

TClarke

Investor Pack 2022 Half Year Results

ENGINEERING SERVICES

TECHNOLOGIES

INFRASTRUCTURE

RESIDENTIAL & HOTELS

FACILITIES MANAGEMENT



Introduction to your presenters



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

Mark has been with the Company for 37 years and started at TClarke by completing an electrical apprenticeship in 1987. As Group Chief Executive Officer since January 2010, Mark has led strategic change across the Group.



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

Trevor is a Chartered Accountant with extensive experience across many sectors. 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.



**Established
1889**

Our first class teams have the knowledge, skills and reputation to continue to be regarded as one of the best specialist contractors in the sector.

Who we are

TClarke remains at the forefront of the Building Services industry. Our innovation and expertise are employed in the design, installation, integration and maintenance of the mechanical and electrical systems and technologies that a 21st century building needs for control, performance and sustainability.

We currently operate from twenty locations serving the whole of the UK. We are a proud employer of local people in the towns and cities that we serve.

Our reputation for high quality and the successful application of new technologies has been built over 130 years operating in five market sectors.



Social Sustainability Highlights

60%
Reduction in accidents
since 2018

16%
Of workforce
Apprentices

**9
YEARS**
Average length of
employee service

40
Future Leaders
enrolled on our
training programme

Half Year Results

Profit
before Tax
£5.5m
2021: £1.9m

Revenue
£206.2m
2021: £138.2m

Net cash
£7.2m
2021: £2m

Forward
order book
£586m
2021: £503m

Precision Logistics



Innovation



Where We Operate

TClarke provides a complete UK coverage from twenty locations nationwide from three regions in order to allow us maximum agility in tendering and delivering the projects we target. Employing people in the communities we serve.

**90% of turnover in 2021
was with repeat clients**



People

Directly employed, high quality engineering services personnel



Apprentices

Renowned for our apprentice programme with highest intake in our sector

£500m



Continual Accident Reduction

Persistent focus on accidents and incidents

Annual Accident Frequency Rate*



* Accident frequency rate is (number of accidents divided by number of hours) multiplied by 100,000

Annual Group Accidents



**Engineering
Services**



Technologies



Infrastructure



**Residential
& Hotels**



**Facilities
Management**

TClarke

Extract from RNS

- First half year revenues exceed £200m for the first time
- 2.9% operating margin achieved
- Interim dividend increased by 67%
- Full year 2022 revenues now expected to be circa £450m, ahead of market expectations
- Record forward order book of £586m as at 30 June 2022
- Bonding capacity increased to support £500m per annum revenues
- Bank facilities extended to August 2026

	30 June 2022	30 June 2021	% Change
Revenue	£206.2m	£138.2m	+49%
Operating profit (EBIT)	£6.0m	£2.4m	+150%
Operating margin	2.9%	1.7%	+71%
Profit before tax	£5.5m	£1.9m	+189%
Earnings per share (Basic)	10.24p	3.58p	+186%
Interim Dividend	1.25p	0.75p	+67%
Cash	£7.2m	£2m	+260%
Forward order book	£586m	£503m	+17%

Earnings per share is calculated by dividing profit after tax by the weighted average number of shares in issue

