

A truly connected business

Whereas the majority of our competitors in the support services sector operate in single lines, PTSG operates across several niche areas. This connected approach is part of our business philosophy and the reason for our high market share. It means that we may enter a market with one product and/or service and then eventually become the service provider of choice across more areas.

Business divisions

Access & Safety

- Safety Testing
- Safety Installation
- Cradle Maintenance
- Cradle Installation

We are the UK's leading supplier of fall arrest systems and safety testing services. We offer maintenance, inspection and testing solutions for safety at height as well as the design and installation of permanently installed façade access equipment and fall arrest equipment.

2017 Turnover

£20.2m

2016: £18.9m

Contribution to turnover:



Building Access Specialists

- Steeplejack Services
- High-Level Installations
- High-Level Reparation
- High Level Cleaning

Our high-level cleaning team members are experts in working at height, and we can provide cleaning and refurbishment work encompassing a wide range of vital services – for the inside or outside of any building.

2017 Turnover

£5.4m

2016: £5.8m

Contribution to turnover:



Electrical Services

- Lightning Protection
- Surge Protection
- Specialist Earthing
- Electrical Testing

Our systems not only save time and money, they save lives. Whether it's testing a portable appliance, a complete lightning and surge protection system or a dry riser as a vital component of fire suppression systems, our team of highly trained technicians are market leaders in these fields.

2017 Turnover

£20.2m

2016: £12.1m

Contribution to turnover:



Fire Solutions

- Dry Riser Installation/Maintenance
- Sprinkler Installation/Test/Maintenance
- Fire Alarm/Emergency Lighting Test/Install
- Fire Extinguisher Test/Supply

PTSG offers a tailored service for a range of fire prevention and suppression systems in a variety of public and private buildings. From initial design and feasibility, through to installation, testing, replacement, maintenance and certification, we provide a complete fire protection solution to ensure that your facilities remain safe and compliant.

2017 Turnover

£7.1m

2016: £2.4m

Contribution to turnover:



Access and Safety



Driving availability and expert service across our connected network

Headquartered in Castleford West Yorkshire with 16 offices and more than 400 engineers countrywide, PTSG is positioned to deliver. We have strategically placed staff which allows us to reduce travel costs and the necessity for overnight stays and continue to deliver a highly cost-effective service.

