b>(2.2)</b>
<b>Hargreaves share at 86%</b>		<b>0.1</b>		<b>(1.9)</b>

### Total Group Exposure to HRMS:

£'m	Nov 24	May 24
Share of retained earnings	48.5	56.0
Total loans	11.3	11.3
Dividend receivable	2.9	2.9
<b>Total exposure</b>	<b>62.7</b>	<b>70.2</b>

### Revenue decline

Volumes in HRMS trading broadly consistent at 389kt (2023: 390kt), however, commodity pricing is lower impacting on the revenue

### Margin

HRMS margin maintained despite drop in top line revenue. DK substantial improvement on prior year, with better fuel supply pricing

### Balance sheet

£'m	Nov 24	May 24
Tangible fixed assets	60.3	64.9
Inventories	77.1	86.4
Borrowing base	(47.3)	(51.1)
Other working capital	(3.9)	(6.9)
<b>Capital employed</b>	<b>86.2</b>	<b>93.3</b>
<i>Funded by:</i>		
Amounts owed to Hargreaves	(11.3)	(11.3)
Net (bank debt)/cash	(0.4)	4.5
Pension scheme	(12.2)	(12.3)
Third party loans	(4.5)	(5.3)
<b>Equity</b>	<b>57.8</b>	<b>68.9</b>

# Operating Review Services

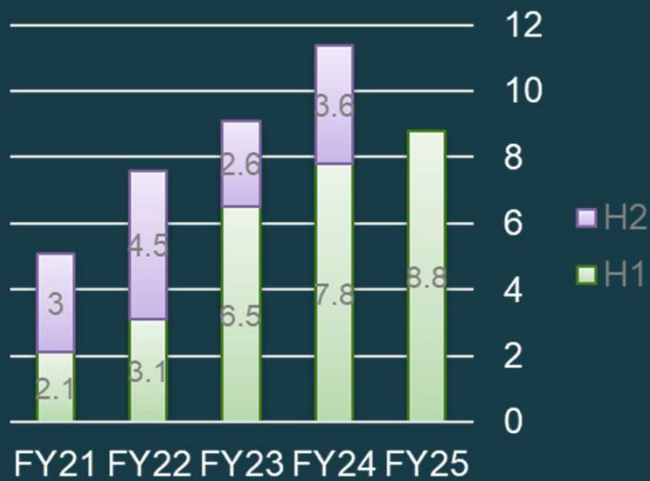
Gordon Banham  
Chief Executive



# Services - Resilience and quality



Services – PBT Growth £m



**65+**

Frameworks and term contracts

**c.90%**

Secured orders as 30 Nov 24

**5%+**

Typical operating margins

Major Customers



## Inflation resistant

Many contracts are defined cost plus a margin with built in inflation and escalation factors to protect margin.

## Credit exposure

No over reliance on a single customer; largest debtor represents 9% of total book.

## Revenue resilience

Services operates across four core market sectors, limiting the risk of over exposure to one particular market

## Board appointment

Appointment of Simon Hicks as Chief Operating Officer (“COO”) starting 1 June 2025



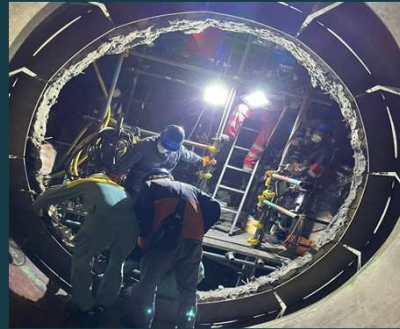
# Services – Market focus



**Major Earthmoving**



**Bulk Logistics**



**Specialist M&E**



**Turnkey Engineering**



**Land Remediation**



**Quarrying and Aggregate Services**



**Bulk Materials Handling**



**Waste Management Solutions**

**Core Services**

## Major infrastructure projects



**HS2**  
A further two seasons at current levels at least remaining



**Sizewell C**  
substantial enabling works secured in the first half



**Lower Thames Crossing**  
preferred partner to Balfour Beatty



**Tungsten West**  
strong contractual position with TW awaiting funding

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## Contract Successes



Secured a five-year contract with FCC for transportation services



New position providing Management Services for Enfinium EfW



Secured two-year position with Yorwaste providing recycling transfer services



# Hargreaves

# Land

David Anderson

Group Property Director



# Key Events - Transactions



- ✓ Two sales, totalling 483 plots completed to Avant and Places for People.
- ✓ Second sale now exchanged with Bellway for 217 plots, completion expected mid 2025.