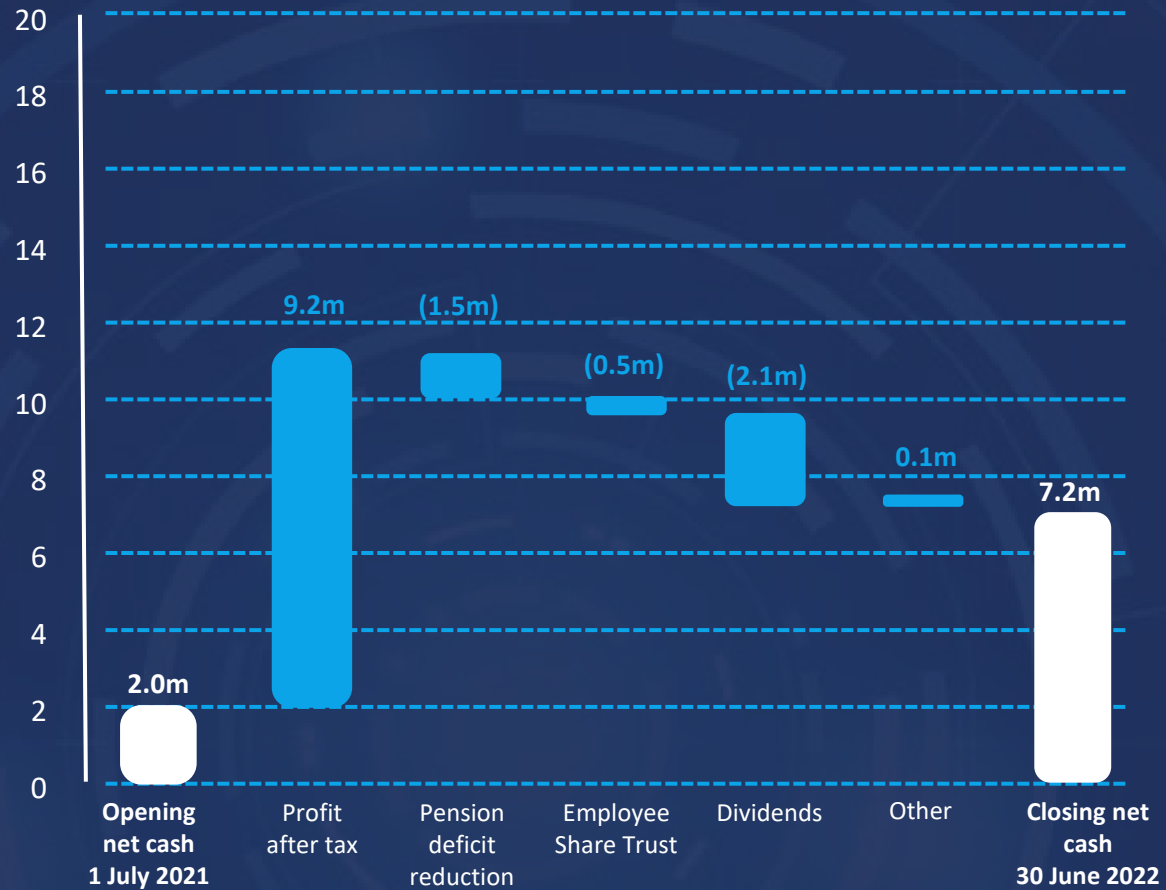
Consolidated Income Statement

- Technology revenues increase by 360%
- Three-fold increase in profit after tax and earnings per share

	30 June 2022	30 June 2021	Change
Revenue (£m)	206.2	138.2	+49%
Engineering Services	58.0	45.0	+28%
Technology	62.2	13.5	+360%
Infrastructure	39.4	44.3	-11%
Residential & Hotels	29.6	28.9	+2%
FM	17.0	6.5	+162%

	30 June 2022	30 June 2021	Change
Operating profit (£m)	6.0	2.4	+150%
Profit after tax (£m)	4.4	1.5	+193%
Earnings per share (p)	10.24	3.58	+186%