UK coverage

16

UK office locations

641

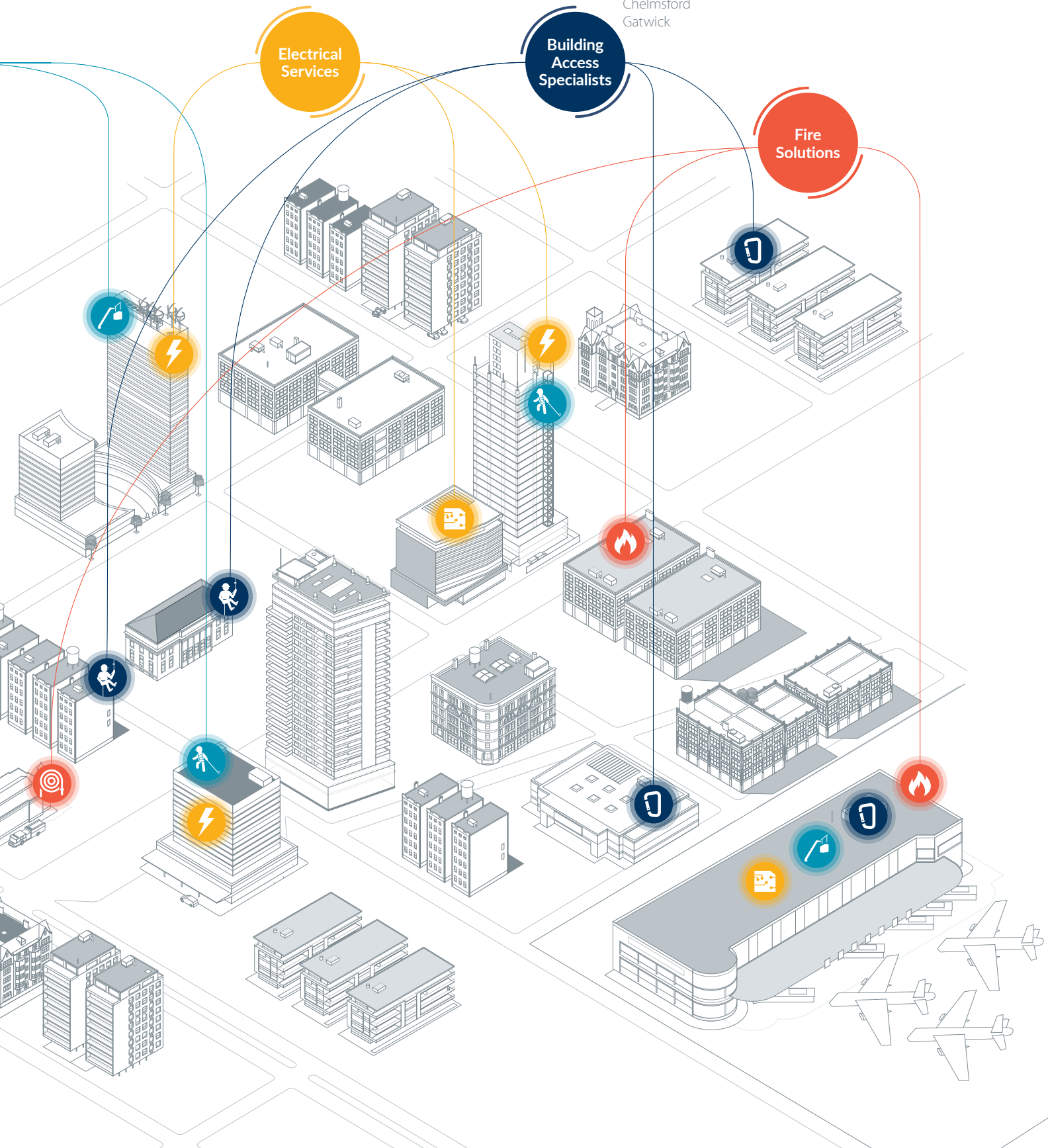
Full-time employees

Head office
Glasshoughton
Castleford
West Yorkshire

UK distribution centre
Pioneer Way
Castleford
West Yorkshire

Regional offices
Edinburgh
Wishaw (Lanarkshire)
Bury
Oldham
Manchester
Sheffield
Stoke
Nottingham
Kidderminster
Witham (Essex)
Chelmsford
Gatwick

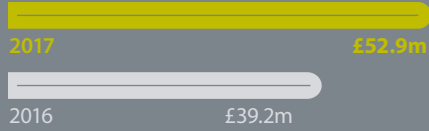
London offices
South HQ
South
City office



Revenue

£52.9m

↑35%



Adjusted operating profit*

£10.6m

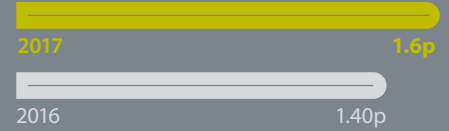
↑35%



Dividend per ordinary share paid and proposed

1.6p

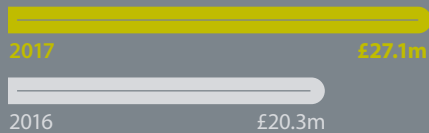
↑14%



Gross profit

£27.1m

↑33%



Adjusted earnings per share (EPS)*

9.73p

↑28%



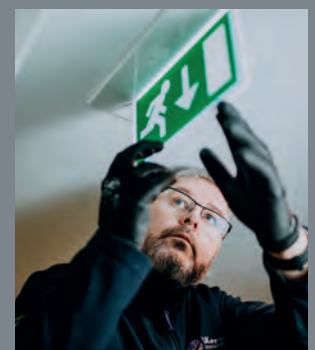
Electrical Services

We are the UK's leading lightning protection installation, testing and maintenance business. We specialise in surge protection and specialist earthing and our wider team are market leaders in fixed wire and portable appliance testing.



Fire Solutions

Our highly trained personnel lead the way in fire solutions working on residential and commercial properties UK-wide. Sprinkler systems, dry and wet riser systems and fire alarm and emergency lighting solutions complete PTSG's comprehensive offering in this important area of work.



Access and Safety

Our team comprises some of the industry's most knowledgeable access and safety experts, and we have further developed our skills base over the years through the strategic acquisition of market leading businesses. We are the UK's largest access and safety business.



Business Access Specialists

We have an industry leading reputation for being able to safely access some of the tallest and most challenging buildings, structures and chimney stacks to undertake surveys, remedial and reparatory work. Our rope access and steeplejack teams are the best in the business.



