

Investment Profile

1. Experienced board of directors who own c.10% of equity
2. Considerable earnings upgrade momentum
3. Entrepreneurial business strategy
4. Dividend payment and additional dividend
5. Strong growth potential across all businesses
6. No bank debt/strong balance sheet

Share Information

Ticker	HSP
Share Price	431.00p
Shares in issue	32m
Market Cap	£135.71m
12m Hi/Low	580.00/198.30p

(Source: The London Stock Exchange, November 2021)

12-Month Share Price



(Source: The London Stock Exchange, November 2021)

Major Shareholders (as of November 2021)

Name	%
Harwood Capital	28.50
Canaccord Genuity Group	11.30
GB Holdings (2021) Limited	8.20
Downing	7.00
NFU Mutual	3.15

(Source: company website)

Hargreaves Services - [AIM Rule 26](#)

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 \(HRMS\)](#)

Considerable Earnings Upgrade Momentum

This year Hargreaves has issued **five consecutive earnings upgrades** due to a combination of factors affecting different business segments. Most importantly, the raw materials trading business of HRMS has benefitted from a period of favourable commodity market conditions. HRMS took advantage of this and secured a number of forward positions which allowed the Company to continue to benefit from these conditions over a longer period.

In the Land business, Hargreaves secured an advanced completion of a land sale at its Unity joint venture, originally scheduled for H2 2022, in April 2021. Despite having a net neutral financial impact, the completion highlights the attractions of the Unity development as well as the current demand for high quality logistics and distribution space.

Finally, in late October 2021 Tungsten West plc listed on AIM, bringing into effect an exclusive Mining Services Agreement secured by Hargreaves in November 2019. Independent of any mining activity taking place, Hargreaves is **due £1m on 29 November 2021 and an equivalent sum each year for the following seven years.**

Agile and Entrepreneurial Strategy

Over the past six months, Hargreaves has outlined its agile and entrepreneurial strategy with a highly successful period for its raw materials trading business and in particular, **the Tungsten West opportunity.**

Hargreaves acted swiftly and astutely when it acquired assets and the mining rights to a large Tungsten mine at Hemerdon, Devon, following the collapse of the former operator Wolf Minerals in 2018. **The Company then sold the rights to Tungsten West in 2019 for £2.4m profit.** As part of the deal, Tungsten West is required to pay a **£1m annual fee** for eight years alongside an **exclusive Mining Services Contract** should mining restart.



As well as having an important financial impact, the Tungsten West opportunity is an excellent example of Hargreaves' **entrepreneurship and agility.**

Hargreaves' ESG Journey



ESG refers to the three central factors in measuring the sustainability and societal impact of a company or business.

Environmental

Monitors and reports how the Company controls its impact on the environment.

Social

Examines how the Company manages its relationship with employees, suppliers and communities.

Governance

Controls and monitors how the Company deals with its leadership, internal controls and shareholders, including in the areas of E and S.

Hargreaves has created a **Cross-Business Working Group (ESG Group)** to assess procedures, review methods and identify goals to ensure the business is informed, educated and can act on its ongoing ESG responsibilities. The ESG Group will work towards fulfilling the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD). The ESG Group's findings will form an integral part of future financial reports and investor presentations and will be regularly reviewed at Board level.

Metrics and Targets

The Group currently measures and reports on the Energy Savings Opportunity Scheme (ESOS), Scottish Pollutant Release Inventory (SPRI) and Streamlined Energy and Carbon Reporting (SECR).

As a direct result of the cessation of mining in July 2020, the Group can report:

- a **37% reduction** in methane emissions and;
- a **35% reduction in CO2 emissions** compared with 2019 at House of Water.

Strategy and Outlook

1. **Services:** delivering reliable and growing profits, focusing on improved visibility from frameworks, sustainable margins and growing organically by expanding service provision for existing customers.
2. **Hargreaves Land:** realising inherent value from the Group's existing portfolio – not requiring substantial additional capital to be allocated.
3. **HRMS:** the Board is considering strategic options with its professional advisors over the next several months to realise value for investors.

Key Newsflow

Jul'22: Full year results

Jun'22: Pre-close trading update

Jan'22: Interim results

Dec'21: Pre-close trading update

Oct'21: Annual general meeting

Oct'21: Tungsten West IPO

Management Team

The experienced management team led by **Chairman Roger McDowell** has a track record of acquisitions, executing strategic growth and commercial property investment.

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.



John Samuel, Group Finance Director, has over 25 years' experience as Finance Director of publicly quoted companies. He spent 12 years with Renew Holdings, remodelling that Group from construction to engineering services.

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 retired 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

[Growth Company Investor - September 2021](#)

[Investors Chronicle - 6 August 2021](#)

[Small Company Sharewatch - August 2021](#)

[AIM Journal - August 2021](#)

[Shares Magazine - 5 August 2021](#)

Forecasts (Source: Factset)

	FY'21 (Actual)	FY'22 (Est.)	FY'23 (Est.)	FY'24 (Est.)
Sales (£m)	204.8	167.2	197.0	209.0
EBITDA (£m)	11.3	12.3	21.6	22.6
PBT (£m)	21.2	14.9	14.4	15.1
EPS - IFRS (p)	49.38	43.80	39.50	39.30