

TClarke

Investor Pack

Preliminary Results for the year ending 31 December 2021

ENGINEERING SERVICES

TECHNOLOGIES

INFRASTRUCTURE

RESIDENTIAL & HOTELS

FACILITIES MANAGEMENT



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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 36 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.

Our Results

Profit before tax
£7.8m
2020: £1.2m

Revenue
£327m
2020: £231.9m

Net cash
£5.3m
2020: £10.2m

Forward order book
£534m
2020: £456m



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

Precision Logistics



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

Innovation



- 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

Extract from RNS

- Performance accelerated into the second half of 2021
- Forward Order Book reaches record level of £534m
- Successfully positioned winning larger projects outside of London
- Data Centre business expanding
- Further progress made in broadening healthcare and smart building offering
- The Group remains on track to achieve its growth plan to reach £500m annual revenue

Full year ended 31 Dec	2021	2020	Change
Revenue	£327.1	£231.9m	+41%
Operating Profit – adjusted*	£8.8	£6.0m	+47%
Profit before tax – adjusted*	£7.8	£5.1m	+53%
Earnings per share – adjusted*	14.99p	10.29p	+46%
Net cash at year end	£5.3	£10.2m	-48%
Total dividend per share	4.85p	4.4p	+10%
Operating profit reported	£8.8m	£2.1m	+319%
Profit after tax reported	£7.8m	£1.2m	+550%
Earnings per share reported	14.99p	2.87p	+422%

**2020 adjusted operating profit, profit before tax and earnings per share are stated before amortisation of intangible assets and restructuring costs. There were no such costs in 2021.*

Financial Highlights

- Strong revenue growth
- Improved profitability
- Cash generative
- Excellent start to 2022 and positive outlook
- 10% increase in full year dividends
- 3 x dividend cover

Group Revenue

£327.1m

2020: £231.9m

Operating Margin

2.7%

2020: 2.6%*

Profit Before Tax

£7.8m

2020: £1.2m*

Earnings Per Share

14.99p

2020: 10.29p*

Net Cash

£5.3m

2020: £10.2m

Dividend

4.85p

2020: £4.4p

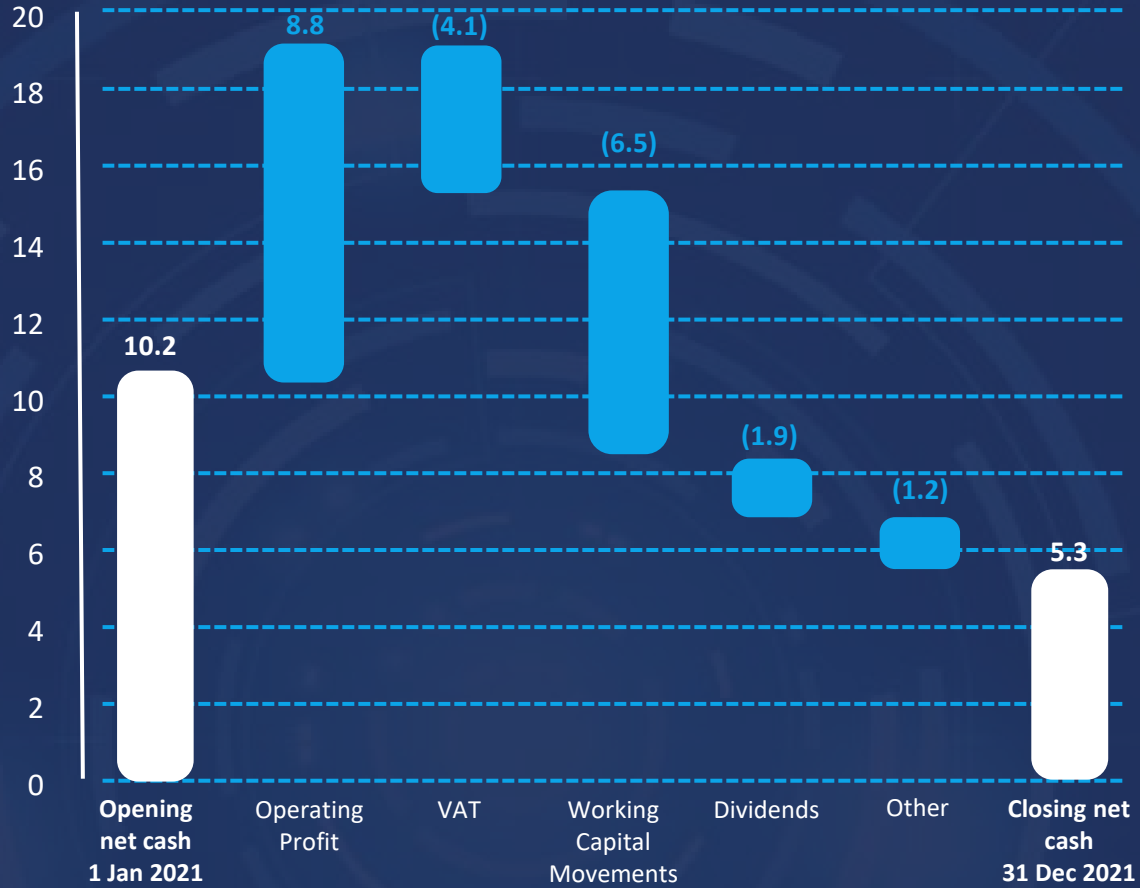
* Representing the underlying 2020 comparatives