*before adjusting items of £8.3m (2016: £4.7m) resulting in a statutory operating profit of £2.4m (2016: £3.1m) and EPS of 1.37p (2016: 2.61p).

Momentum and growth

“Our areas of operation are those niche specialist service areas where our established operating model can deliver both high margins and industry leading contract renewal rates to a satisfied customer base.”

John Foley
Chairman



2017 Key events

Divisional reorganisation in response to our customer needs and industry demands.

Acquisition of BEST enabling market sector dominance in the lightning protection market.

£15m equity placing to fund the acquisition of BEST.

Acquisition of UK Sprinklers enabling PTSG to offer a full service in its Fire Solutions Division.

Integration of Nimbus Lightning Protection has been fully completed with a good contribution to growth.

2017 – a summary

2017 was a busy and exciting year for PTSG. I am pleased to report that record levels of turnover, gross profit, adjusted EBITDA and adjusted earnings per share were achieved. The Group extended the scale and range of its service offerings through both further organic growth and by three carefully selected acquisitions, including the largest acquisition made since the Group's IPO in February 2015. In addition the Group refreshed its strategy and reorganised its divisional structure so that we can continue to grow and maximise future value.

Acquisitions

Three acquisitions were completed in 2017.

We purchased the entire issued share capital of Nimbus Lightning Protection Limited in January 2017 for a total consideration of £1.0m which was paid in cash on completion. The acquisition of Brook Edgley (Industrial Chimneys) Ltd (“BEST”) was concluded in July 2017 for an initial cash consideration of £14m which was entirely funded from a successful placing of 12.5m new ordinary shares with institutional investors; £6m of deferred consideration is also payable over 3 years with two-thirds of the payments payable in cash or shares at the Group's discretion. UK Sprinklers Limited was acquired in September 2017 for a total consideration of £2.5m comprising an initial cash payment of £1.3m, two fixed deferred cash payments of £0.1m on the first and second anniversary of completion and a contingent payment of up to £1.0m payable over a three year period dependent on performance and payable in cash or shares at the Group's discretion.

The acquisitions of Nimbus and BEST have confirmed our position as market leader in the UK Lightning Protection sector. BEST's Steeplejack activities have strengthened the activities within our new Building Access Specialists division and the addition of UK Sprinklers has expanded our service offering in our new Fire Solutions division.

These acquisitions were made to achieve our objective of sector dominance in our chosen areas of operation, which are those niche specialist service areas where our established operating model can deliver both high margins and industry leading contract renewal rates to a satisfied customer base.

Financial overview of results

Turnover increased by 35% to £52.9m (2016: £39.2m). Gross profit increased by 33% to £27.1m (2016: £20.3m). Adjusted EBITDA increased by 37% to £12.3m (2016: £9.0m) and underlying profit before taxation (before adjusting items of £8.4m) increased by 36% to £10.2m (2016: £7.5m). Adjusting items were principally one off or non trading items including £1.4m of restructuring costs, £3.0m of share option costs and £3.5m of contingent payments in relation to acquisitions. The high level of adjusting items reflects share based remuneration made prior to IPO which are due to reduce in scale in future years, the effect of earn out payments to continuing employees which are treated as remuneration (rather than capital payments) under IFRS 3 and the effects of necessary restructuring arising in particular from the BEST acquisition. The contingent amounts payable are high due to the inclusion of £2m in respect of BEST, although the £6m deferred consideration is paid over three years, under IFRS 3, this has to be recognised over 18 months.

The Board has recommended a final dividend of 0.8 pence per share which together with the interim dividend paid of 0.8 pence is a 14% increase on the dividends paid in respect of 2016. This will be paid to shareholders of the register on 29 June 2018 and the expected payment date is 20 July 2018.

Net debt at 31 December 2017 increased to £18.3m (2016: £13.6m) following payments of £2.3m of cash in relation to acquisition of businesses. The Group's working capital position has necessarily increased due to the very substantial increased scale of the Group's activities at the period end.



On behalf of the Board,
I would like to thank all of our employees for their hard work and commitment to ensure that we remain the service provider of choice for our customers.

The Group's exit turnover run rate was 46% higher than its run rate at the end of 2016. The Group trades very comfortably within its covenants on its established committed medium term facilities with HSBC. The Board remains comfortable with core borrowings of up to 1.75 x adjusted EBITDA at this stage in the Group's development. At 31 December 2017 core borrowings were 1.49x adjusted EBITDA compared to a bank covenant of 2.25x.

