



TClarke

In Touch With Tomorrow

Investor Update February 2020

M&E Contracting

Infrastructure

Residential and Hotels

Technologies

Facilities Management

Introduction to your presenters



Mark Lawrence
Group Chief Executive Officer
Appointed to Board, 2nd May 2003

Mark has had 35 years with the company and started his career here by completing an electrical apprenticeship in 1987. He progressed through the company, becoming Technical Director in 1997, Executive Director in 2003 and Managing Director, London Operations in 2007. As Group Chief Executive Officer since January 2010, Mark has led strategic changes across the group and remains a hands-on leader, taking personal accountability and pride in Clarke's performance and, ultimately our shareholders' and clients' satisfaction. He regularly walks project sites and gets involved personally with many of our clients, contractors and our supply chain.



Trevor Mitchell
Group Finance Director
Appointed to the Board on 1st February 2018

Trevor was appointed to the Board in February 2018. He is a Chartered Accountant and an accomplished finance professional with extensive experience across many sectors, including financial services, construction and maintenance, education and retail.

TClarke: The Building Services Specialist



TClarke: The Building Services Specialist

TClarke designs, installs, integrates and maintains the full range of mechanical and electrical services and the digital infrastructure to create a 21st century building.

Across the country, our directly employed teams lead the industry for quality and safety. Our focus is on being the partner of choice in each of the specialist areas we work in – and, equally, on the retention and enhancement of our traditional reputation for value, trustworthiness and programme delivery.



- Infrastructure**
- Residential & Accommodation**
- Facilities Management & Frameworks**
- M&E Contracting**
- Technologies**

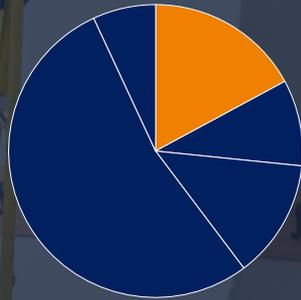




Infrastructure

Work on major transport, healthcare, education, prison and defence projects across the country, ensures balance in our order book, as we achieve our strategic goals.

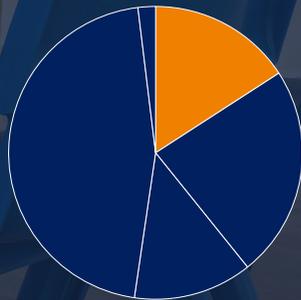
2018 revenue
£55.9m



When M&E markets and landmark projects are on a downcycle, governments tend to increase spending in infrastructure. So our capabilities to work across the infrastructure sectors is a key strategic advantage.

TClarke has a proven in-house infrastructure team and over the years we have also developed additional services and capabilities. For example, for healthcare clients we have a turnkey design and build service for scanning suites, supported by a healthcare controls manufacturing operation and partnerships with world-leading healthcare equipment manufacturers.

Forward order book as at
31ST Dec 2018
£65.1m



Examples of projects are:
Ark Pioneer Academy, London
Falkirk College, Scotland
Northstowe Education Campus, Cambridge
RAF, Lakenheath
Royal Free Hospital, Pears Building, London
Bath Spa University, Bath



“Winning Taylor Woodrow’s Defect Free Award” this year for our innovative quality standards, guidance materials, demonstrated the energy our frontline teams put into pushing high quality standards forward even further.”

Robin Aves
Divisional Director, Infrastructure



Residential & Hotels

Across the UK, we are active in the residential, hotel and student accommodation marketplace. In Scotland, we lead as a 'one-stop-shop', partnering quality home-builders.

There is strong market appetite for our expertise in this sector. As part of our margin-targeting strategy, we operate a consistently selective approach to residential projects, showing more caution in respect of high-end, luxury residential fit outs and focusing more often on the shell and core aspects of these projects, where we prefer the risk-profile.

At the same time, we also favour the development of effective long-term partnerships and so take on growth opportunities with confidence. Our partnership with Berkeley Homes Group in North London, leading to potential new opportunities in other geographic areas, was a strong example of this in 2019.

