

TClarke

In Touch With Tomorrow

Preliminary results for the year ending 31st December 2019

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 31 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 is a Chartered Accountant and accomplished finance professional with extensive experience across many sectors, including financial services, construction and maintenance, education and retail, working with organisations such as Balfour Beatty plc, Kier Group plc, Rok plc, Clerical Medical Group and Halifax plc. Prior to his appointment, Trevor had been working with TClarke since October 2016, assisting with simplifying the structure and improving the Group's financial controls and procedures.

Financial Highlights

Underlying operating margin target of 3.0% achieved

GROUP REVENUE

£334.6m



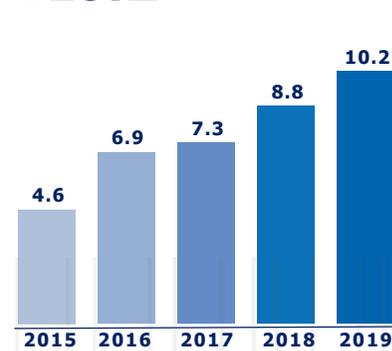
UNDERLYING OPERATING MARGIN

3.0%



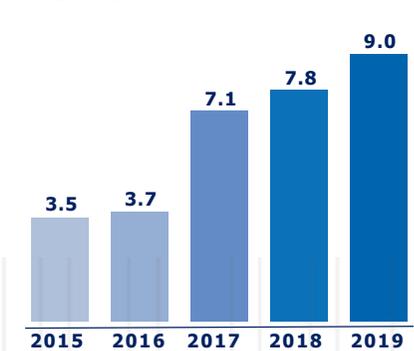
UNDERLYING OPERATING PROFIT BEFORE TAX AND INTEREST

£10.2m



PROFIT BEFORE TAX

£9.0m



UNDERLYING EARNINGS PER SHARE

18.81p



DIVIDEND

4.4p



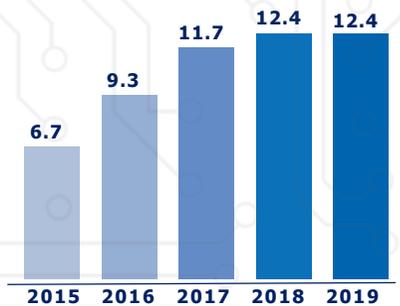
FORWARD ORDER BOOK

£403m



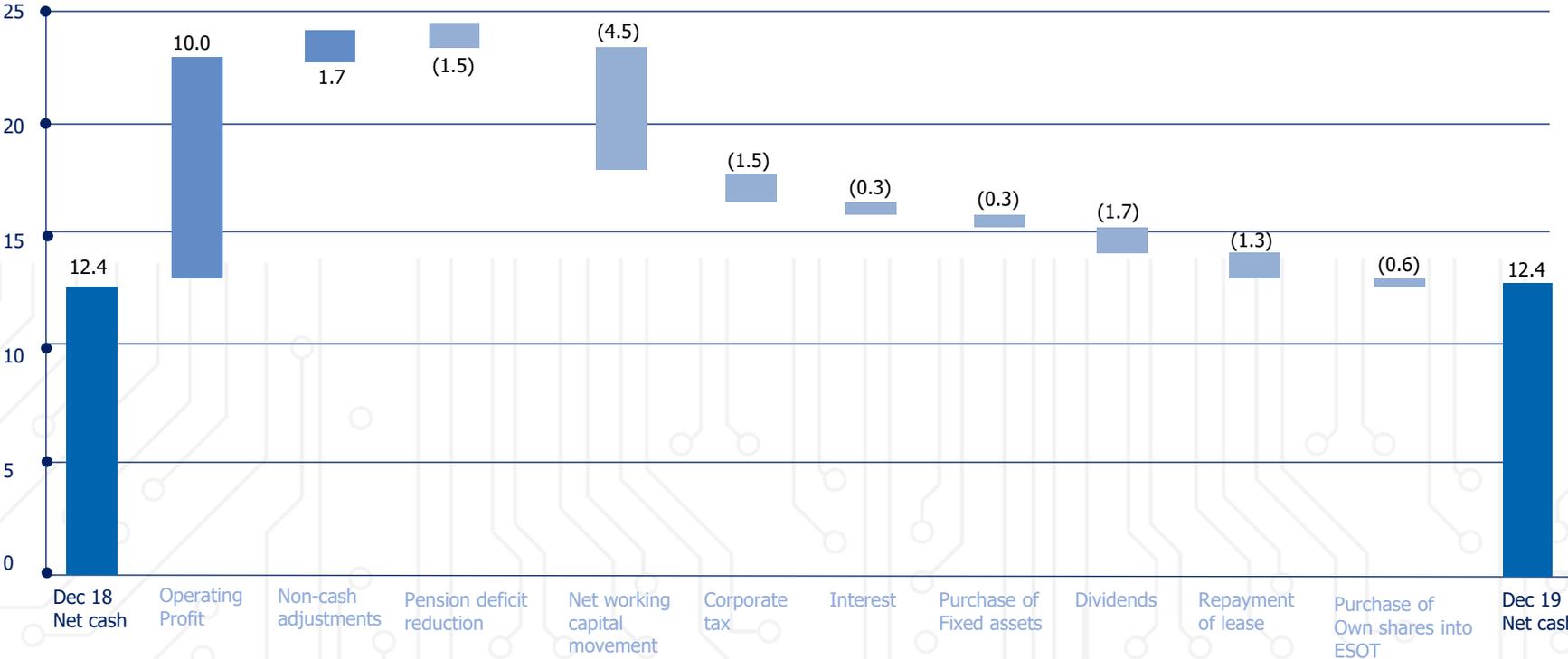
NET CASH

£12.4m



Cash Flow

Cash Performance £m



Financial Highlights - Segmental

	2019 £m	2018 £m
Revenue	334.6	326.8
Operating profit		
- Underlying ¹	10.2	8.8
- Reported	10.0	8.6
Profit before tax		
- Underlying ¹	9.2	8.0
- Reported	9.0	7.8
Profit after tax		
- Underlying ¹	8.0	6.4
- Reported	7.8	6.2
Profit for the year	7.8	6.2
Earnings per share		
- Underlying ¹	18.81p	15.38p
- Reported	18.37p	14.99p
Dividend per share	4.4p	4.0p