Operational highlights

The Group's underlying organic revenue growth rate was a healthy 11% and the Board was pleased with the performance of all three acquired businesses within PTSG. The successful implementation of a new Divisional structure which is explained in the Chief Executive's Review has involved a great deal of thought and hard work by the Group's senior management team and the reaction of our customers to our new approach has been very encouraging.

The Chief Executive's review provides further detail about operational performance but our focus on compliance to a demanding set of safety standards remains foremost in our thoughts and actions. The Board is pleased to report that contract renewal rates in our core maintenance divisions was at 88% during 2017; we believe this is an industry leading contract renewal rate. Gross margins were steady at 51.2% (2016: 51.9%) which provides further proof of margin sustainability as turnover increases.

The new divisional structure was introduced together with the introduction of a national major accounts sales team which identifies and secures multi disciplinary contract opportunities. This team will assist all divisions within the Group to secure organic growth opportunities where a Group approach is beneficial.

Strategy

PTSG was incorporated in November 2006 has now completed 23 acquisitions since inception and more than doubled its turnover and profits since the IPO and admission to AIM in 2015. The Group currently has 16 offices and more than 600 employees and its new divisional structure provides a balanced offering of niche specialist services to customers in the facilities management, construction and property sectors.

The operating model which has worked so well from the start of PTSG in its Access and Safety division can now be seen to work just as effectively in our Electrical Services division where our position as market leader in the Lightning Protection sector has been achieved since our first entrance to this area in December 2010. Our entry to the Fire Services market did not start until 2016 but the similarities in methods of operation with a strict adherence to safety standards are proving to be core values.

We continue to see exciting opportunities for both organic and acquisitive growth for all four divisions. Senior management is focused on achieving both increased operating profitability and cash conversion targets to fund already identified acquisition opportunities.

People

I would like to thank all our employees for their continuing commitment, enthusiasm and hard work.

Outlook

2018 has started well with continuing sales growth and healthy order books. The Board remains confident that the Group's positive revenue and profit momentum will continue in 2018.

John Foley
Chairman

21 March 2018

Introduction to corporate governance

The PTSG Board is responsible for the direction and oversight of Premier Technical Services Group PLC on behalf of the shareholders and is accountable to them, as owners, for all aspects of the organisation's business. The Board recognises that good governance involves the clarity of roles and responsibilities, and the proper utilisation of distinct skills and processes.



Our governance principles

The Board has developed and approved a set of important governance principles which set out how it will conduct its business and what people associated with the company can expect from it.

The governance principles are designed to enable the board and PTSG's leadership team continue to operate within a clear framework. The principles describe the Board's relationship with shareholders and executive management, the conduct of Board affairs and the tasks and requirements for Board committees.

They outline the Board's focus on activities that enable it to promote shareholders' interests, including the active consideration of strategy, the monitoring of executive action and ongoing board and executive management succession.

The Board has developed these governance principles to help it fulfil its responsibilities and regularly keeps its work and performance under review.

An evolving market

PTSG has developed a strong reputation for delivering safe, innovative and quality services that creates value for its growing customer base. The Company exists to serve, and its products and services have been designed for organisations whose main priorities include preserving buildings and protecting people. PTSG's customers turn to the business day-in-day-out because its highly trained and specialist people keep them safe and compliant at all times.

Highlights

150,000

PTSG services more than 150,000 buildings

£1bn+

Aggregate value of the markets in which PTSG operates per annum in the UK

17,000

PTSG has more than 17,000 customers

6%

PTSG's share of the potential addressable market

2-4%

PTSG's market growth rates per annum

Market drivers

Regulations and the competitive environment are the two principal drivers of demand for the services provided by PTSG.

Regulations

Working at height is considered to be one of the most dangerous activities in daily working life. The Work at Height Regulations 2005 were created to reduce the risk of death and injury caused by a fall from height. The highly specialist nature of PTSG's work, most of which is undertaken at height, means that the Company is called upon to guide, advise and deliver work for those organisations that do not have the in-house skills and capabilities to deliver the complex projects and tasks that PTSG is asked to complete.

What does this mean for PTSG?

- That there are very few specialists of PTSG's nature in the market place and those that do occupy the space do not offer the full range of services offered by PTSG.
- That demand for the niche specialist services offered by PTSG are very high within the FM sector as a consequence.



Competitive environment

PTSG is the UK market leader in access and safety, lightning protection and dry riser maintenance and installation across the FM sector. Most of the Company's main competitors specialise in one of the service areas offered and delivered by PTSG. This gives PTSG a competitive advantage because it means that the Company can offer a full niche service for FM organisations and the associated economies of scale.