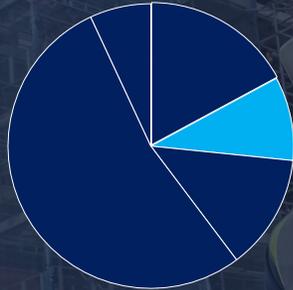
North of the border, our Scottish business is the leading provider of complete building services for home-builders. This is an innovative, in-house, high quality service, in which the market places great value.

Examples of projects are:

- 150 Bishopsgate, London
- The Peninsula Hotel, London
- Merlin Gardens, East Kilbride
- Ecclesall Student Accommodation, Sheffield
- Beaufort Park, London
- The Crescent, Edinburgh
- One Nine Elms, London

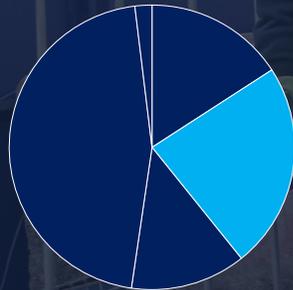
2018 revenue

£31.1m



Forward order book
As at 31 Dec 2018

£96.2m



"I can tell, just by looking at the property, if TClarke did the job. The quality that our people consistently achieve is phenomenal – and you can see that in the annual crop of NHBC awards we help win."

Gary Jackson
Director, TClarke UK North



M&E Contracting

M&E Contracting is our core business nationwide. We focus on landmark projects, working for long-term partners and principal contractors who value the advantages we bring.

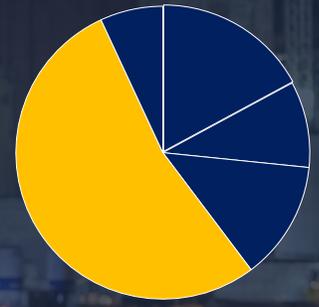
As a specialist buildings services contractor, our core offer is the design and installation of all the power water, waste and climate control services that a building needs. We offer those services nationwide and, in line with our margin focus, we are selective in the projects for which we tender and the principal contractors with whom we work.

Our integrated services offer gives us a strong market position and we win and deliver more than our share of major projects. This, in turn, buildings our skill base and helps us to achieve very strong staff retention rates and the scale of resource our clients want.

Examples of projects are:

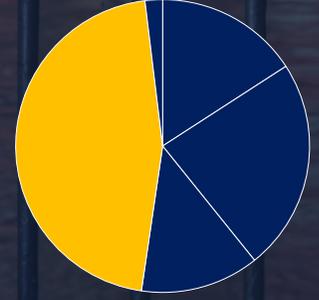
- 22 Bishopsgate, London
- KGX1 Project, Kings Cross, London
- Battersea Power Station phase 2, London
- Hanover Square, London
- Dyson Hanger 85, Wiltshire
- Plymouth History Centre, Plymouth
- Waitrose, various locations
- Middlemore Police Station and Custody Suite, Exeter

2018 revenue
£174.3m



Forward order book
As at 31st Dec 2018

£188.1m



“We have brought the TClarke brand into Manchester and Liverpool with efficiency, purpose and impact – and in both cases, now is the ideal time to enter these markets.”

Kevin Mullen
Director, TClarke UK North



Facilities Management

We are specialists in Facilities Management, targeting long-term relationships and major framework agreements.

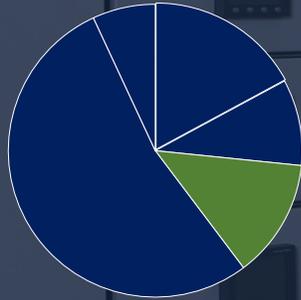
We are proud to enjoy a number of key long-term FM relationships. These include Springfield Nuclear Fuels, BAE Systems, EDF at Dungeness and Sizewell and across US airbases in East Anglia. Across our regions we also deliver regular FM services where these meet our value model and our Birmingham office is a centre of excellence in FM for a variety of commercial and industrial clients including CBRE and Santander.

We also target major framework agreements in both public and private sectors. Our position on the Manchester Airport Group, NHS Procure 22 and ESFA Schools Frameworks are all strategically significant for our business.