1. Underlying operating profit, profit before tax and operating margin are stated before amortisation of intangible assets.
2. Underlying earning per share is calculated by dividing underlying profit after tax by the weighted average number of shares in issue.

Forward Order Book

Market sector	2019 £m	2018 £m	% change
Infrastructure	89.0	65.1	37%
Residential & Hotels	110.0	96.2	14%
Technologies	50.4	53.7	-6%
M&E Contracting	141.9	188.1	-25%
Facilities Management	11.7	7.9	48%

Forward Order Book comprises of jobs which are secured through contracts of letter of intent.

Balance Sheet

	2019 £m	2018 £m
Non-current assets		
Intangible assets	25.5	25.7
Property, plant and equipment	9.0	4.9
Deferred tax assets	4.8	3.9
Total non-current assets	39.3	34.5
Current assets		
Inventories	0.2	0.3
Amounts due from customers under construction contracts	44.6	26.4
Trade and other receivables	41.9	68.7
Cash and cash equivalents	12.4	12.4
Total current assets	99.1	107.8
Total assets	138.4	142.3
Current liabilities		
Amounts due to customers under construction contracts	(0.1)	(8.4)
Trade and other payables	(84.6)	(87.8)
Current tax liabilities	(0.2)	(1.0)
Obligations under finance leases	(1.4)	–
Total current liabilities	(96.3)	(97.2)
Net current assets	12.8	10.6
Non-current liabilities		
Obligations under leases	(2.8)	–
Retirement benefit obligations	(26.4)	(23.0)
Total non-current liabilities	(29.2)	(23.0)
Total liabilities	(115.5)	(120.2)
Total net assets	22.9	22.1

Our Strategy

1

3% sustained Operating margin

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

2019 Achievement Highlights

- Operating margin of 3.0%, up from 1.9% in 2015

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.