What does this mean for PTSG?

- That the company is seen as a very attractive proposition for organisations seeking niche services that are all in one place.
- That demand for the niche specialist services offered by PTSG are consistently high within the FM sector.



We will maintain and expand our position in our chosen markets due to our competitive advantage.

Market position

PTSG believes it can maintain and expand its position in its chosen markets due to its competitive advantage, ability to achieve and sustain high margins, strong organic growth potential due to its wide customer base and cross selling opportunities coupled with its proven ability to successfully integrate acquisitions in complementary areas of activity.

Competitive advantage

- Established business model (delivers high margins)
- Nationwide UK engineering coverage (economies of scale)
- Bespoke operational and CRM software (leads to margin sustainability)
- Broadening multi-service coverage
- Broad customer base

Margin sustainability

- Industry leading contract renewal rates
- Largest UK repair and maintenance contract base in Access and Safety
- Nine year track record of £1 repair to £1 maintenance
- Efficiency of model works in all sectors
- Award winning services create further FM supply agreements

Major customers and organic growth

In most cases, we start by delivering single services before being asked to deliver more. Engie, Mitie and M&S are three examples of clients with whom we began by delivering access and safety services. Now, they are taking advantage of our wider service offerings including electrical testing and building access specialists.

We have an extensive customer base with no significant exposure to any one customer and just 5% of our customers currently receive more than one service.

Although we are a market leader in a number of areas we still have less than 10% market share in our principal markets, which provides significant scope for further growth.

UK coverage

Headquartered in Castleford West Yorkshire with 16 offices and more than 400 engineers countrywide, PTSG is positioned to deliver. We have strategically placed staff which allows us to reduce travel costs and the necessity for overnight stays and continue to deliver a highly cost-effective service.

641

Full-time employees

Head office

Glasshoughton
Castleford
West Yorkshire

UK distribution centre

Pioneer Way
Castleford
West Yorkshire

Regional offices

Edinburgh
Wishaw (Lanarkshire)
Bury
Oldham
Manchester
Sheffield
Stoke
Nottingham
Kidderminster
Witham (Essex)
Chelmsford
Gatwick

London offices

South HQ
South
City office



New opportunities

“We are completely focused on improving and extending our services for our 17,000 customers. To equip PTSG for the next phase of our ongoing growth, we have refreshed our strategy and continue to put customers first in all that we do.”

Paul Teasdale

Chief Executive



2017 Operational highlights

88%

Contract renewal rate of 88%

No.1

Sector dominance of lightning protection market

35%

Revenue growth for 2017

20%

Consistent adjusted operating margin

I feel incredibly proud to be the Chief Executive of PTSG, a very special organisation which exists to help our customers to operate in a safe, efficient and compliant manner. We are financially strong and have a trusted brand, committed people, and market-leading positions which we continue to grow. We are, however, not complacent and work hard to make sure that we continue to look firmly forward at those things that will make the biggest difference to the people we serve.

2018 takes PTSG into its second decade of business. The company is now in a stronger position than at any other time in its history. This is clearly illustrated by our turnover of £53m in the last year alone, with a further 200+ industry experts employed to service our rapidly growing customer base.

Now is an appropriate time to reflect on what has brought us to this point and how we will continue to achieve year on year growth and profitability as we cement our name as the UK's leading provider of niche specialist services to the support services, building owners and the construction industries. Anyone who enters into a contract with PTSG finds that we offer unbeatable customer service. Our combination of value for money and uncompromising adherence to quality and safety standards and procedures, coupled with our rapid response to any location in the UK, has secured a contract retention rate of more than 88%.

Something else that gives us a genuine edge on our competitors is the ability to cross-sell our niche specialist services, maximising value for our customers and profit for ourselves. As our business and reputation continue to grow, we are starting to see more opportunities overseas. We have successfully completed lightning protection projects at numerous locations in the Middle East, including at Doha International Airport, and St Bernard's Hospital in Gibraltar.

We are completely focused on improving and extending our services for our 17,000 customers. To equip PTSG for the next phase of our ongoing growth, we have refreshed our strategy and continue to put customers first in all that we do. With the further development of Clarity, our proprietary software system designed to significantly improve the way we do business, we are now at the forefront of today's digital age. All of which is making a huge difference to our stakeholders and customers.