It is worth noting that FM, as a sector, offers less forward visibility than our traditional M&E markets, often involving unplanned need but delivers recurring revenue.

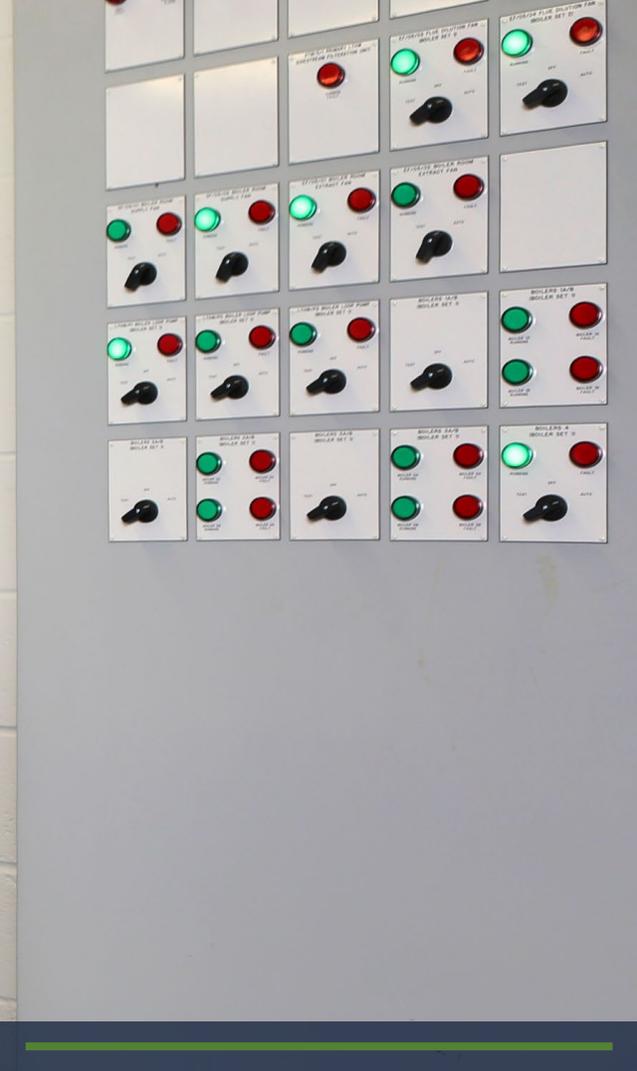
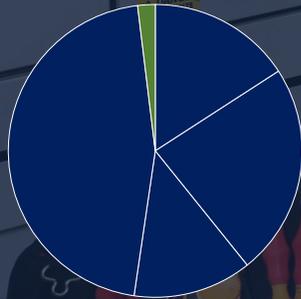
2018 revenue

£22.6m



Forward order book as at 31st December 2018

£7.9m



“We build deep knowledge and expertise during design and installation. We lead in the digital infrastructure technologies that are increasingly prevalent. This gives us substantial advantages when it comes to maintaining all those systems.”

Mike Crowder
Group Managing Director



Technologies

We see substantial growth opportunities within this sector and the plans we have laid are delivering value: TClarke is a market leader with critical advantages.

Building services increasingly involve or are driven by digital technologies and so we have made it our objective to lead. In the past we partnered with banking and financial institutions; now we partner some of the world's biggest digital organisations.

Our technologies offer also includes our offsite manufacturing facility at Stansted where vast 6-10 metre prefabricated modules containing mechanical and electrical services and pre-wired and pre-plumbed equipment can be precision manufactured in safe, clean conditions and brought together onsite. This dedicated capability has been key to winning and delivering various landmark projects during the year.

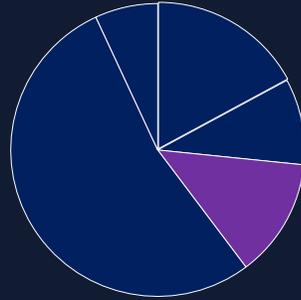
As well as building data and Wi-Fi infrastructures, we are also integrators, bringing all of the buildings systems together as connected and responsive devices to optimise building performance. Our software engineers wrote the code to drive the innovative 'breathable building' concept at Stirling Prize Winner, Bloomberg London. They have also designed and are installing the Wi-Fi network at 22 Bishopsgate.