2019 Achievement Highlights

- Strategic partnership established with smart technology provider, Gooee
- TClarke Europe established
- A number of European data centre bids made
- Increase in Technologies revenue

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.

2019 Achievement Highlights

- 8, 22, 100 & 150 Bishopsgate, London
- One Nine Elms, London
- KGX1, Kings Cross, London
- Beaufort Park, London
- The Peninsula Hotel, London
- Battersea Power Station, London

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.

2019 Achievement Highlights

- No dependence on one market sector in respect of revenue:
- | | |
|-----------------------|-----|
| M&E Contracting | 43% |
| Infrastructure | 17% |
| Residential & Hotels | 17% |
| Technologies | 14% |
| Facilities Management | 9% |

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.

2019 Achievement Highlights

- 90% of turnover in 2019 was with repeat clients

Investor Case

1

BALANCED BUSINESS MODEL

Sustainable revenues 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 90%.

2

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 regard to profit recognition and claims provisioning.

3

FORWARD REVENUE VISIBILITY

Our secured forward order book at 31st December 2019 stood at £403 million, including £141 million booked for 2021 and beyond. Pipeline bid opportunities typically exceed £1 billion.

4

IMPROVING PROFITABILITY

We are focused upon margin sustainability at 3% but always seeking ways to improve upon this. We seek to sustain this alongside a growing order book and growth in our revenue line will be 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 £400 million.

5

EPS GROWTH AND PROGRESSIVE DIVIDEND POLICY

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

6

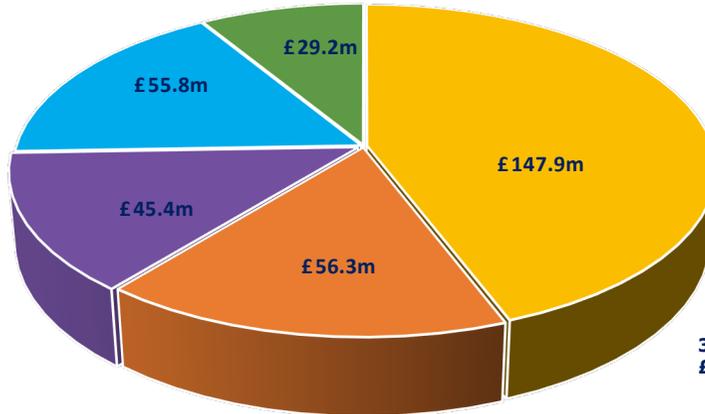
STRONG CASH FLOW AND BALANCE SHEET

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 £12.4 million with no bank debt.