Acquisitions adding value

In July 2016 we acquired UK Dry Risers Ltd. and UK Dry Risers Maintenance Ltd, recognising their valuable offering to the industry and also their worth to us as a business. We were subsequently able to develop that area of PTSG into a fully comprehensive Fire Solutions division. This has since been consolidated with the acquisition of UK Sprinklers Ltd. (UKS) in September 2017. Based in Bury, UKS is a specialist in the installation and maintenance of sprinkler systems. All of these businesses have seen tremendous growth since being integrated into PTSG, with UK Dry Risers Maintenance Ltd. growing by 37% in the six months following acquisition.

After acquiring Nottingham-based Nimbus Lightning Protection Ltd. at the start of 2017 and Brooke Edgley (BEST), a lightning protection and steeplejack company based in Manchester, we are now the UK's leading provider of lightning protection services and products, with centres of operation throughout the UK.

Established in 1957, BEST was a privately-owned market leading company in lightning protection, specialist earthing, surge protection and steeplejack services.

BEST is a national provider with four office locations in Manchester, Kidderminster, Chelmsford and Wishaw, Scotland with c.160 engineers and staff. It has well established and good relationships with Blue Chip clients including Balfour Beatty, Engie, Jaguar Landrover, Tesco, John Laing and Interserve and over 2,200 other customers.

It is a highly cash generative business, achieving 104% cash conversion in 2016 and has maintained attractive EBIT margins of c.20%, in line with the PTSG group average.

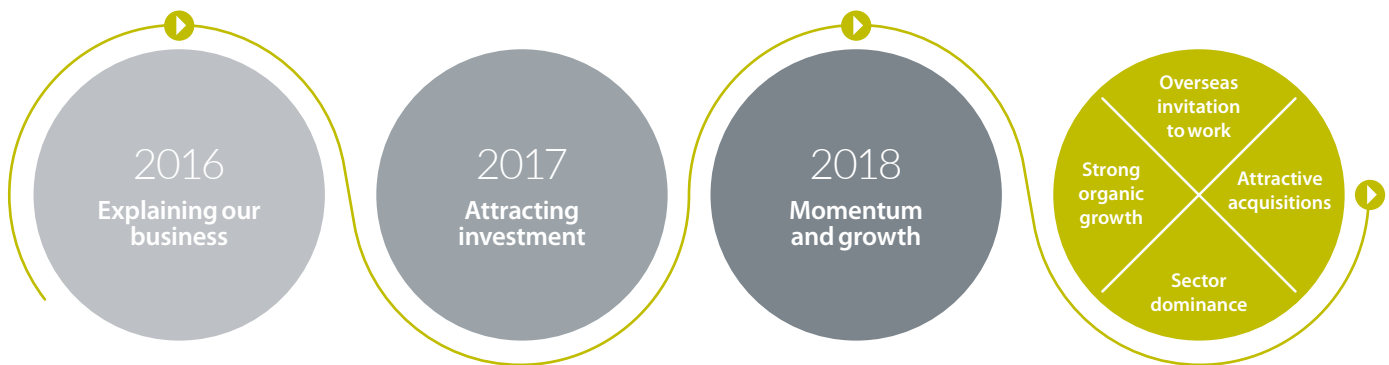
BEST has now been integrated into PTSG's Electrical Services Division, and its previous owners as well as other members of the management team remain in place. We are in the process of making what was a very good business, a great business.



With the further development of Clarity, our proprietary software system designed to significantly improve the way we do business, we are now at the forefront of today's digital age. All of which is making a huge difference to our stakeholders and customers.

The phases of PTSG's transformation

A clear direction forward



PTSG's central aim is to be the leading provider of niche specialist services to the support services and construction markets. While our ambitions have remained the same for over ten years, we have continuously striven to innovate in order to stay at the head of the industry, including a reorganisation during the last year.

An increasing number of people choose to invest in PTSG due to its capability of making the right choices. During 2017 our reorganisation created two new discrete divisions which are already in great demand. Our growth is secured for the foreseeable future as a result, rewarding our stakeholders' faith in us.

Organic growth and strategic acquisitions remain central to our plans for further growth. We continue to look for ways to expand our share of the markets in which we operate, as well as diversifying into new areas.

We will continue on our successful journey of delivering innovative and value-adding acquisitions, driving strong organic growth and exploring opportunities to undertake work outside the UK – ingredients that have helped us to dominate across the sectors in which we operate.