Consolidated Income Statement

- 41% increase in revenues with technology market sector target increase
- Significant increase in revenues at all sectors
- Four-fold increase in profit after tax and earnings per share

	2021	2020	Change
Revenue (£m)	327.1	231.9	+41%
Engineering Services	116.9	81.6	+43%
Technology	49.5	31.5	+57%
Infrastructure	78.8	58.9	+34%
Residential & Hotels	55.9	42.1	+33%
FM	26.0	17.8	+46%
	2021	2020	Change
Operating profit (£m)	8.8	2.1	+319%
Profit after tax (£m)	6.3	1.2	+425%
Earnings per share (p)	14.99	2.87	+422%
Underlying operating profit (£m)	8.8	6.0	+47%

Cash Generative



£5.3m

Net Cash 31 December 2021

£25m

Facilities available

Strong Balance Sheet

- Increase in net assets of £10.8m
- Reduction in pension deficit mainly due to increase in discount rate

Balance sheet £m	31 Dec 2021	31 Dec 2020
Intangible assets & goodwill	25.3	25.3
Property Plant & Equipment	7.5	8.0
Other non-current assets	11.3	9.8
Working capital	4.0	(2.6)
Net cash	5.3	10.2
Pension deficit	(23.9)	(30.2)
Other non-current liabilities	(3.0)	(4.8)
Total net assets	26.5	15.7

Progressive Dividends

- Dividends increased by 10%
- Dividends maintained throughout the pandemic
- Progressive dividend policy underpinned by plans to grow revenues to £500m per annum

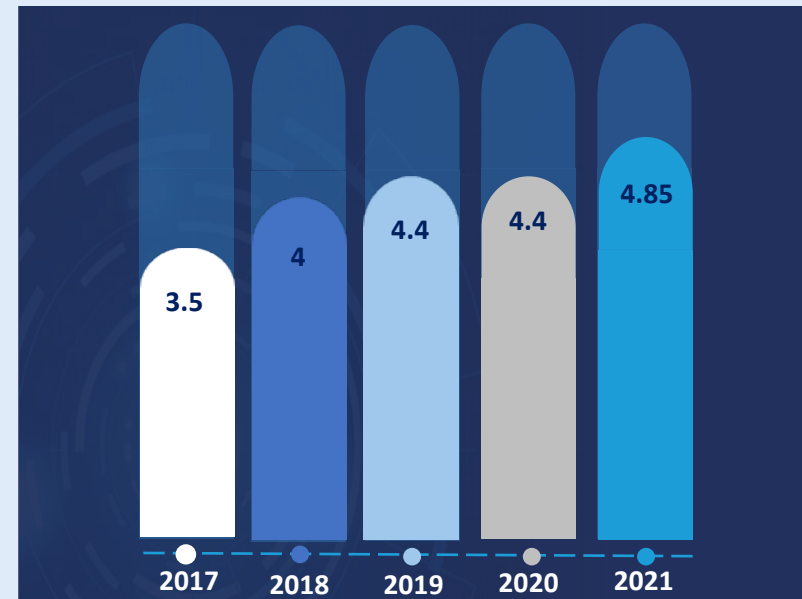
4.85p

Dividend per share (FY20: 4.4p)