Our Five Target Markets

2019 REVENUE
£334.6m

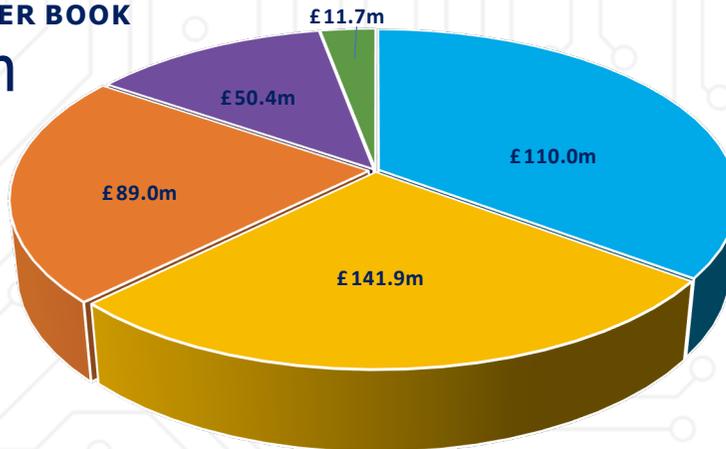
2018: £326.8m



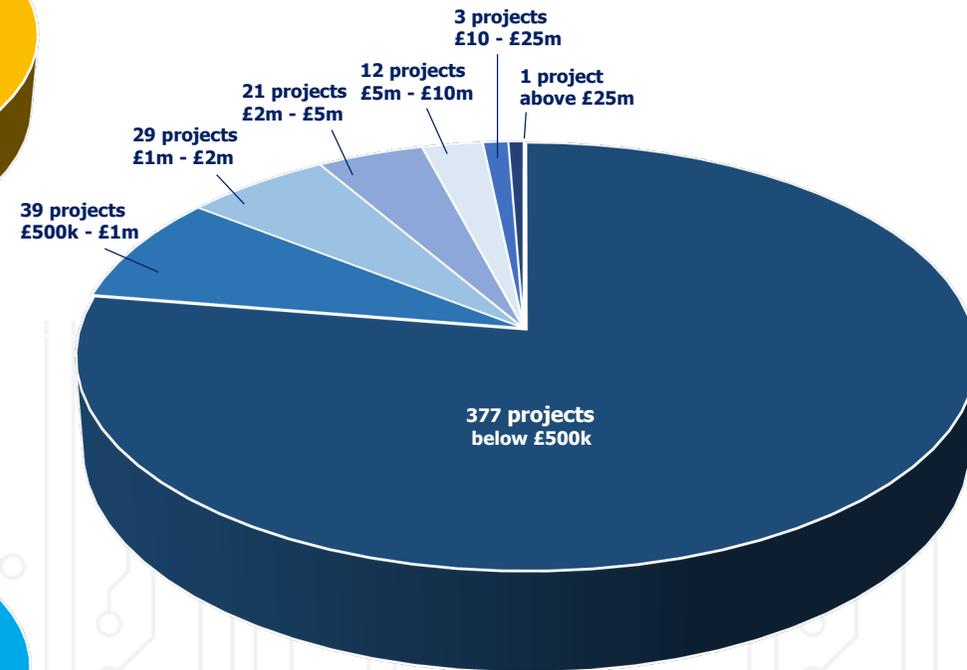
-  INFRASTRUCTURE
-  TECHNOLOGIES
-  M&E CONTRACTING
-  RESIDENTIAL & HOTELS
-  FACILITIES MANAGEMENT

FORWARD ORDER BOOK
£403.0m

2018: £411.0m



PROJECTS BY VALUE



TClarke

8

Facilities Management



We offer a unique and industry-leading range of specialist M&E services targeting the FM industry. We also operate a range of valuable framework agreements, nationwide partnerships and long-term blue chip FM relationships.

CAPABILITIES FOCUS

Specialist M&E services

We provide market-leading in-house FM expertise in a complete range of mechanical and electrical specialisms from chilled water systems and BMS controls to fire safety systems and air handling plants. Our in-house teams provide preventative services to address legislation, manufacturer recommendations, best practice and specific client needs. We also provide 24/7 call-out services nationwide.

REVENUE

£29.2m

2018 £22.6M

FORWARD ORDER BOOK

£11.7m

2018 £7.9M



Major frameworks

TClarke targets key framework agreements in both the public and private sectors with strategic value for our business. Our current list of frameworks includes the NHS Procure 2020 framework for England and NHS Building for Wales, the ESFA Schools framework and the Manchester Airports Group framework.

Nationwide partnerships and blue chip relationships

TClarke's FM expertise brings us a series of major nationwide and regional partnerships and we also have a number of long-term FM relationships with world-class industrial companies like BAE, Springfield Nuclear Fuels, EDF and Johnson Matthey.

Delivering our strategy

Although a relatively smaller part of our total revenue, FM delivers sustainable revenues and margins with minimal risks. FM also allows us to leverage the power of our Group-wide, directly employed expert resource to deliver a unique range of specialist M&E services for the FM industry. As construction systems become more complex, FM offers us a steadily increasing range of opportunities to develop ongoing client relationships.

