

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

Ticker	HSP
Share Price	450.00p
Shares in issue	32.5m
Market Cap	£143.12m
12m Hi/Low	622.20/305.55p

(Source: The London Stock Exchange, February 2023)

12-Month Share Price



(Source: The London Stock Exchange, February 2023)

Major Shareholders (as of February 2023)

Name	%
Harwood Capital	28.50
Canaccord Genuity Group	11.80
GB Holdings (2021) Limited	8.20
Downing	5.95

(Source: company website)

Hargreaves Services - [AIM Rule 26](#)

[Capital Markets Day](#)

Company Overview

Hargreaves Services plc (AIM:HSP) is a diversified group delivering key projects and 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 \(HRMS\)](#)

Resilience and Momentum

Following a series of earnings upgrades in FY22, Hargreaves has reported a strong set of results for the first six months of FY23, including a 53% increase in period on period revenue and an 80% increase in PBT. The results were driven by the Services business which reported a 54% increase in revenue with PBT more than doubling from £3.1m to £8.5m. Services margins improved from 4.4% to an underlying 6.1%.

The past 12 months have seen a substantial increase in the cost of goods and services, which has put many businesses and industries under pressure, not to mention the wider population. Against this backdrop, **Hargreaves has demonstrated its resilience, particularly within the Services business, to withstand these pressures and to deliver profitable growth.** With over 50 term and framework contracts in Services, most of which have inflation related escalation clauses, the Group is well insulated against the impact of inflation.

During the period, activity levels on the HS2 contract have increased, which has provided substantial growth in revenue and profitability both in earthmoving and mechanical and electrical engineering services. Even discounting the impact of HS2 earthmoving activities, revenue grew by 8.7% across the Services business due primarily to the success of the engineering projects work.

Progress in Hargreaves Land alongside results from HRMS which also exceeded the comparative period contributed to a 68% increase in EPS.

The net asset per share of the Group has increased to 603p from 462p representing an increase of 31% in a year.

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.



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 has formed an ESG Group which reports quarterly to the Audit & Risk Committee, embedding the standards and policies with metrics which have been agreed and published for Group wide implementation.

Hargreaves was also awarded a Gold CSR Accreditation from the CSRA for its initiatives pursued as a results of its CSR Fund and an "A" rating from independent ESG assessors, Integrum ESG.



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

Oct'23: AGM

Jul'23: Full year results

Jun'23: Pre-close trading update

Jan'23: Half 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.

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.

On the 31 July 2023, John will be succeeded in the role of Financial Director by **Stephen Craigen**, who has been in the role of Group Financial Controller since 2017. The Board has great confidence in Stephen and that there will be a seamless transition of responsibilities.

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.

Hargreaves in the Media

[Investors' Chronicle - January 2023](#)

[UK Investor Magazine - January 2023](#)

[Insider Media - January 2023](#)

[Investors' Chronicle - July 2022](#)

[Business Live - July 2022](#)

[Insider Media - July 2022](#)

Forecasts (Source: Factset)

	FY'22 (Actual)	FY'23 (Est.)	FY'24 (Est.)
Sales (£m)	177.9	200.0	209.0
EBITDA adj (£m)	11.8	24.8	22.6
PBT (£m)	32.7	25.8	23.1
underlying EPS (p)	103.2	71.7	63.2