It is clear that carefully targeted acquisitions have proven key to our exponential growth over the past ten-plus years. Working in tandem with the strong organic growth that we continue to experience as a result of our high-value service and repeat business, we have created a robust business model and a powerful formula that pays rewards to our investors.

Reorganisation for further growth

The industry took a new direction in 2017, with a renewed requirement for steadfast compliance to UK safety regulations in all areas, with a specific focus on fire services. Whilst already in a very strong position we have grasped the forces driving the change and our fire solutions business is flourishing as a result.

Events in 2017 reminded everyone in the industry of the need for an unwavering commitment to safety, upholding British Safety Standards to the letter. PTSG has always made this a priority, and our record of setting new standards for safety

has brought us a great amount of positive interest from a governance and compliance perspective – yet again in 2017 we were asked to provide national guidance and advice to the wider support services and construction sectors on behalf of leading health and safety professionals and industry media/commentators. We were also awarded a Gold Medal by The Royal Society for the Prevention of Accidents for our ongoing commitment and track record in this important area of our work.

Fire safety must be the foundation upon which all buildings are constructed, with rigorous regular testing and maintenance. It is now integrated as one of our biggest growth areas having seen an unprecedented demand for wet and dry riser and sprinkler services over the past few months.

By continuing to keep quality and safety clearly aligned, we will safeguard the users of the buildings we work on and in doing so, substantially expand our business.

Our divisional structure

The demands of the industry have, over the last year, helped us to shape a stronger, more sustainable business that will enable even greater growth. We now offer the following four discrete but complementary business divisions:

- Access & Safety
- Electrical Services
- Building Access Specialists
- Fire Solutions

This new and clearer structure allows us to provide a comprehensive, multi-disciplinary service, driving the value we offer and giving our clients a measurable commercial advantage.

Priorities to address

In 2018 it is our priority to set an example to the industry for safety. In doing so, our reputation will be further strengthened in this area, sending out a positive message for the high-risk sectors in which we operate. As a consequence, a growing number of people will continue to choose us for their specialist services, building and construction requirements, which is great for us and our stakeholders.

Strategic growth

Our simple but highly effective strategy – borne out by ten years of continuous growth – can be summarised as follows:

- **Efficiency.** In 2017 we have shown that we are agile enough to reorganise in accordance with client requirements and industry legislation, and profitability has already improved in the short-time since we rolled out our four new divisions.
- **Scalability.** Acquisition is fundamental to our strategy for growth and we have a proven ability to integrate different kinds of businesses into our Group, maintaining their momentum while they adopt our practices. This, alongside strong organic growth is a formula for success.
- **Innovation.** We have never been satisfied with standing still and have always looked to innovate to stay ahead of the competition. This is best illustrated by the introduction of PTSG Clarity, our PDA-based software programme that is streamlining and transforming how we work.

£52.9m

Revenue increased by 35%

£10.6m

Adjusted operating profit up by 35%

1.6p

Dividend per ordinary share up by 14%

Cross-selling

The great diversity of market sectors in which we operate coupled with our geographical coverage (with 16 UK office locations) means we are able to effectively cross-sell our services on a lot of the projects on which we work. This saves clients the time and effort of having to find multiple service providers to meet their varied requirements, and the costs incurred. We recognise that we must continue to be as proactive as possible, maximising profitability – and returns for our shareholders.

Evolving market

The support services, building and construction markets are changing rapidly, as a result of recent events which have had a seismic effect on attitudes to institutional safety. As an agile company, we have adapted and reorganised to answer the industry imperative for adherence to standards. As the only company with a dedicated Health, Safety and Environment department, we have been swift in our response, and our new Fire Solutions division is already extremely successful. We will continue to build on that.

Operational efficiency

This encompasses all the things which help us to drive profitability: developing talent and retaining our workforce; maximising cross-selling opportunities; and continuing to innovate and look for ways to serve our customers even better. By striving to get these things right, we will continue to experience profit and growth.

Divisional results

Each of our divisions has contributed to the exceptional performance of PTSG in 2017, thanks to our unique operating model and our teams of highly trained experts.

Access & Safety

Safety Testing and Installation, Cradle Maintenance and Installation. As the UK's leading supplier of fall arrest systems and safety testing services, we achieved a turnover of £20.2m in 2017 (2016: £18.9m) – a 38% contribution to the turnover of the Group. Adjusted operating profits increased to £3.2m from £3.1m in 2016 with growth across all segments.