"TClarke is an organisation that believes in skills, pride in their work and taking responsibility, rather than sitting back; it's great having them as part of our team. The quality of work and service is consistently high and that is of critical value to our business."

Joe Woodall
Canary Wharf Contractors

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.

CAPABILITIES FOCUS

Residential one-stop-shop

Our Scotland team has made itself market leader in the provision of complete building services including M&E, technology services, plumbing and ground and airsource heating. This team has led in many areas of programme efficiency and new technology.

Nationwide partnerships

Our Derby team has led in the development of an ongoing partnership with Berkeley Homes, in which we provide full M&E and technology services for major multi-phase residential projects.

Flagship luxury residential

Across the UK, but particularly in London and Scotland, TClarke undertakes ultra-high-end residential and hotel projects. Frequently, we choose to focus on shell and core rather than fit-out projects as these better suit our margin and risk appetite.

Delivering our strategy

A well-chosen selection of residential programmes with appropriate risk and value profiles and long-term partnerships with major clients provides an excellent balance to our order book. Our technologies leadership and the stability of our teams provides a substantial advantage for home builders who want to deliver challenging programmes and need to work with teams of people they trust.

Examples of work undertaken in 2019 are:

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

REVENUE

£55.8m

2018 £31.1M



FORWARD ORDER BOOK

£110.0m

2018 £96.2M



"TClarke were an obvious choice for Beckley Point, Plymouth. From day one they supported our team to design and construct a building that exceeded the client's expectations and, most importantly, could be built within the required timescales and budget."

Doug Lloyd

Area Manager Western & Wales, Kier Construction Limited

Infrastructure



We deliver major healthcare, education, prison, airport, defence, and transport projects across the country

CAPABILITIES FOCUS

Healthcare

We deliver healthcare projects of any scale across the UK. TClarke is a Principal Supply Chain Member under the NHS Procure 22 Framework and a member of the NHS Building for Wales Framework. We are turnkey partners with GE and Siemens Healthcare, providing full design, procurement and installation services for healthcare environments including imaging diagnostic rooms of all modalities and operating/hybrid theatre suites. Our specialist engineering teams are used to working in live healthcare environments and develop strong personal working relationships with hospital teams.

REVENUE

£56.3m

2018 £55.9M

FORWARD ORDER BOOK

£89.0m

2018 £65.1M



“What we value most about TClarke is the fact that they understand what engineering in a live hospital environment demands. Our trust has grown over the years that we’ve worked together.”

Garth Weaver

Director of Estates, Royal Cornwall Hospitals NHS Trust

Education

Our teams deliver complete schools, major university facilities and advanced research facilities right across the UK. We are used to working to strict programmes which fit around the academic calendar of educational facilities to avoid disruption. We provide the full range of M&E and technology services, including lab suites, alarm, security and building controls systems. Our design and build team based near Colchester also delivers complete design and build education programmes utilising the latest in BIM technology.

Delivering our strategy

Our complete range of expertise and accreditations gives us access to a very wide range of infrastructure projects. Strength in infrastructure also allows us to actively manage our order book during downcycles in our commercial office markets. It also allows our regional teams to build our portfolio of large projects and leverage national relationships.

Examples of work undertaken in 2019 are:

- Ark Pioneer Academy, London
- Forth Valley College, Falkirk
- Northstowe Education Campus, Cambridge
- RAF, Lakenfield
- Royal Free Hospital, Pears Building, London
- Bath Spa University, Bath

M&E

Contracting



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

CAPABILITIES FOCUS

London—the Contractor of Choice

TClarke in London has the capability to deliver the largest scale mechanical and full service as well as electrical projects in the market. Our core offer is the design and installation of all the power, water, waste and climate control services that a building needs. We offer this in integrated packages alongside our substantial Technologies services. Our resource of expert M&E teams is unrivalled in the industry for scale, commitment and quality.

Major regional M&E projects

TClarke leverages the complete range of Group expertise and our dedicated, expert regional teams to win and deliver major M&E projects across the UK in private and public sectors. The stability, quality and commitment of our directly employed teams is a major advantage – it helps us win work with existing principal contractor partners in new regions.