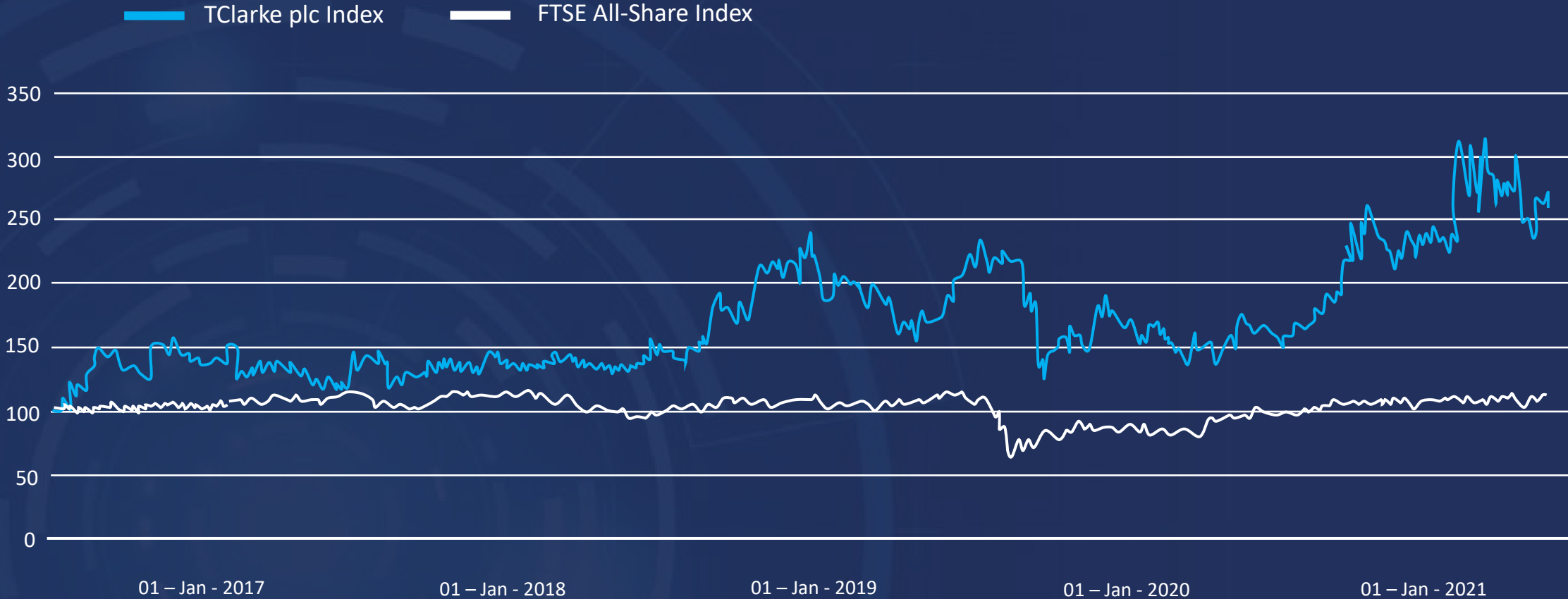
3.0 x

Dividend cover (FY20: 0.6x)

Dividends 2017 - 2021



Relative Shareholder Return



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

Our Strategy

2021 Volumes to Exceed £300m by:

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

2021 Achievement

- Turnover £327m
- Data centre turnover £40m



Sustain a 3% Operating Margin by:

- Successful targeted tendering
- Operational efficiency and economies of scale

2021 Achievement

- First half 1.7%
- Second half 3.3%



£500m
Annual
Revenue

Expand Growth Organically by:

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

2021 Achievement

- Orderbook record £534m
- Technology orders £135m up from £47m in 2020
- Major project wins across UK
- Place won on NHS Smart Building Framework



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

2021 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 and 2021's project wins have set us in a strong position.