Cash Generative



£7.2m

Net Cash 30 June 2022

£30m

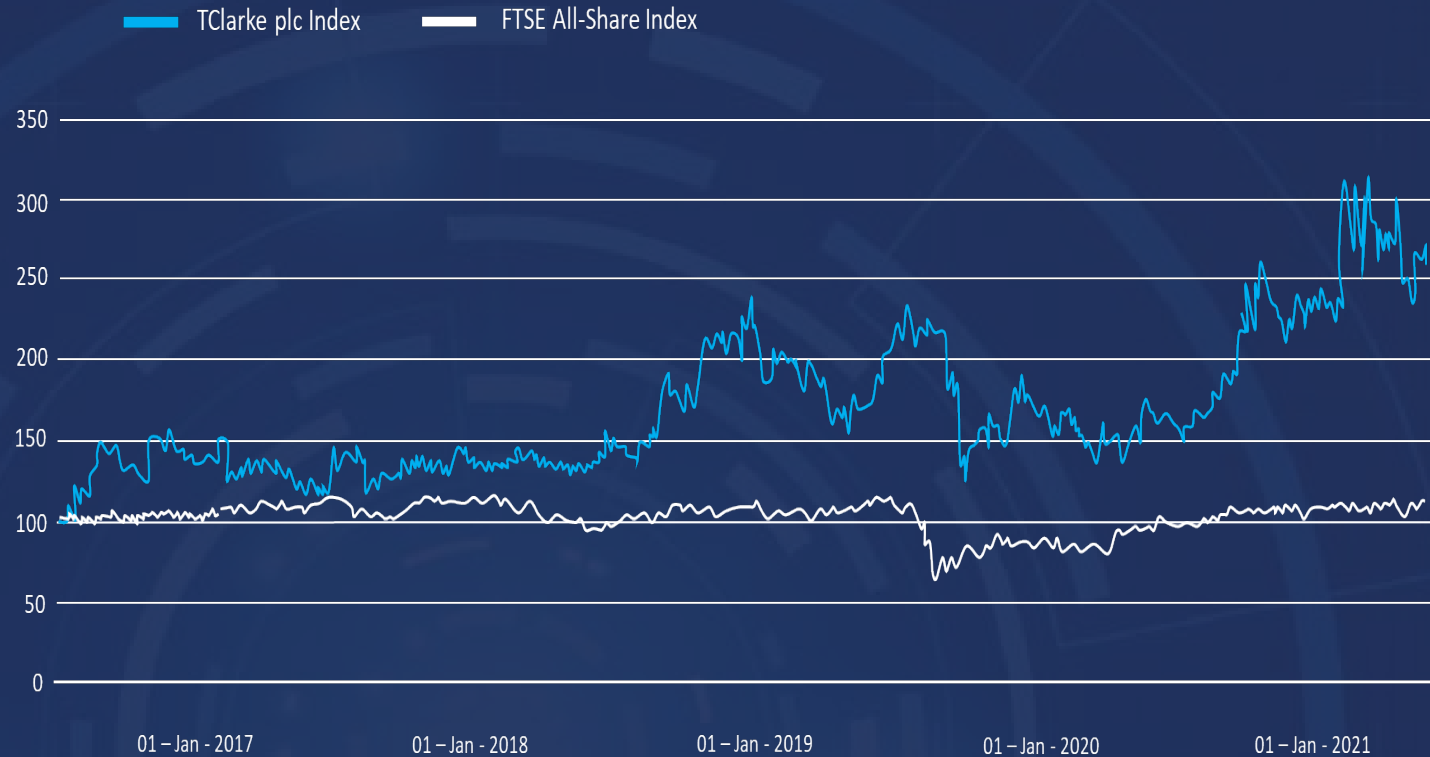
Facilities available

Strong Balance Sheet

- Increase in net assets of £16.1m
- Reduction in pension deficit mainly due to increase in discount rate

Balance sheet £m	30 June 2022	30 June 2021
Intangible assets & goodwill	25.3	25.3
Property Plant & Equipment	12.5	7.6
Other non-current assets	9.3	8.4
Working capital	4.1	3.9
Net cash	7.2	2.0
Pension deficit	(15.9)	(24.5)
Other non-current liabilities	(7.4)	(3.7)
Total net assets	35.1	19.0

Relative Shareholder Return



5 year relative performance
Index at 31st December 2016 equals 100

Total shareholder return

Share price 1 Jan 2017	59.25p
------------------------	--------

Share price 31 Dec 2021	160p
-------------------------	------

Dividends during period	19.75p
-------------------------	--------

Total return	203%
--------------	------

Progressive Dividends

- Dividends increased by 10%
- Rebalancing of dividend between interim and final. Target one third, two third split
- Progressive dividend policy underpinned by plans to grow revenues to £500m per annum

Interim Dividend and Total Dividend 2018 - 2022



Our Strategy

2022 Volumes to Exceed £400m by:

- Focusing on our 5 core markets
- Expanding our data centre business

2022 Achievement

- Turnover first six months £206m
- 2022 full year circa £450m



Sustain a 3% Operating Margin by:

- Successful targeted tendering
- Operational efficiency and economies of scale

2022 Achievement

- First half 2.9%



£500m
Annual
Revenue

Expand Growth Organically by:

- Data centre business
- Large projects across the UK
- Healthcare offering
- Energy efficient smart building solutions

2022 Achievement

- Orderbook record £586m
- Technology orders £184m up from £132m in 2021
- Major project wins across UK



Maintain our Premium Position In our Core Market by:

- Focusing on our 5 core markets
- Building long term relationships
- Remaining contractor of choice for major London projects

2022 Achievement

- Orderbook replenished and increased
- Technology business expanded
- 90% of turnover from repeat clients



Balanced Portfolio

Our five target sectors can support a step change in scale for TClarke project wins have set us in a strong position.

Total Forward Order Book £586m 30th June 2022 (2021 £503m)



Engineering Services

£151m

Forward order book
June 2021: £153m

£58m

2022 Revenue – 2021 £45m

	No. of 2022 Projects	Projects in Order Book
Commercial Offices	41	35
Leisure	17	9
Retail	20	12
Other	14	14
Totals	92	70



Technologies

£184m

Forward order book
June 2021: £132m

£62m

2022 Revenue – 2021 £14m

	No. of 2022 Projects	Projects in Order Book
Manufacturing and Prefabrication	7	8
Data Centres	4	4
Smart Buildings	15	13
Other	8	14
Totals	34	39



Infrastructure

£141m

Forward order book
June 2021: £93m

£39m

2022 Revenue – 2021 £44m

	No. of 2022 Projects	Projects in Order Book
Defence	7	11
Education	46	50
Healthcare	48	42
Prisons	6	6
Other Government	11	8
Totals	118	117



Residential & Hotels

£96m

Forward order book
June 2021: £113m

£30m

2022 Revenue – 2021 £29m

	No. of 2022 Projects	Projects in Order Book
Hotels	4	5
New Build	97	78
Refurbishment	5	3
Totals	106	86



Facilities Management

£14m

Forward order book
June 2021: £12m

£17m

2022 Revenue – 2021 £7m

	No. of 2022 Projects	Projects in Order Book
Long Term Frameworks	2,111	877
Planned and Reactive Maintenance	12,862	9,140
Totals	14,973	10,017