## Blindwells

- ✓ Financial close completed on 500MW Broken Cross battery storage making it one of the largest such schemes in Europe. Lease granted and construction about to commence.

## Renewables



## Unity

- ✓ Planning permissions secured for McDonalds and Starbucks. £1.2m plot sales expected to complete mid 2025.



## Planning promotion

- ✓ A further 219 acres now contracted and being promoted through the plan process.
- ✓ Targeting the delivery of a further 1,100 residential plots and 1m sq ft of commercial space.



# Hargreaves Land – Renewables portfolio



Status		Nov 24	Book Value	Independent Valuation
OPERATIONAL	2 Windfarms 2 Access Agreements	206MW		
UNDER CONSTRUCTION	1 Windfarm 3 Access Agreements	300MW	£7.4m	£27m-£29m
PRE-CONSTRUCTION	1 Windfarm 2 Access Agreements 1 Battery Storage	892MW		
	<b>11 Schemes</b>	<b>1,398MW</b>		
CONTRACTED, Pre-Planning	1 Access Agreement 1 Wind Farm 1 Battery Storage	505 MW	Negligible	n/a
Non-contracted pipeline	4 schemes	561MW	Negligible	n/a
<b>BROUGHT TO MARKET</b>	<b>2 Windfarms 5 Access Agreements</b>	<b>466MW</b>	<b>£4.1m</b>	<b>£12.6m</b>

- First tranche of 7 renewables assets brought to market with good interest received
- Renewables rental income increased by 126% to £385k (Nov 23 £170k).



