

# Company Summary

## Investment Profile

1. Experienced board of directors who own c.10% of equity
2. Considerable momentum across entire business
3. Dividend increase and additional dividend
4. Strong growth potential across all businesses
5. No bank debt / strong balance sheet
6. Resilient to macro-economic challenges

## Share Information

<b>Ticker</b>	HSP
<b>Share Price</b>	485.00p
<b>Shares in issue</b>	32.5m
<b>Market Cap</b>	£157.88m
<b>12m Hi/Low</b>	518.00/305.55p

(Source: The London Stock Exchange, August 2023)

## 12-Month Share Price



(Source: The London Stock Exchange, August 2023)

## Major Shareholders (as of August 2023)

Name	%
Harwood Capital	28.26
Canaccord Genuity Group	9.90
GB Holdings (2021) Limited	8.13
Downing	4.97

(Source: company website)

## Hargreaves Services - [AIM Rule 26](#)

### [Capital Markets Day](#)

## Company Overview

**Hargreaves Services plc (AIM:HSP)** is a diversified group delivering services to the industrial and property sectors, supporting key industries within the UK and South East Asia. The Company's three business segments are:

- [Services](#)
- [Hargreaves Land](#)
- [German joint venture, Hargreaves Raw Materials Services GmbH \(HRMS\)](#)

## Focused Strategy

Over the past year, Hargreaves has outlined its strategy to create, deliver and realise shareholder value built upon its three business pillars of Services, Hargreaves Land and its investment in HRMS, the German JV.



## Momentum driven by Services

Hargreaves has continued its strong earnings momentum and resilience in FY23 by delivering revenues and underlying profit before tax above market expectations despite the current challenging economic environment. The excellent performance was driven by the continued expansion of a robust recurring revenue base in Services which provides a strong foundation for future growth.

Revenue increased 18.9% to £211.5 (FY22: £177.9m), with EBITDA increasing over 60% to £21.8m, highlighting the underlying growth in the Services business - Services UPBT increased 61.8% to £12.3m (FY22: £7.6m). Over the period, the Services business signed an additional 10 new term and framework contracts, taking the total to over 60 which provides visibility of 70% of next year's expected revenue. The Group also announced it intends to buy out its pension scheme to the sum of £15m, and **will reinvest the £2m per annum contributions into a sustained increase in its dividend.**

## Realisation plan for renewable assets

The Group had its portfolio of renewable energy land assets, comprising three wind farm leases, six access agreements and two solar farm leases, valued by Jones Lang LaSalle Limited at 30 June 2023. This valuation placed an expected Market Value at Commissioning of Development of **between £27.2m and £28.9m**. These assets exclude the Westfield site where an Energy from Waste plant is being constructed by a third party. These renewable energy land assets are held at cost in the Balance Sheet at £6.6m. It is the Board's intention to realise the value within these renewable energy land assets over the next five years and repatriate proceeds to shareholders.

## Hargreaves and ESG



Hargreaves has developed a substantial portfolio of diverse ESG projects across its three business units, employing its skills and assets from its past to build a robust and resilient business for the future.

The Company committed to developing a Sustainability Framework for plans to reduce carbon, waste and energy to align with the UK government's goal of achieving Net Zero Carbon by 2050.

Hargreaves was also awarded a Gold CSR Accreditation from the CSRA for its initiatives pursued as a results of its CSR Fund.



### Hargreaves Land

Key projects:

- 35 year ground lease completed for Energy from Waste facility at its Westfield site
- Renewable energy:
  - Ground leases on wind farms able to generate 120 MW
  - Access Agreements serving other wind farms with capacity for 450 MW
  - Operator delivery programme estimated FY24 to FY27



### HRMS

DK Recycling

- Recycles approx. 580kt of ferrous waste which would otherwise be sent to landfill
- Covers 100% of its own power requirements, supplies energy to companies located on the premises and feeds the rest into the power grid



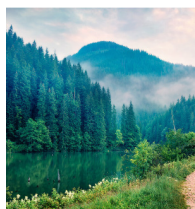
Carbon Pulverisation Plant

- Produces c100kt (capacity for c400kt) output which is much greener alternative to the widely used brown lignite coal

### Services

Environmental services

- Looking towards Carbon Sequestration opportunities on former Scottish mining sites



## Key Newsflow

**Jan'24:** Land sale at Blindwells

**Jan'24:** Interim results

**Dec'24:** Pre-close trading update

**Oct'23:** AGM

**Jul'23:** Full year results

## Management Team

The experienced management team led by **Chairman Roger McDowell** has a track record of executing strategic growth leading to substantial increases in shareholder value.

**CEO Gordon Banham** joined Hargreaves in 2001 and led a management buyout in 2004, with the Company's flotation on the LSE the following year.



**Stephen Craigen, Group Finance Director**, joined Hargreaves in 2013 and spent six years as Group Financial Controller, giving him a deep understanding of the Hargreaves business model. He was appointed to the Board in August 2023.

**David Anderson, Group Property Director**, joined Hargreaves in 2018. He is a previous Managing Director of Henry Boot Developments, the property development subsidiary of Henry Boot plc.

Additionally, the Board comprises three other non-executive directors in **Nigel Halkes**, a former senior partner at E&Y, **Christopher Jones**, an experienced property advisor and **Nicholas Mills**, employed by Harwood Capital LLP, the Group's largest shareholder.

## Hargreaves in the Media

[Investors' Chronicle - August 2023](#)

[Business Live - August 2023](#)

[Insider Media - August 2023](#)

[UK Investor Magazine - August 2023](#)

[Stockopedia - August 2023](#)

### Forecasts (Source: Factset)

	FY'22 (Actual)	FY'23 (Actual.)	FY'24 (Est.)	FY'25 (Est.)
Sales (£m)	177.9	211.5	209.1	224.1
EBITDA adj (£m)	11.8	26.5	26.3	22.2
PBT (£m)	32.7	27.3	23.1	22.0
adj. EPS (p)	96.7	86.2	62.8	60.0