Projects By Value



Infrastructure



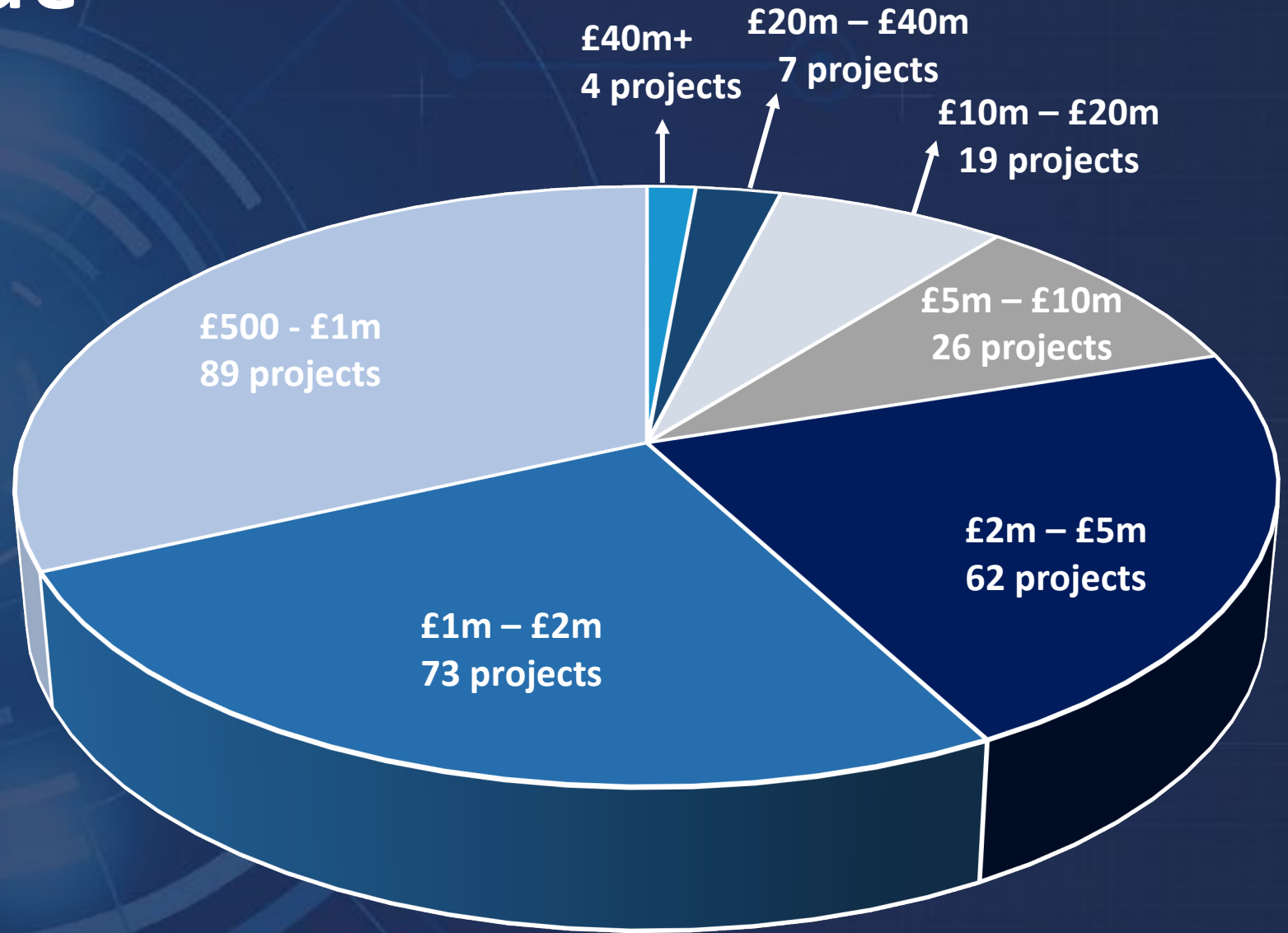
Residential & Hotels