Engineering Services

£174m

Forward order book
2020: £175m

£116m

2021 Revenue – 2020 £81m

	No. of 2021 Projects	Projects in Order Book
Commercial Offices	36	31
Leisure	15	13
Retail	22	18
Other	18	9
Totals	91	71



Technologies

£135m

Forward order book
2020: £47m

£50m

2021 Revenue – 2020 £32m

	No. of 2021 Projects	Projects in Order Book
Manufacturing and Prefabrication	6	7
Data Centres	6	7
Smart Buildings	20	19
Other	4	5
Totals	36	38



Infrastructure

£104m

Forward order book
2020: £100m

£79m

2021 Revenue – 2020 £59m

	No. of 2021 Projects	Projects in Order Book
Defence	8	10
Education	63	36
Healthcare	56	36
Prisons	4	3
Other Government	16	8
Totals	147	93



Residential & Hotels

£103m

Forward order book
2020: £115m

£56m

2021 Revenue – 2020 £42m

	No. of 2021 Projects	Projects in Order Book
Hotels	5	4
New Build	102	76
Refurbishment	6	34
Totals	113	85



Facilities Management

£18m

Forward order book
2020: £19m

£26m

2021 Revenue – 2020 £18m

	No. of 2021 Projects	Projects in Order Book
Long Term Frameworks	1,614	1,128
Planned and Reactive Maintenance	16,820	11,752
Totals	18,434	12,880