Other project are:

- Virtus London Data Centre
- Global Switch fitout, London
- Interxion Data Centre LON3
- One Bank Street, Canary Wharf
- EDF Energy, Dungeness
- Deepminds, Project Kings Cross, London

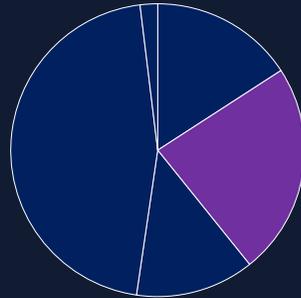
2018 revenue

£42.9m



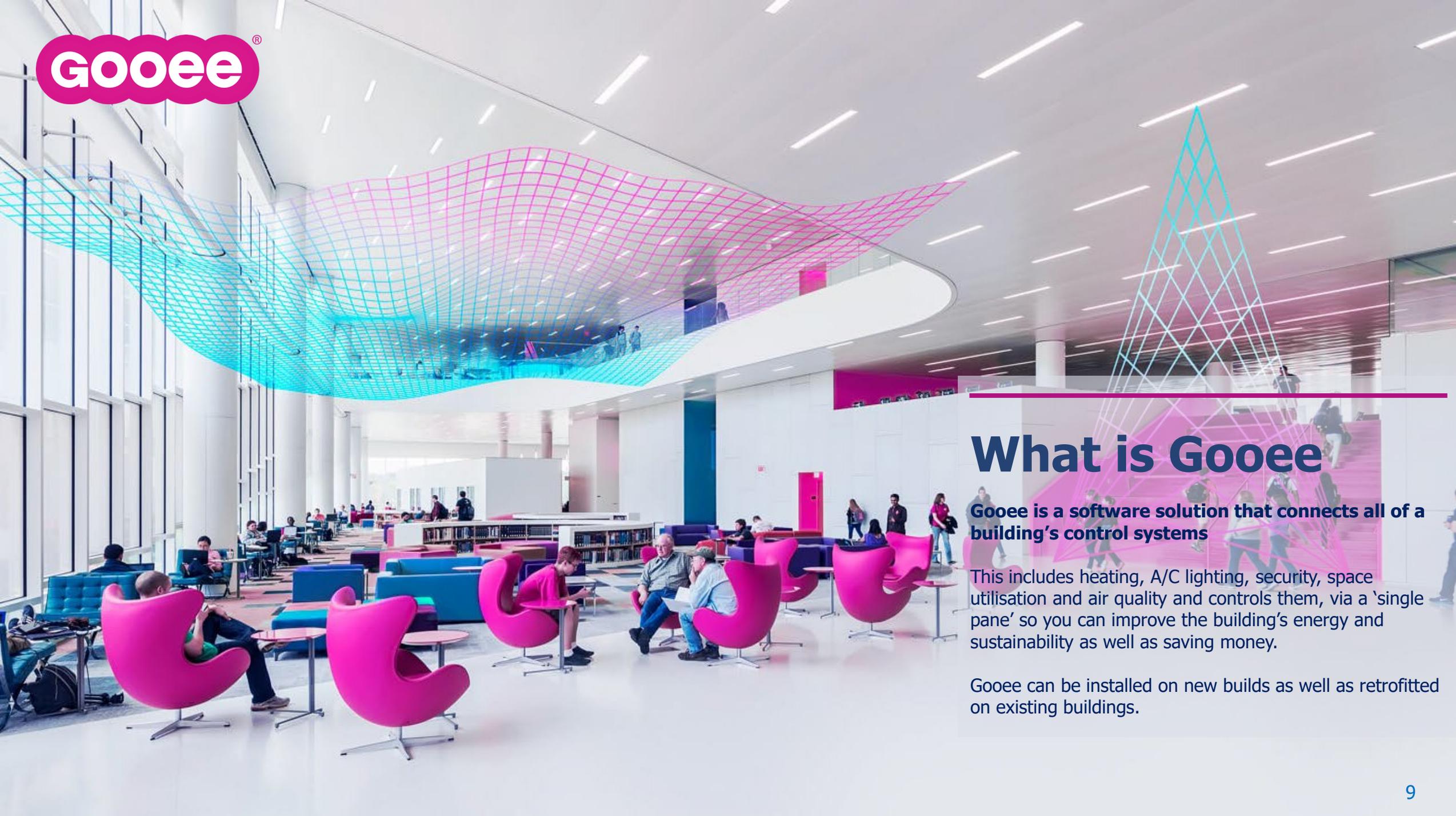
Forward order book as at 31st December 2018