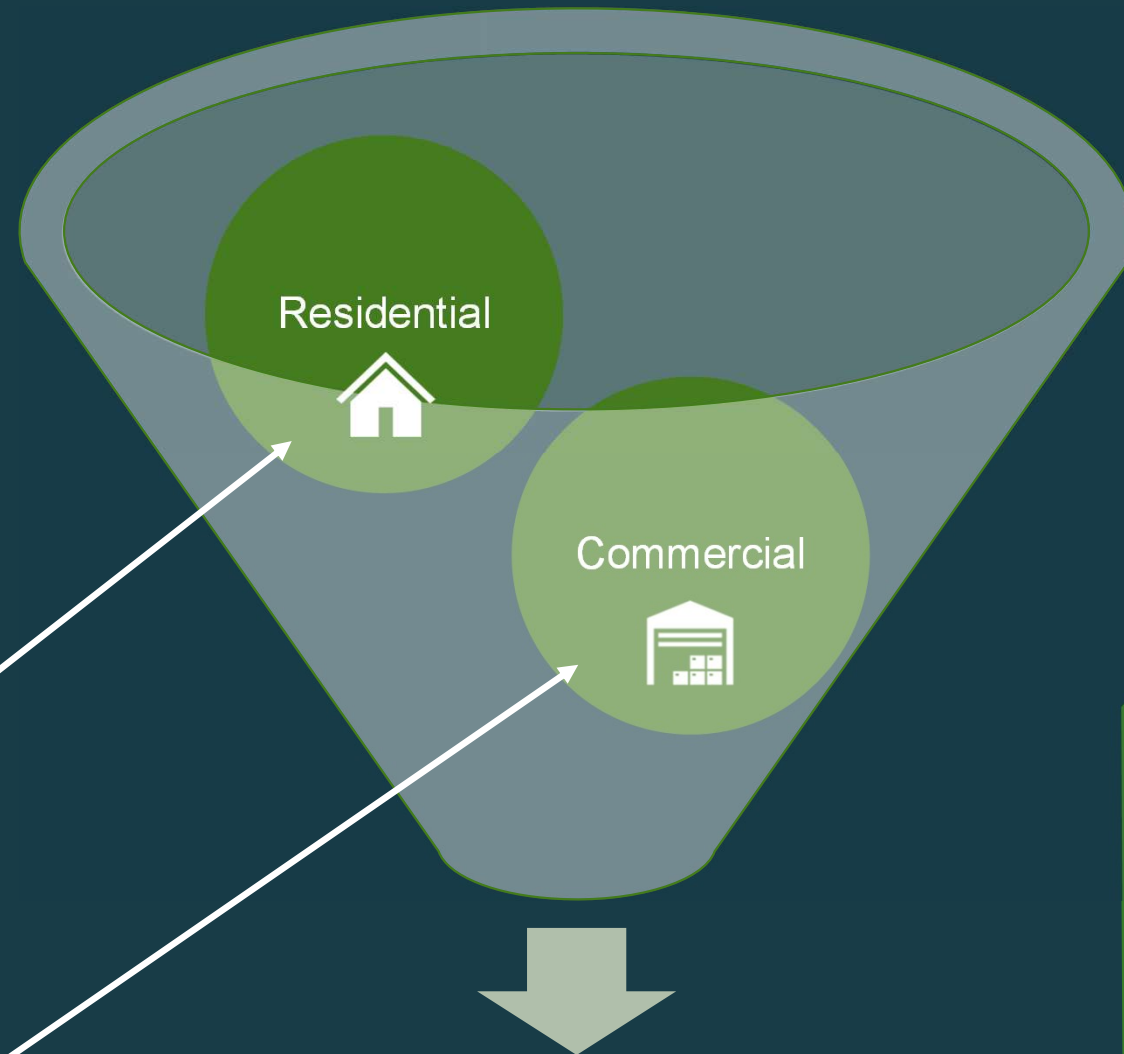
# Project Pipeline

## Strategy

Build a long-term capital light development pipeline, using conditional contracts, development agreements, promotion agreements and options.

- 6 new sites contracted in H1 FY25.
- Potential to deliver over 1,100 residential plots across 159 acres with a GDV of £57m.
- 5,043 residential plots (869 acres) allocated. GDV £145m. 30% owned freehold. HL share 70%.
- 4,175 residential plots now being promoted across 11 sites covering over 450 acres. GDV £185m (FY24 3,075 plots, 299 acres, £128m GDV).
- A further 8 sites subject to agreed terms for the promotion of 1,300 residential plots across 200 acres. GDV £54m

5.3m sq ft of commercial space covering over 500 acres allocated. GDV £800m.



Total development pipeline £1.175 bn



# Operating

# Review

# HRMS

Gordon Banham

Chief Executive



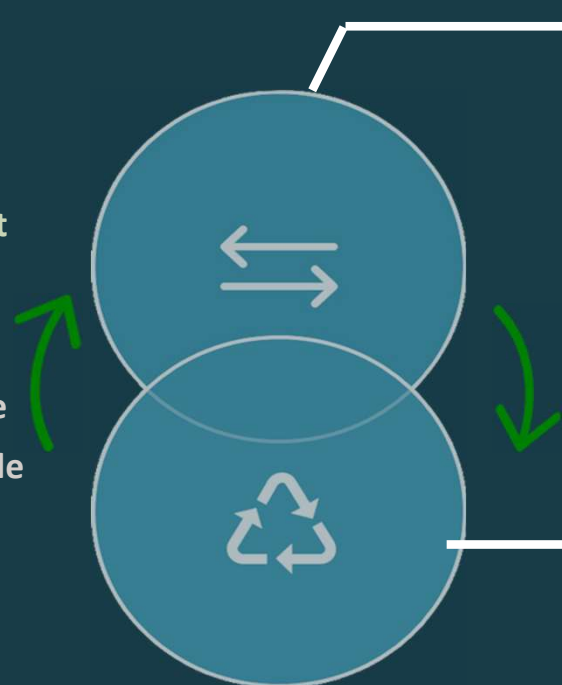


# Hargreaves Raw Materials GmbH – JV

## HRMS is a Joint Venture

Hargreaves owns 49.9% of voting shares, however, is entitled to 86% of economic benefit through non-voting shares.