Projects by Value



Infrastructure



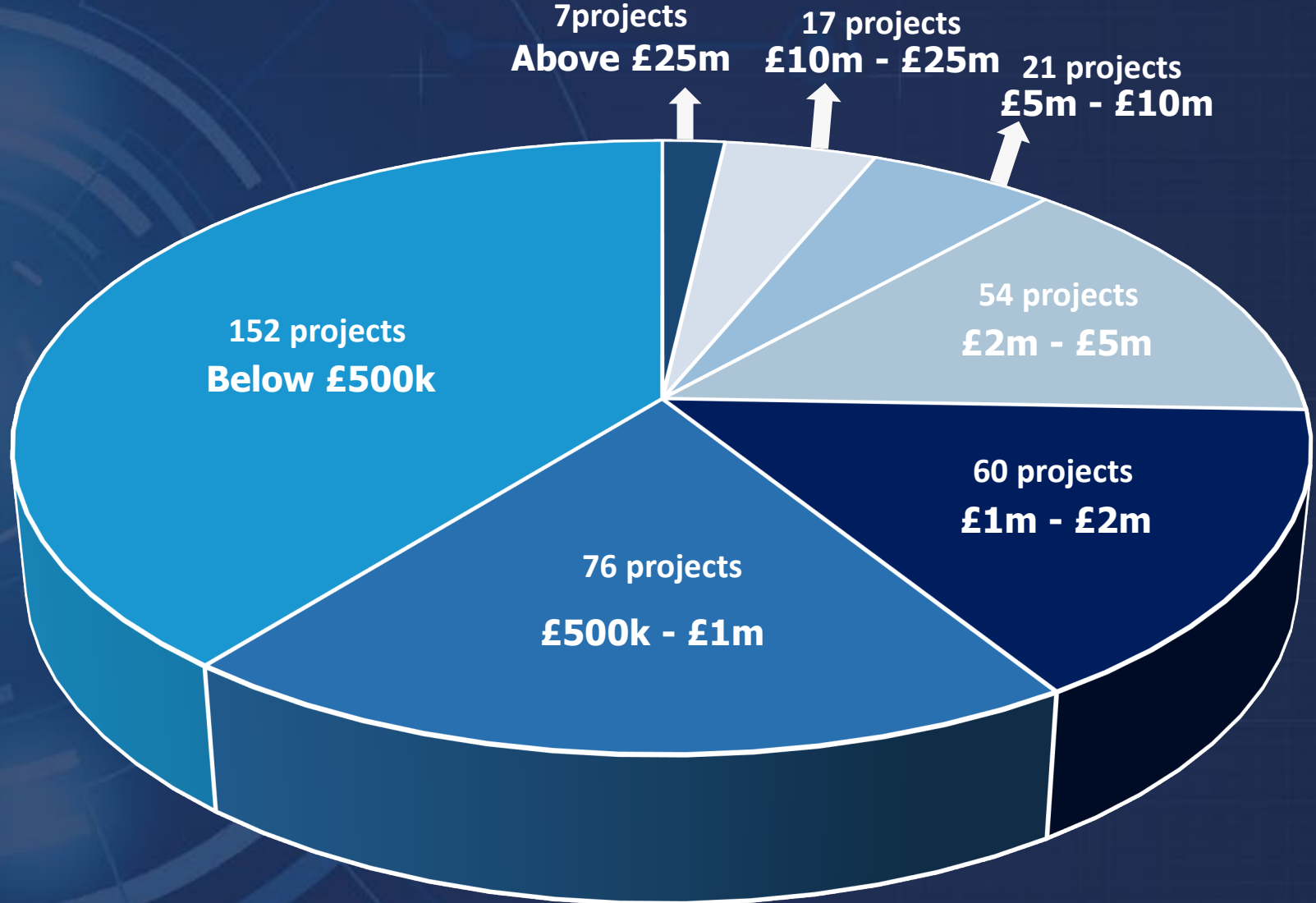
Residential & Hotels



Engineering Services

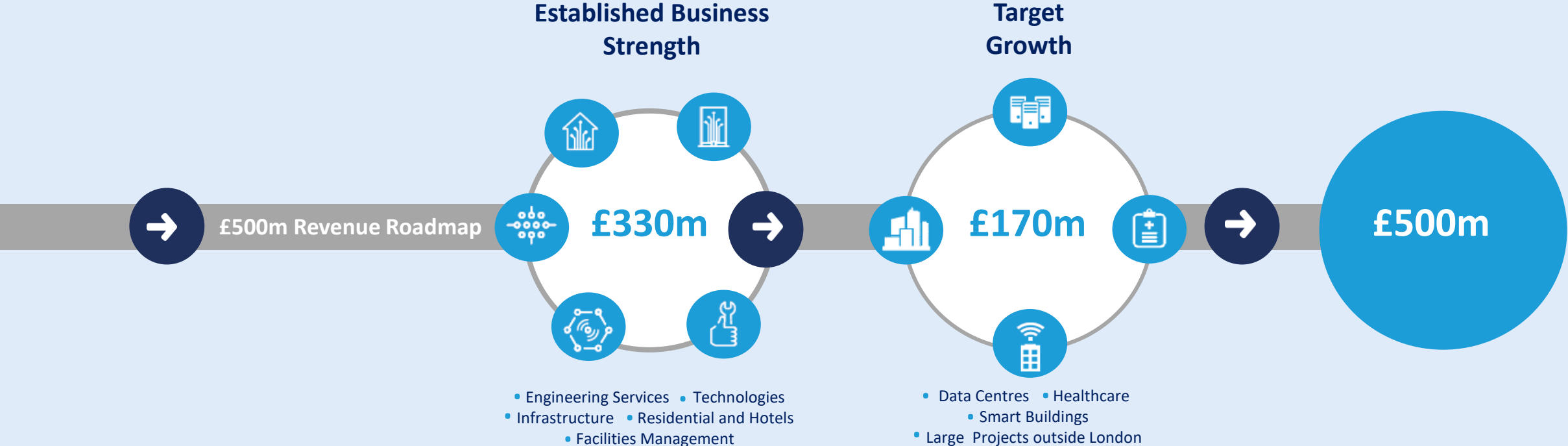


Technologies



£500m Revenue Roadmap