Delivering our strategy

This is the heart of our offer and it has advanced in two key ways. Firstly, in London we now have a reputation and series of projects delivered to show that our mechanical leadership matches our well-known electrical leadership.

Secondly, our regional businesses are now focused on and resourced to win the larger regional M&E projects which our strategy and margin profile demands.

Examples of work undertaken in 2019 are:

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

“Our work with TClarke is based on true collaboration. They’ve brought specialist expertise to our project work that has resulted in a high quality and innovative solution for our client. The quality of work is excellent. They understand our standards and what we’re trying to achieve and they meet them.”

John Morrison
Lendlease

REVENUE

£147.9m

2018 £174.3M



FORWARD ORDER BOOK

£141.9m

2018 £188.1M



Technologies



We lead in intelligent buildings technologies, DfMA, building controls, data centres and data networks

CAPABILITIES FOCUS

DfMA

Our advanced manufacturing facility in Stansted provides a complete and seamless service for the design, build and installation of all kinds of DfMA prefabricated service modules including the most complex and largest in the industry.

Data centres

We have the complete range of specialists skills and accreditations, backed up by a deep resource of expert people in-house, to deliver complete data centres anywhere in the UK and across mainland Europe. We work with major long-term partners in the data centre industry.

21st century intelligent buildings

Our in-house teams design and build complete data networks. We design and manufacture building control systems, software and graphics. We integrate systems and work with world-class software partners and for world-leading digital companies. We operate at industry-leading levels both for residential and world-scale commercial office developments.

Delivering our strategy

Our Technologies business operates as an engine of growth for our business, at a time when demand across major construction projects for these specialisms is ramping up. This provides us with the potential for steady medium-term revenue growth and it cements our market leadership as a supplier of complete integrated building services. It also provides a powerful advertisement for our brand's capability across our industry.

Examples of work undertaken in 2019 are:

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

REVENUE

£45.4m

2018 £42.9M

FORWARD ORDER BOOK

£50.4m

2018 £53.7M



"TClarke's technical ability to deliver major projects in London is without question. As a result of the hard work the TClarke team at 22 Bishopsgate has undertaken, the common network is not only fully designed, integrated and status A before starting on site, but installed to a high standard throughout for a developer that is very demanding and forward thinking."

Alan Williamson
M&E Manager,
Multiplex

GoOee



ACCESS
CONTROL



VISITOR
MANAGEMENT



TELEPHONY



FIRE
INTERFACE



ELEVATORS &
ESCALATORS
(EMS)



CCTV



VIDEO
INTERCOM



LIGHTING
CONTROL
SYSTEM



BMS HVAC
& LEAK
DETECTION



PEOPLE
COUNTING



INTRUDER
ALARM



DIGITAL &
ANALOGUE
CLOCKS



BMS
DASHBOARD



ENERGY
METERING
AND POWER
MANAGEMENT



ELECTRIC
CAR
CHARGING



Bringing Buildings To Life™

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.

Summary

- Five years of continuous improvement
- Operating Margin of 3% achieved up from 1.9% on 2015
- Contractor of choice – 90% of revenues with repeat clients

Overall, TClarke is in a robust financial position and we remain optimistic about the long-term future.

We are well placed to face the challenges ahead.



Appendices

Meet the Board P19
Prefabrication Capabilities P20

In Touch With Tomorrow

BOARD OF DIRECTORS

Non-Executive Directors

1 Iain McCusker
Chairman

2 Mike Robson
Senior Independent
Non-Executive Director

3 Peter Maskell
Independent
Non-Executive Director
Non-Executive Director for
Employee Engagement

4 Louise Dier
Independent
Non-Executive Director

Executive Directors

5 Mike Crowder
Group Managing Director

6 Mark Lawrence
Group Chief Executive
Officer

7 Trevor Mitchell
Group Finance Director



Prefabrication Capabilities



TClarke