The results of HRMS are not consolidated in the Group accounts, they are represented by a single line item in the P&L and Balance Sheet



## HRMS - Trading

Market leading trader in industrial raw materials in Germany and Northern Europe. Supplying solid fuels, refractory minerals, pig iron and ferro-alloys.

## DK Recycling

One of the largest recyclers of ferrous waste materials in the world, producing pig iron and zinc. DK includes the Carbon Pulverisation Plant

# Hargreaves Raw Materials GmbH - trading

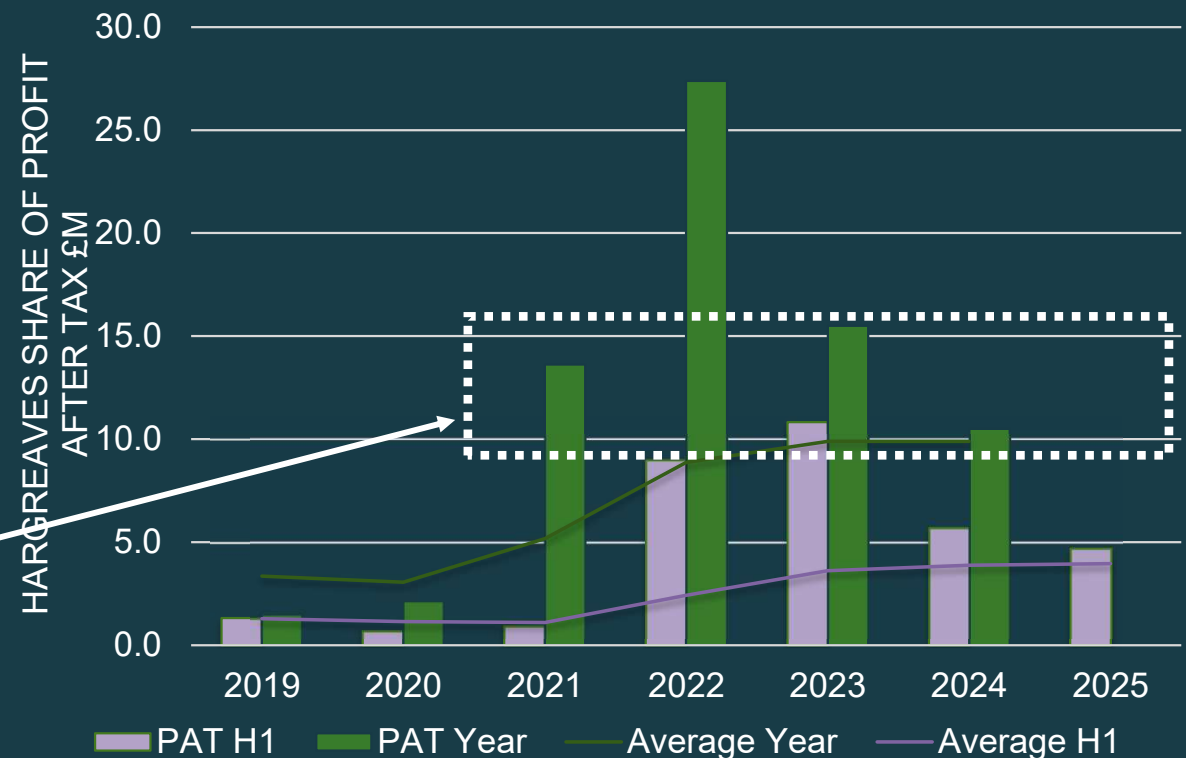


Profits from trading in HRMS have been variable over the period of ownership, given dependency on commodity cycles and market pricing.