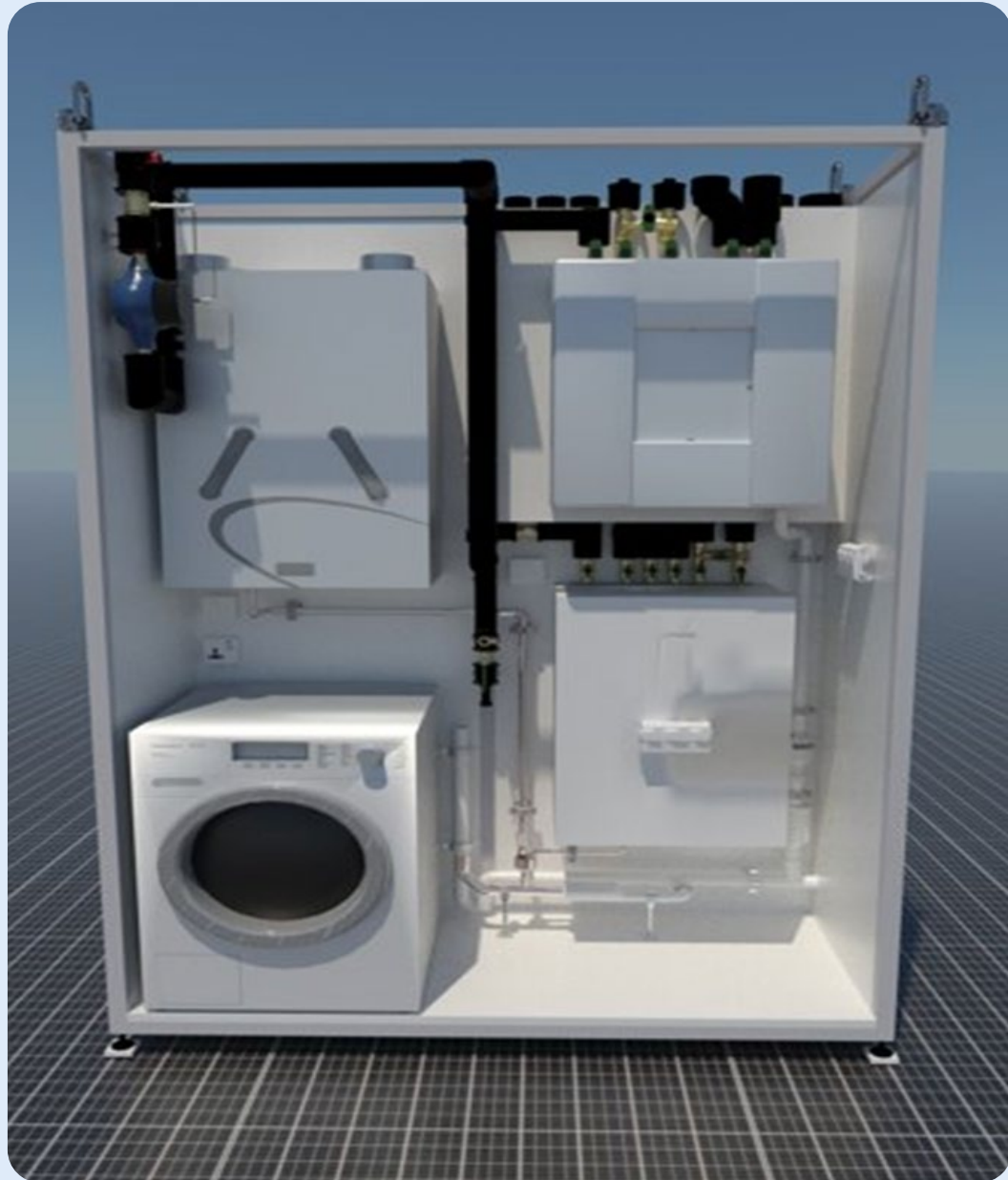
TClarke has set itself an ambitious strategically backed plan to deliver £500m annual revenues by 2023.



Modern Methods of Construction (MMC)



Modern Methods of Construction (MMC)