£53.7m



"Our strategy is to grow our Technologies business and become an acknowledged market leader. We see strong opportunities for growth and margins as this sector continues to expand."

Mark Lawrence
Group Chief Executive



What is Goose

Goose is a software solution that connects all of a building's control systems

This includes heating, A/C lighting, security, space utilisation and air quality and controls them, via a 'single pane' so you can improve the building's energy and sustainability as well as saving money.

Goose can be installed on new builds as well as retrofitted on existing buildings.

Customer Relationships

TClarke has deep, long-term partnerships both with major principal contractors and with property owners and developers. Below is a selection of top clients based on current revenue spend.



Our Strategy

1

3% sustained Operating margin

Our business will focus on our five core target Markets through successful targeted tendering and Operational efficiency.

2

Expanding revenue streams

We intend to grow our market share in integrated services and technologies focussed principally on data centres and smart technology. We will use out in-house capabilities to offer clients differentiated, higher value solutions. We will appropriately resource our regional businesses to target larger scale contracts and develop a selective presence in Europe.

3

Remain contractor of choice for landmark projects

There is a substantial premium market of major London projects and their complexity and scale means few can deliver the same quality of work, depth of resource and integrated services offering as TClarke.

We will continue to target and deliver this work and increase our market and engineering leadership.

4

Maintain a balanced business

We balance our business by strategic management of our order book with a blend of existing markets of M&E, Infrastructure and Residential, reviewing FM contracts and new markets such as Technologies.

5

Build long-term lasting relationships

We will continue to grow, supporting principal contractors and our clients working on major projects across the UK, leveraging the quality of our regional resources and national brand reputation.

Investing in our people

Our people are our biggest asset

Across the UK from our **19 offices** we employ in excess of **1400 skilled engineers, tradesmen and women.**

Our key differentiator is our industry leading apprenticeship scheme.

Apprentices & Trainees represent **17%** of our employees against an industry standard of **5%**

Our skilled engineers fuel our repeat business and are highly respected within the industry.