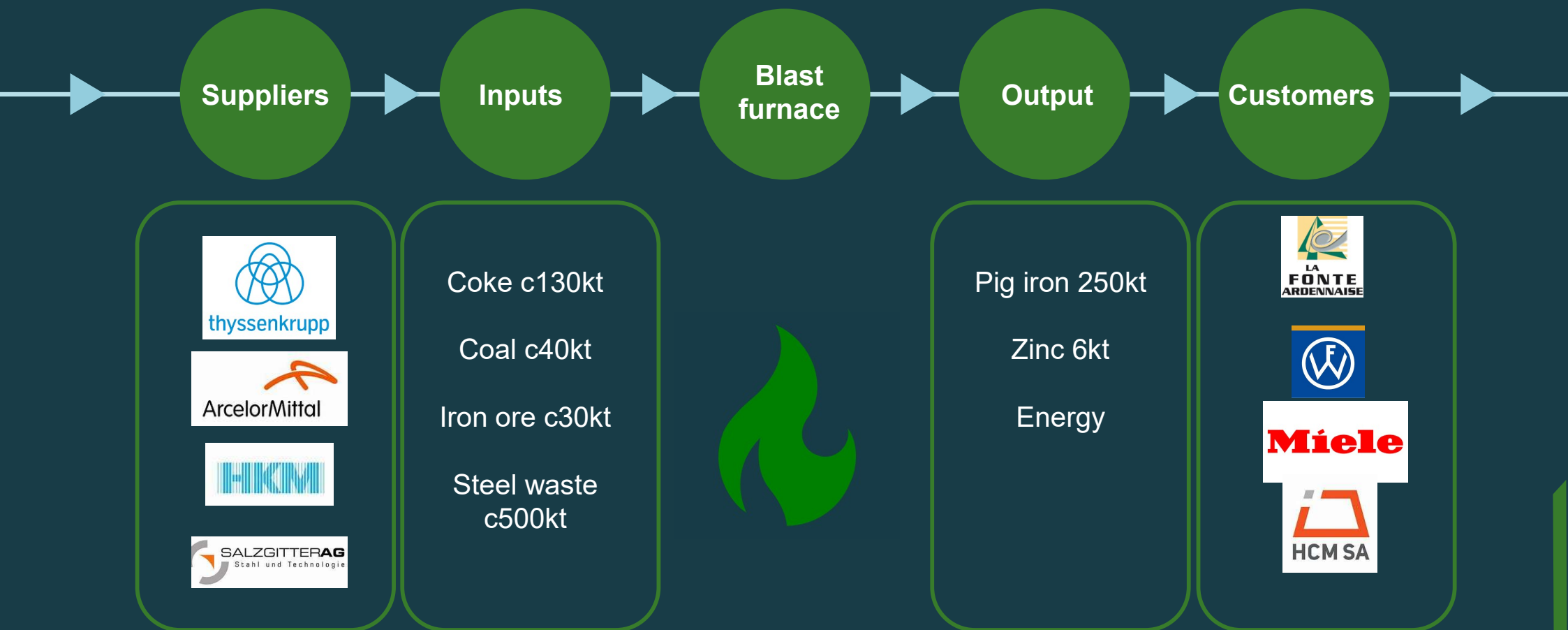
DK acquisition in December 2019 provides greater synergies to trade on higher volumes

Normalised trading levels expected to deliver between £8m and £16m higher than prior to the acquisition