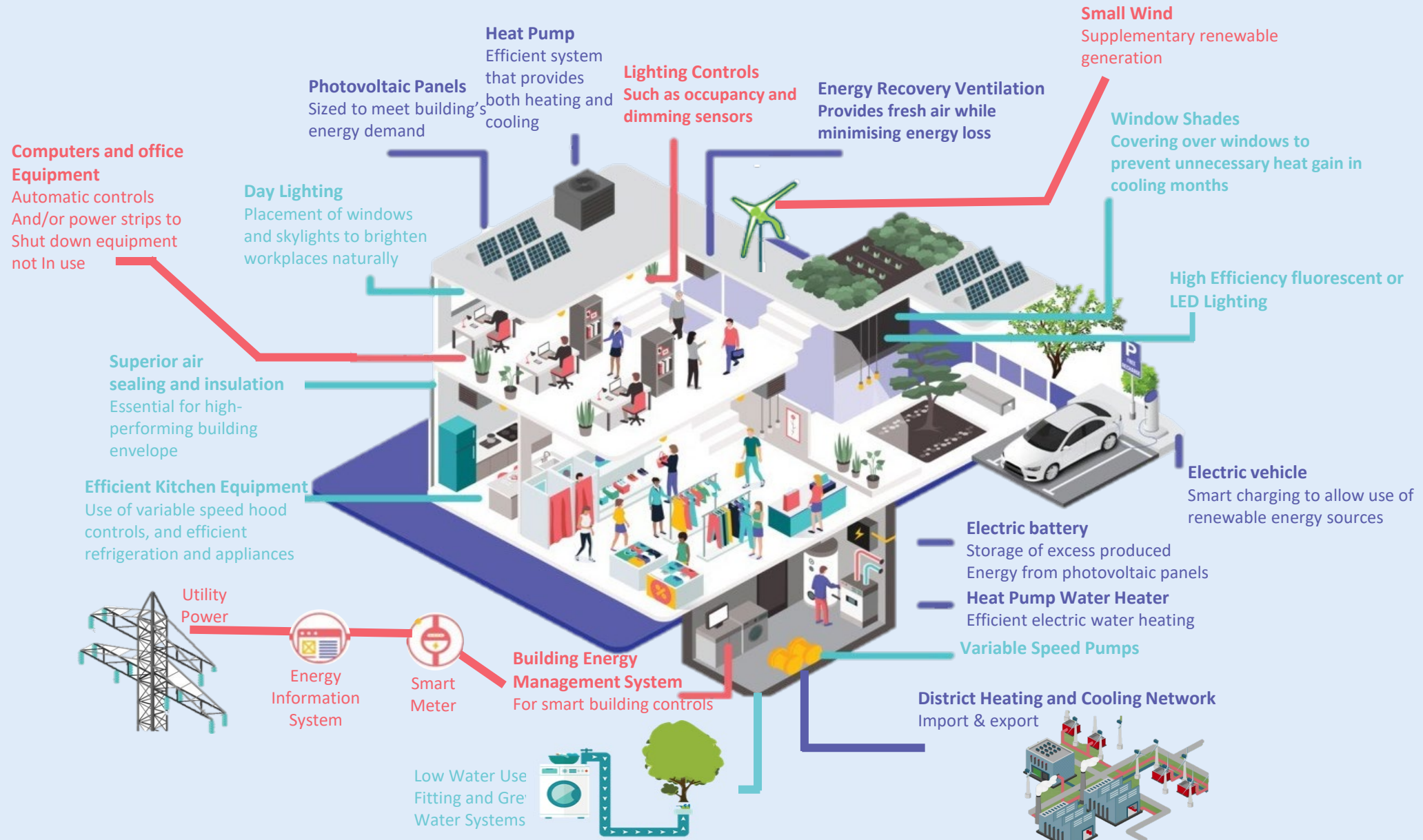
Data Centre Projects and Potential Growth



- Secured Project within order book
- PCSA – Pre Construction Service Agreement in Place
- Future Opportunity

today

Sustainability – New Revenue Opportunities



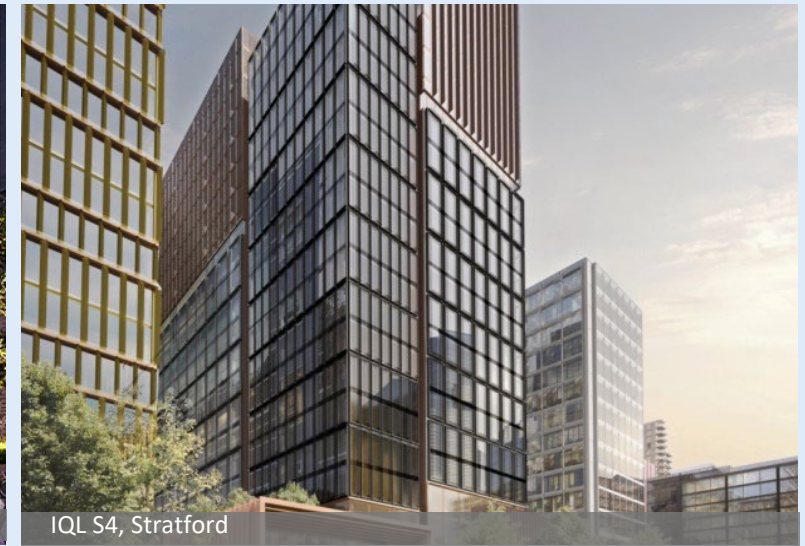
Principal Risks

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
<p>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.</p>	<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. 	<p>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.</p>	<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.
<p>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.</p>	<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. 	<p>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.</p>	<p>Formal supplier framework agreements are maintained to mitigate this risk, with prices locked in through procurement at the beginning of a contract wherever possible.</p>
		<p>Attracting and Retaining Talented People Attracting and retaining appropriately qualified staff to deliver our ambitious growth plan.</p>	<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

