

# OUR STRATEGY

"In my first business review since taking over as Chief Executive Officer on 1 January 2016, I am very pleased to report that Henry Boot PLC has delivered yet another strong operational performance, financial result and earnings per share growth of 23%. Our strategy and the Company organisation remains unchanged, as do the key metrics by which we manage and monitor our business segments. 2017 has started well in all our businesses and we confidently look forward to a year of further progress."

**John Sutcliffe**

Chief Executive Officer



## Purpose

We express our purpose through our key objective which is to maximise long-term shareholder value.

## Strategy to achieve our Purpose

We shall promote land, develop and prudently invest in high quality property assets, and provide construction activities for the longer term as explained by our Business Model. Our strategic priorities are flexible and regularly reviewed in order to deal with the vagaries of the economic cycle and with prudent borrowing levels we seek to ensure the long-term security of our asset base and the ability to pay dividends.

Business Initiative	How we'll measure progress	How our model supports this
Provide growing long-term shareholder returns	<ul style="list-style-type: none"> <li>– Shareholder value</li> <li>– Shareholders' funds</li> </ul>	<ul style="list-style-type: none"> <li>– Long-term financial strength</li> <li>– Resources</li> </ul>
Create regular revenue streams through retained property assets, rental income and construction activities	<ul style="list-style-type: none"> <li>– Revenue</li> <li>– Return on capital employed</li> <li>– Investment property</li> </ul>	<ul style="list-style-type: none"> <li>– Construction</li> <li>– Property investment</li> </ul>
Achieve long-term funding relationships with financial partners and maintain prudent levels of gearing at less than 50% of net assets	<ul style="list-style-type: none"> <li>– Gearing levels</li> <li>– Revenue</li> <li>– Net assets</li> </ul>	<ul style="list-style-type: none"> <li>– Long-term financial strength</li> </ul>
Create long-term cyclical revenue potential and realisation through land promotion and property development	<ul style="list-style-type: none"> <li>– Long-term revenue</li> <li>– Asset value creation</li> </ul>	<ul style="list-style-type: none"> <li>– Land promotion</li> <li>– Property development</li> </ul>
Provide a long-term commitment to high levels of dividend cover	<ul style="list-style-type: none"> <li>– Earnings per share</li> <li>– Dividend cover</li> </ul>	<ul style="list-style-type: none"> <li>– Long-term financial strength</li> <li>– Resources</li> </ul>
Achieve a return on capital in excess of 10%	<ul style="list-style-type: none"> <li>– Profit</li> <li>– Net assets</li> <li>– Return on capital employed</li> </ul>	<ul style="list-style-type: none"> <li>– Construction</li> <li>– Property investment</li> <li>– Property development</li> <li>– Land promotion</li> </ul>
Recruit and retain the highest calibre of people to meet our key objective	<ul style="list-style-type: none"> <li>– Long-term success of businesses</li> <li>– Individual performance targets met</li> </ul>	<ul style="list-style-type: none"> <li>– Talented people</li> <li>– Successful and motivated</li> </ul>