Historic performance of the trading business

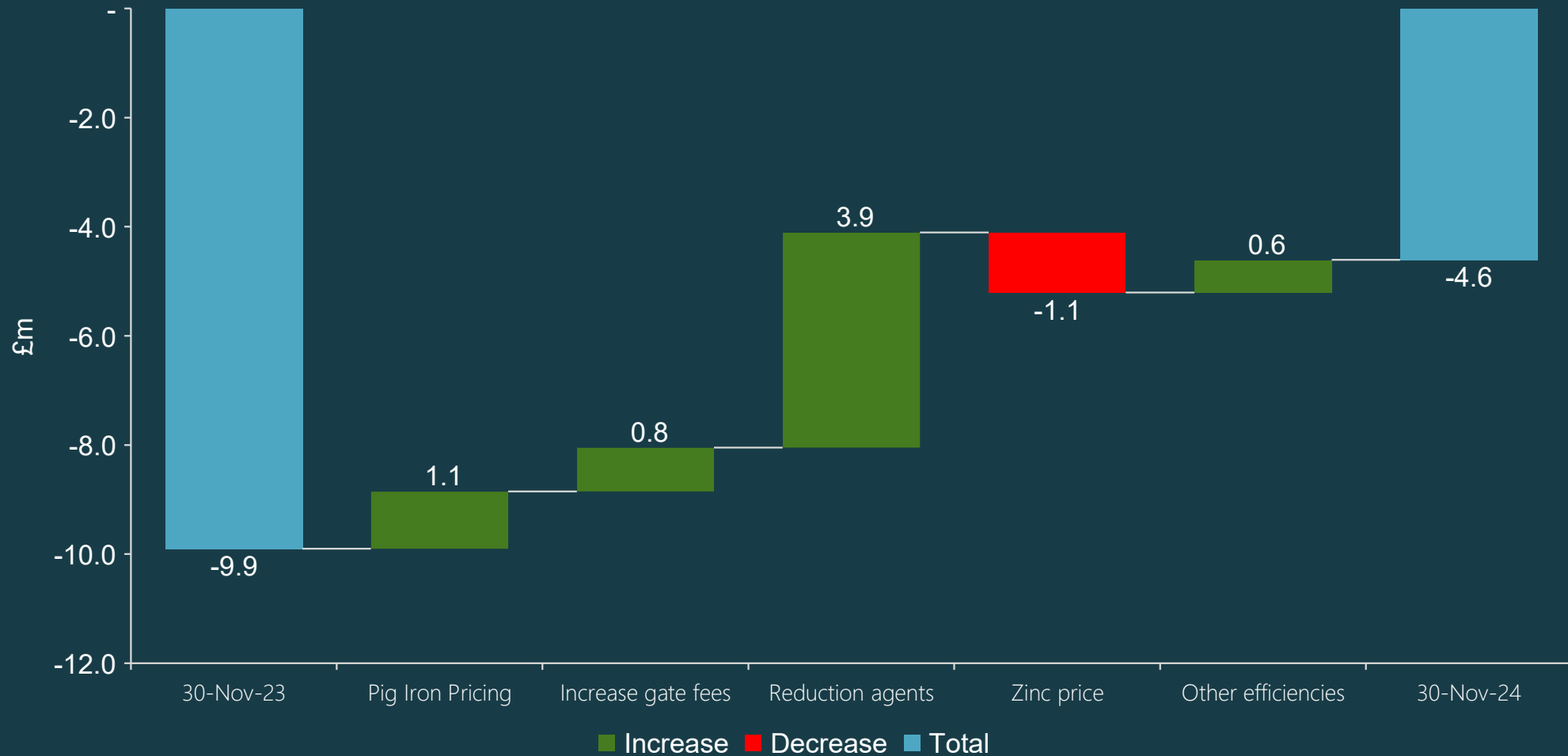


# DK Recycling und Roheisen GmbH – Operating model



**DK is a net energy generator with surplus output being sold back to the German grid**

## Drivers for DK Improvement



# Hargreaves Services plc – Outlook



## Group Outlook

- Strong trading outlook for FY25 and beyond led by Services.
- Significant progress made on strategic goals.
- FY25 Group performance anticipated to be in line with expectations.
- Sustainable full year dividend increased to 37p.



## Services

- 90% of FY25 revenue secured giving excellent visibility.
- Improved revenue and profitability expected in the current and future years due to earthmoving pipeline.



## Land

- First tranche of renewable energy land assets currently marketed.
- Technical planning delay means an expected sale is now unlikely to complete until FY26.
- Growing pipeline of development opportunities.



## HRMS

- Improvement in DK expected to continue into the full year.
- Focus remains on cash returns from the joint venture.



# Hargreaves Services plc – Investment Proposition



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