London Current Live Projects



UK North Current Live Projects



UK North Current Live Projects



UK South Current Live Projects



London Opportunities



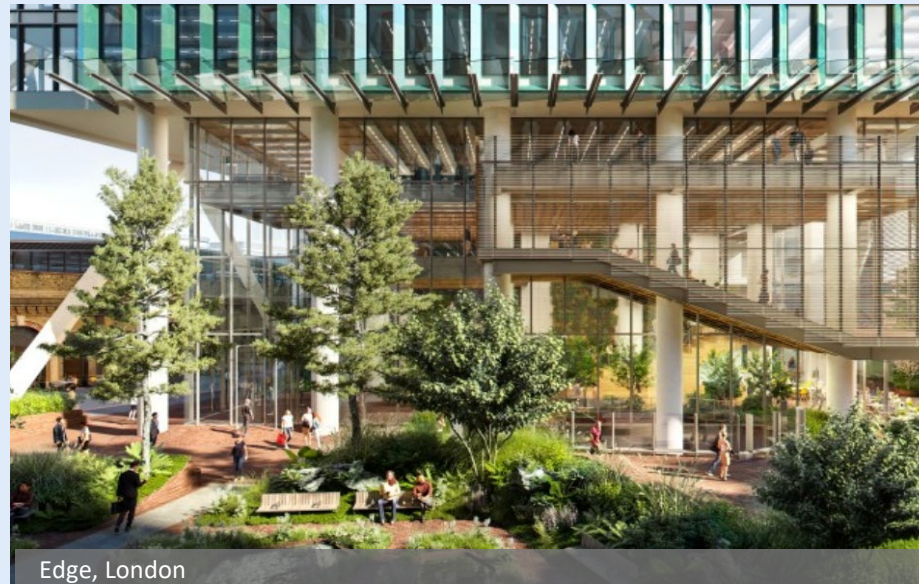
Citi Group



ITV Studios Redevelopment, South Bank



Salisbury Square



Edge, London



100 Leadenhall

London Opportunities



UK North Opportunities



Outwood Wharf Phase 2, Salford



Knowl Park House, Dementia Centre, Mirfield, West Yorkshire



Ripon Spa Hotel Refurbishment



North Tyneside Travel Interchange



HICSA Building, Sunderland



Darley Street Markets, Bradford



Darlington Station Gateway

UK North Opportunities



Scottish Fire and Rescue Service, Glasgow (new office)



Neilston Leisure and Learning Campus, Glasgow



Cala Homes Roslin, Edinburgh



Barratt Homes Herson Bank, Edinburgh

UK South Opportunities



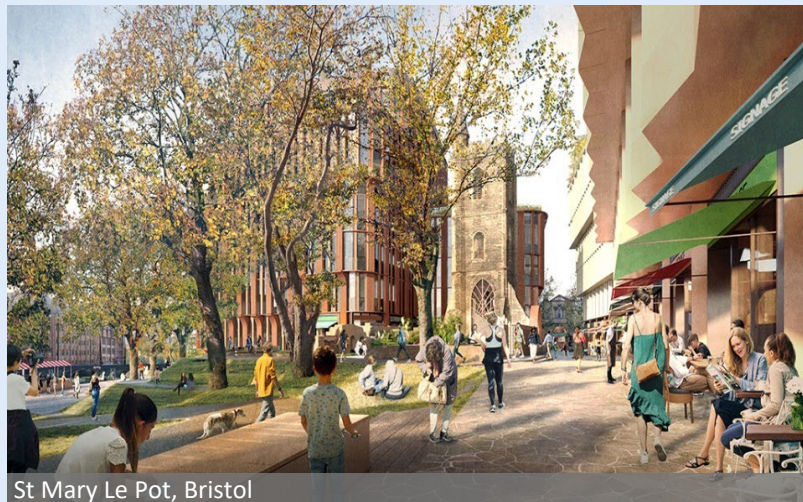
Calvell Centre, Plymouth



Gravity Smart Campus, Somerset



Begbrook Science Park, Oxford



St Mary Le Pot, Bristol



University of Gloucestershire City Campus, Gloucester



Emergency Department, Queen Alexandra Hospital, Portsmouth

UK South Opportunities



Summary

- Market leader in chosen markets
- 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
- Growth strategy fully supported by existing resources both financial and non financial
- No acquisitions expected or needed
- Strong earnings per share growth; basic earnings per share up 5 times 2021vrs2020
- Progressive dividend policy; dividends maintained throughout pandemic and now proposed to increase by 10%.