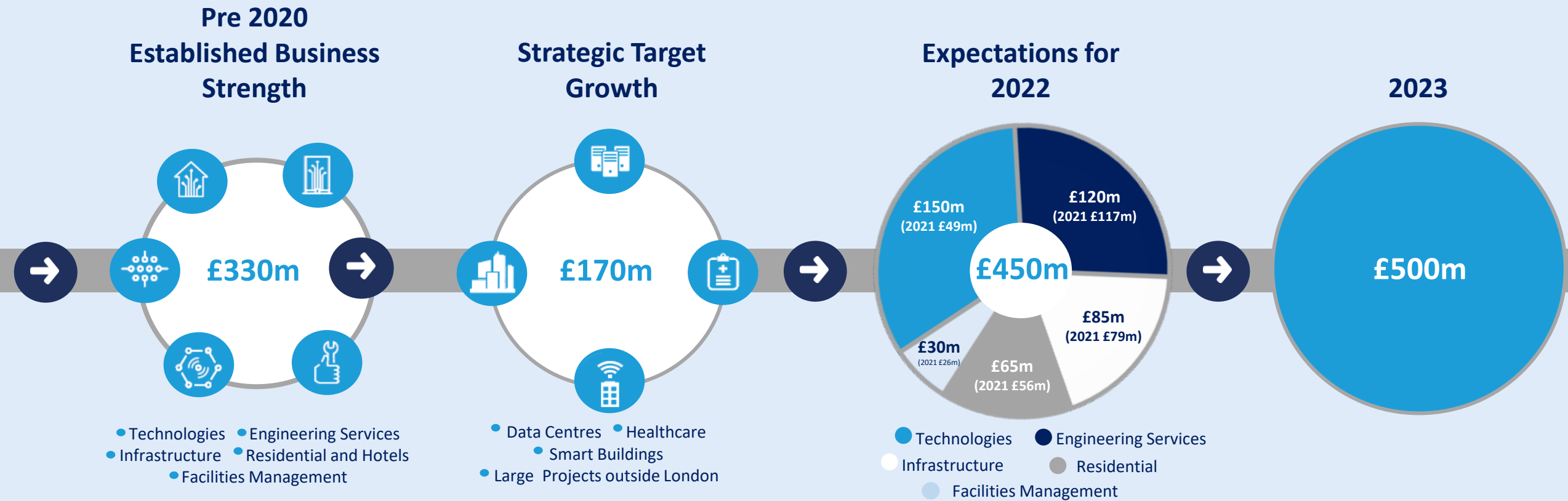
Engineering Services



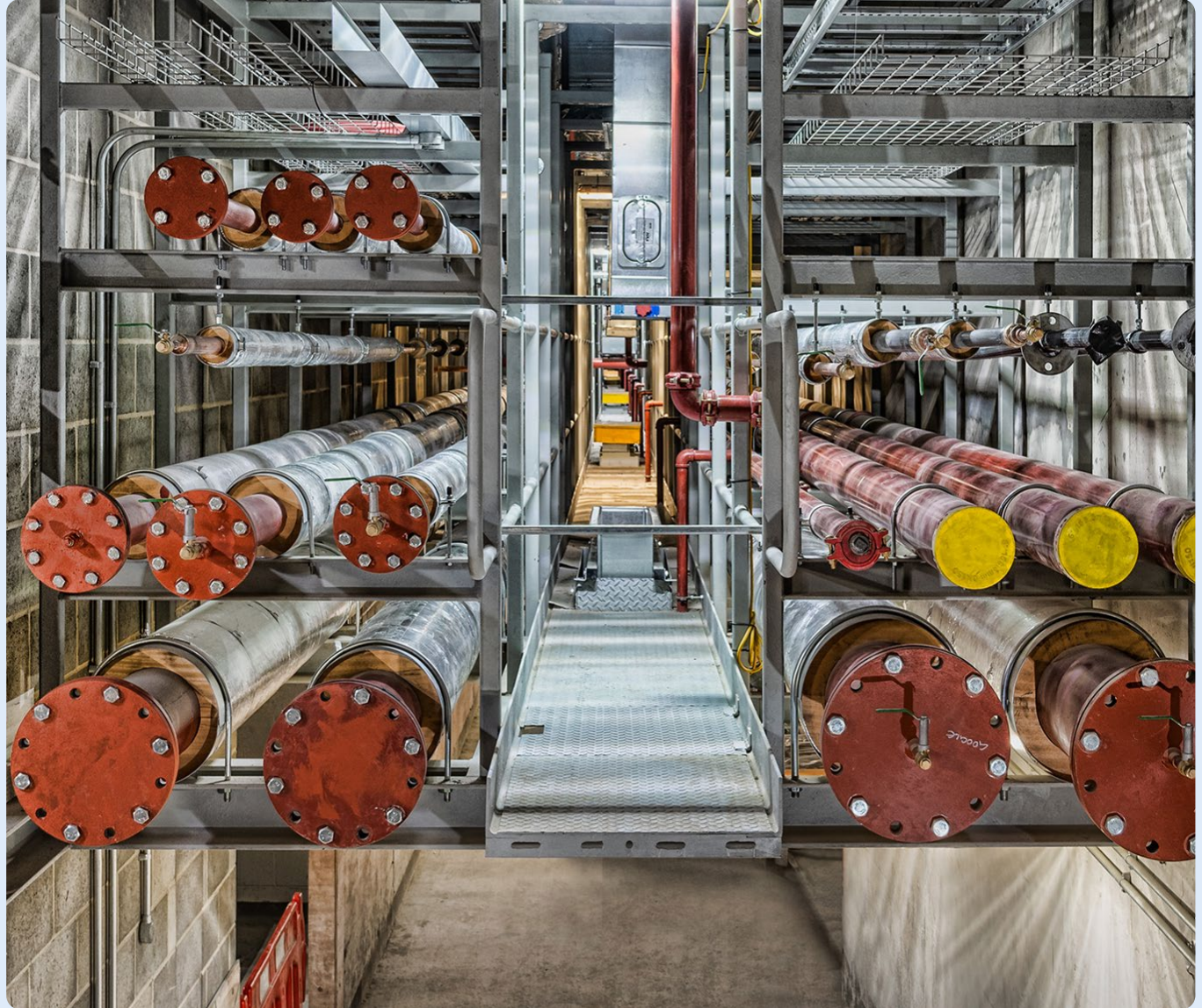
Technologies



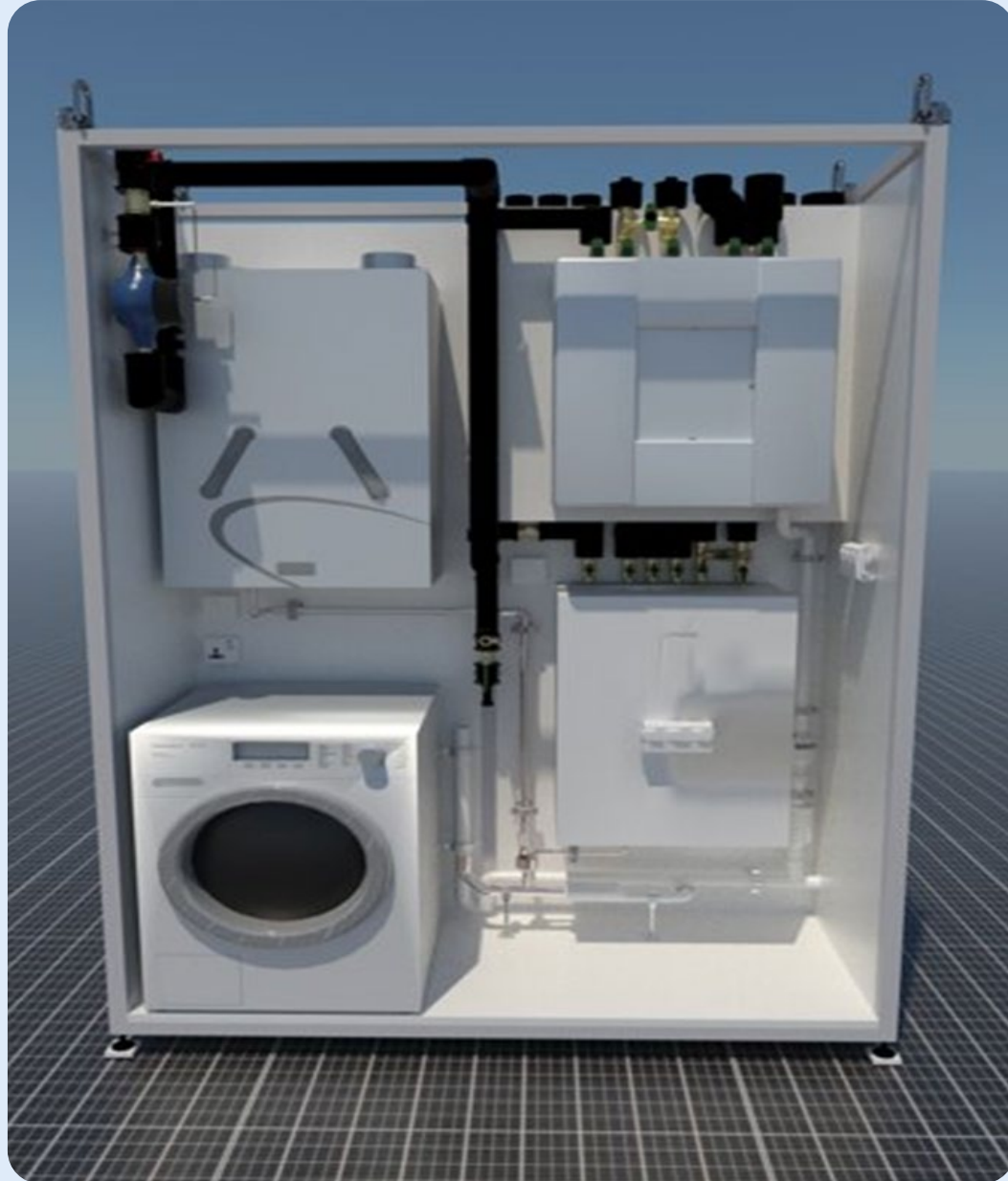
£500m Revenue Roadmap



Modern Methods of Construction (MMC)



Modern Methods of Construction (MMC)