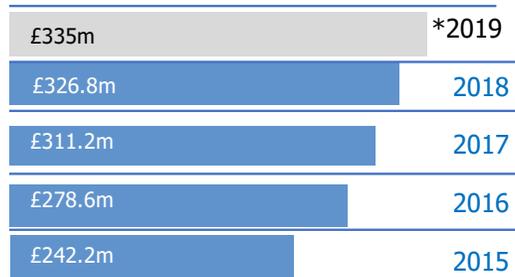
Key Financials



Key Financials

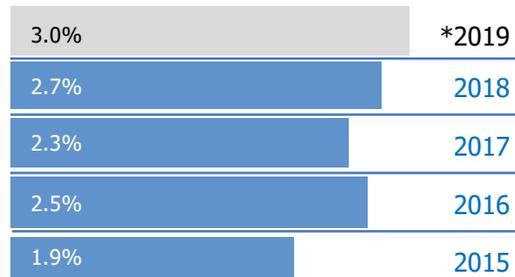
Group revenue

***£335m**



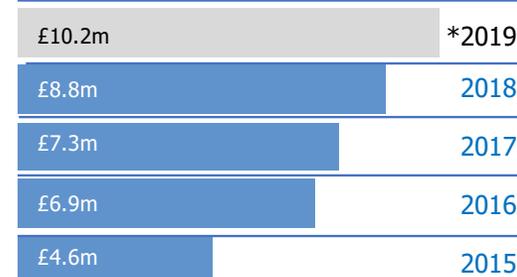
Underlying operating margin

***3.0%**



Underlying operating profit before tax and interest

***£10.2m**



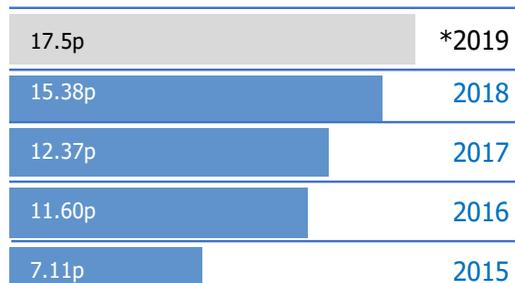
* 2019 figures are current market expectation based on our Trading update of 30th January 2020

** final dividend will be approved at the Annual General Meeting on 6th May 2020.

The company has a progressive dividend policy.

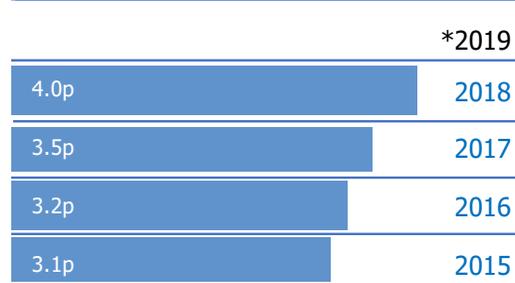
Underlying earnings per share

***17.5p**



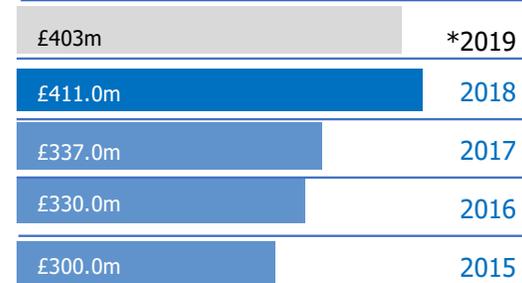
Dividend

****--p**



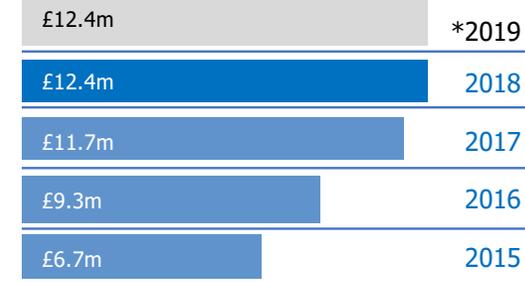
Forward order book

***£403m**



Net Cash

***£12.4m**



Investor Case



Strong cash flow and balance sheet

Our cash generation is strong and planned capital investment for efficiency and growth is funded from internal resources. At end December 2019 cash stood at £12.4m with no bank debt

Balanced business model

Sustained revenue across our five focused market segments. An integrated offering and expertise in technology solutions differentiates us from competitors and we strive to be the contractor of choice for all projects. Our repeat client revenues are Circa 90%

Disciplined and robust risk management

We operate a highly effective and selective approach to tendering and potential customer risk assessment. We adopt a conservative policy with regards to profit recognition and claims provisioning

Investor Case
Our investor case shows a strong, balanced business, funding its own growth and focused on new technologies

Improving profitability

We are focused upon margin sustainability at 2019's achieved target level of 3% but always seeking ways to improve upon this. We seek to sustain this alongside a growing order book and, from 2020, revenue line driven off an increasing share of technologies work, larger-scale contracts in our regional businesses and controlled expansion into Europe. We have a medium-term revenue target of over £400m

Forward revenue visibility

Our secured forward order book at 31st December 2019 stood at £403m. 76% of our turnover for 2020 has been secured. Pipeline bid opportunities typically exceed £500m

EPS growth and progressive dividend policy

We strive to increase earning over the cycle and are committed to a progressive dividend policy, whilst balancing the rewards to shareholders with the interests of our wider stakeholders