Data Centre Projects and Potential Growth

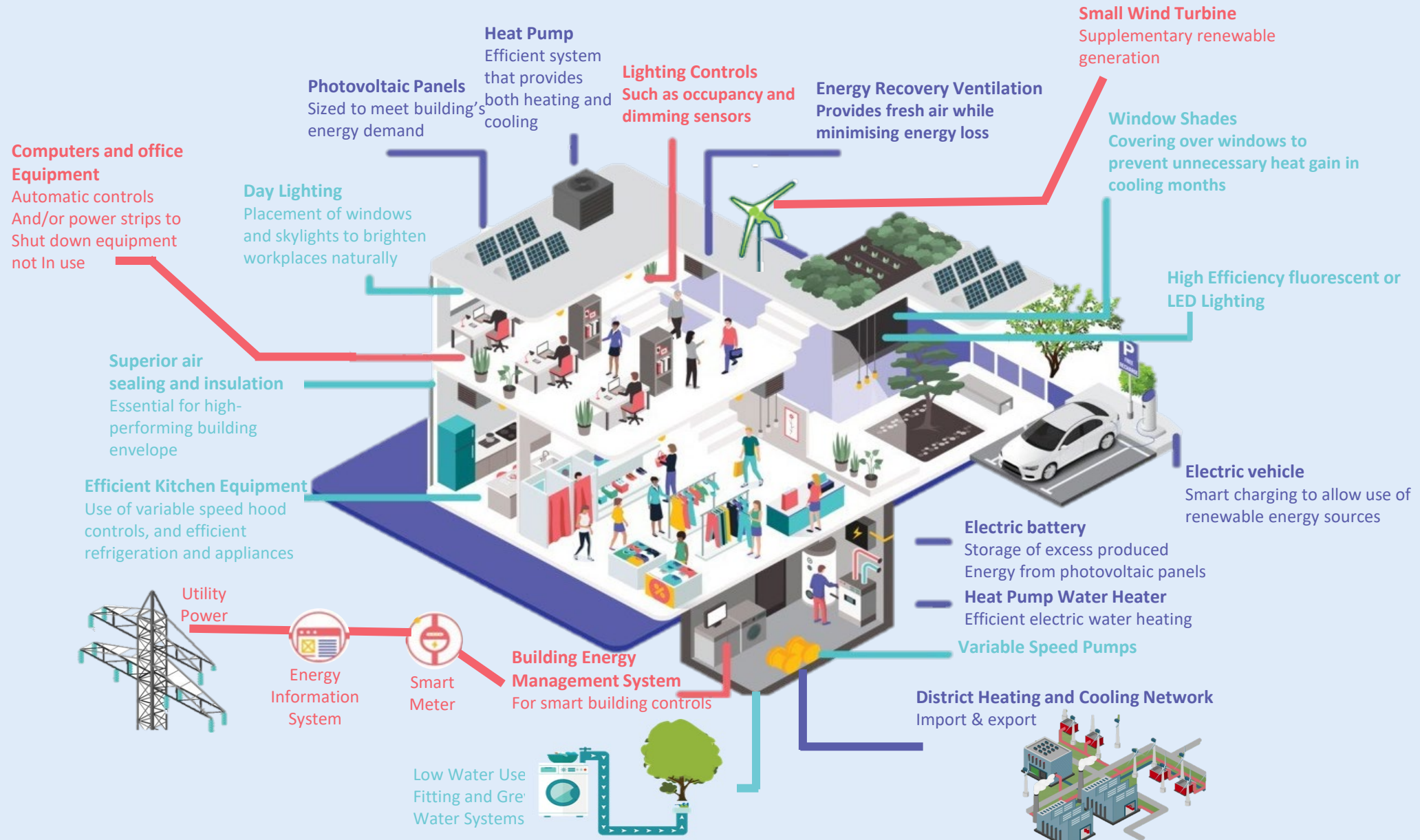


today

Secured Project within order book

Future Opportunity

Sustainability – New Revenue Opportunities



Principal Risks

The Group’s risk profile continues to be supported by a strong balance sheet and secured workload, and a continued focus on contract selectivity. Our risk governance model ensures that our principal risks and the controls implemented throughout the Group are under regular review at all levels.*

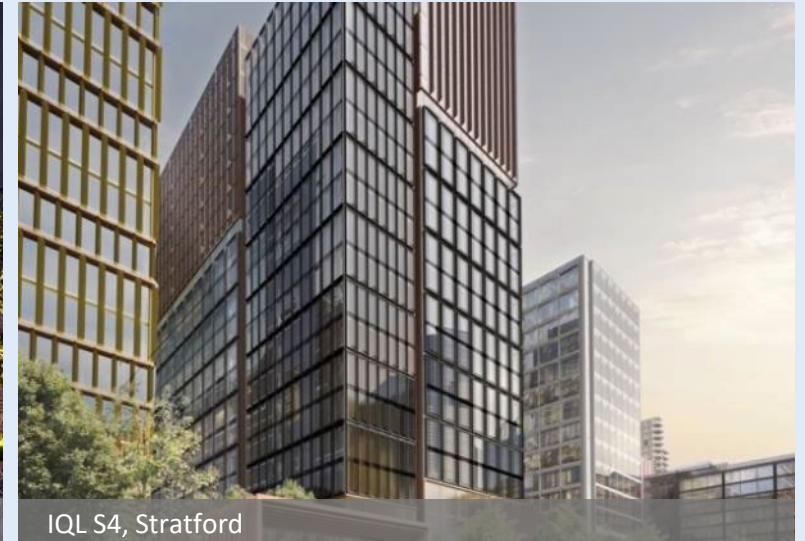
Risk and potential impact	Mitigation and Action	Risk and potential impact	Mitigation and Action
Project Delivery Failure to meet client expectations could incur costs that erode profit margins, lead to the withholding of cash payments and impact working capital. It may also result in reduction of repeat business and client referrals.	<ol style="list-style-type: none"> 1. Contracts of significant size or risk are regularly reviewed by Regional Managing Directors and the Executive Board. 2. Regular performance reviews of all key suppliers and subcontracts. 3. Ongoing assessment and management of operational risk throughout project lifecycle. 4. Train and maintain industry-leading teams of directly employed engineers, surveyors, supervisors and skilled tradespeople. 5. Profit and cash flow are monitored throughout the project lifecycle with regular review at contract and business unit level. 	Climate Change and Sustainability The impact of increased costs arising from a zero carbon economy. The loss of key clients through not addressing carbon emissions adequately.	<ol style="list-style-type: none"> 1. We have a Climate and Sustainability Committee led by the Group Managing Director to oversee our carbon reduction journey to get to net zero by 2030. 2. The Board considers climate related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisations performance objectives.
Contract Variations and Disputes Changes to contracts and contract disputes could lead to costs being incurred that are not recovered, loss of profitability and delayed receipt of cash.	<ol style="list-style-type: none"> 1. Review contract terms at tender stage and ensuring any variations are approved by the appropriate level of management. 2. Well established systems of measuring and reporting project progress and estimated out turns that include contract variations and impact on programme, cost and quality. 3. Use and development of electronic dashboards for project management and change control, and commercial metrics designed to highlight areas of focus and provide early warnings. 	Material Availability & Inflation The majority of TClarke contracts are tendered at a fixed price lump sum. Material inflation during the contract period will increase costs and impact profitability.	Formal supplier framework agreements are maintained to mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible.
		Attracting and Retaining Talented People Attracting and retaining appropriately qualified staff to deliver our ambitious growth plan.	<ol style="list-style-type: none"> 1. The Group remains committed to providing apprenticeships, career paths and ongoing training and development for all employees. 2. Remuneration packages for all staff are linked to performance and monitored to ensure they remain competitive.

* Full details in our annual report page 26 - 29

Summary

- Closing in on £500m revenue target; £450m now expected for 2022
- Growth being fuelled by technology. This sector set to account for one third of business in 2022.
- TClarke has a market leading smart building offering. Smart Buildings are integral to UK plans to reduce carbon footprint and control energy consumption
- Record order book with many more opportunities
- Bank facilities extended to August 2026 and increased to £30m
- Bonding capacity increased to £65m; one of the largest capacities compared to our peer group
- Strong earnings per share growth
- Progressive dividend policy; dividends increasing by 10% per annum; split between interim and final being rebalanced.

London Current Live Projects



UK North Current Live Projects



Points Cross, Leeds



Durham Custody Suite



Wellspring Academy Scunthorpe SEND



Dame Allan School, Newcastle



Darlington Innovation Centre



Hughes House, Liverpool



Trinity Academy St Edward's, Barnsley

UK North Current Live Projects



UK South Current Live Projects



EDF Javalin House, Gloucestershire



Luton and Dunstable Hospital Emergency Department, Luton



Royal Devon and Exeter Hospital



Said Business School, Oxford



Elstree Studios, London



Royal Cornwall Hospital, Progressive Recovery Unit and Substation 3



St. Catherine's College, Cambridge

London Opportunities



Citi Group



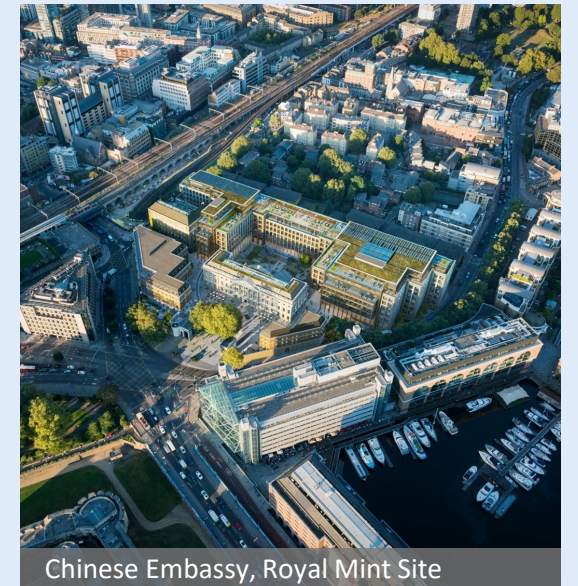
ITV Studios Redevelopment, South Bank



Salisbury Square



Sunset Studios



Chinese Embassy, Royal Mint Site

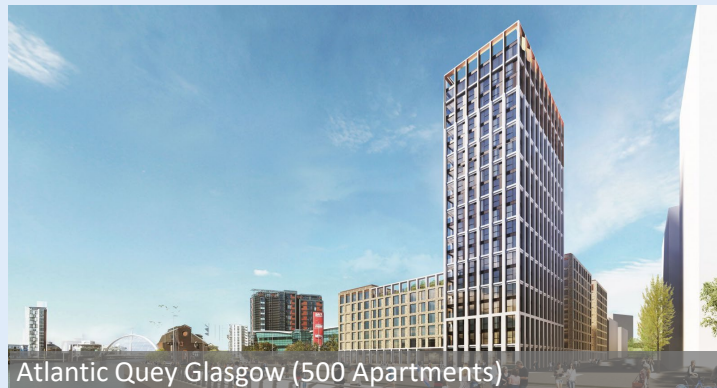
London Opportunities



UK North Opportunities



UK North Opportunities



UK South Opportunities



UK South Opportunities