Electrical Services

Lightning Protection, Fixed Wire and PAT Testing, (design, install and maintenance). We achieved a turnover of £20.2m in 2017 (2016: £12.1m) – a 38% contribution to the turnover of the Group. Adjusted operating profits increased from £2.9m in 2016 to £4.7m. We saw good growth across all services and the acquisitions made in 2016 and 2017 showed good progress.

Building Access Specialists

Steeplejack Services, High Level Installations, High Level Remedials, High Level Cleaning. Our products and services enable safe, efficient access to any part of any building. Our team members are experts at working at height and performing a high quality service even in the most inaccessible locations. We employ some of the UK's most talented and safety conscious working at height specialists in the UK. In 2017 we achieved a turnover of £5.4m (2016: £5.8m) – a 10% contribution to the turnover of the Group. Adjusted operating profit was £1.2m (2016: £1.3m).

Fire Solutions

Wet and Dry Risers, Sprinkler Systems, Fire Alarms, Emergency Lighting, Fire Extinguishers (design, install and maintenance). We now offer one of the UK's most comprehensive fire solutions services delivering high quality, safety systems in both residential and commercial settings. Turnover increased from £2.4m in 2016 to £7.1m in 2017 representing 14% of turnover. Adjusted operating profits increased from £0.5m in 2016 to £1.6m in 2017.

Our People

We now have a team of more than 641 talented industry operatives, many of whom have joined us over the last year as a result of our acquisitions and organic growth. It has always been our policy to nurture talent, providing the training and professional development opportunities to make the most of their potential. It is our people who make us what we are.

Our newly formed national business development team is fast becoming one of our many success stories and a prime example of how talent, hard work and ambition have helped us to achieve great success and rapid growth. We have devoted five pages within this annual report to profiling our people.

We gladly place responsibility on the teams' shoulders for creating and implementing a cohesive sales and marketing plan for the business which is aligned to PTSG's business plan. They will build long-term, profitable client relationships with allocated accounts that enable account revenue growth and retention. They will steer and proactively contribute to sales strategy meetings, and is a visible sales team within PTSG – being fully engaged with the national and service area sales channel and a pre-agreed activity calendar.

People-focused, business-minded and constantly looking for ways to improve upon what we do, our people epitomise the PTSG way.

Looking forward to continuing a profitable future

Our reorganisation is complete and we are already building on our previous offering to the support services and construction sectors, with four distinct but complementary divisions. Our original principle was to be the complete provider of engineered solutions recognised as the standard against which all other companies are measured; this remains true more than ten years on, but that provision is now larger and benefits even more customers.

Our divisional results show that we continue to improve upon our performance every year, and in the area of fire solutions, we are experiencing astonishing demand for our services. As ever, people choose PTSG for our incredible customer service and bundled services delivery. However, our ongoing focus on compliance, taking infinite care to safeguard everyone who comes into contact with the buildings we work on, has moved PTSG to the next level.

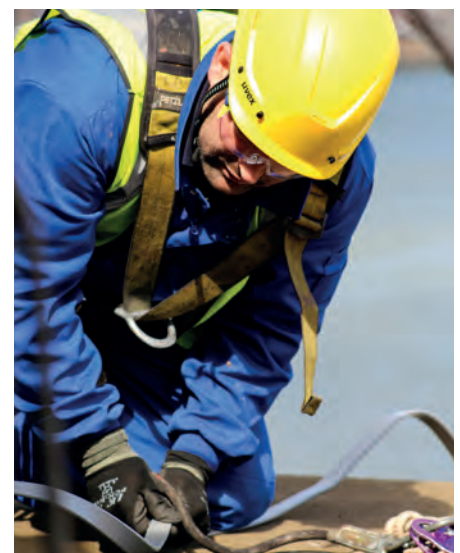
Our service and performance are given extra weight by our 133 accreditations, including ISO 9001, OHSAS 18001 and ISO 14001, as well as the industry awards we were proud to receive this year – and every year since we began operating in 2007.

Now, more than ever before, the support services and construction industries needs financially robust and reliable service providers that can guarantee a quality end product, provide a rapid response to every call, wherever the location, and are a pleasure to work with – with strong relationships with key industry names. PTSG has proven time and time again it can do all of this for less. We are more cost effective than our competitors, while retaining a good margin. That's a winning formula for our customers and shareholders alike.

We now look ahead to 2018 with great anticipation, and the opportunity to serve a greater diversity of customers.

Paul Teasdale
Chief Executive

21 March 2018



Our business model

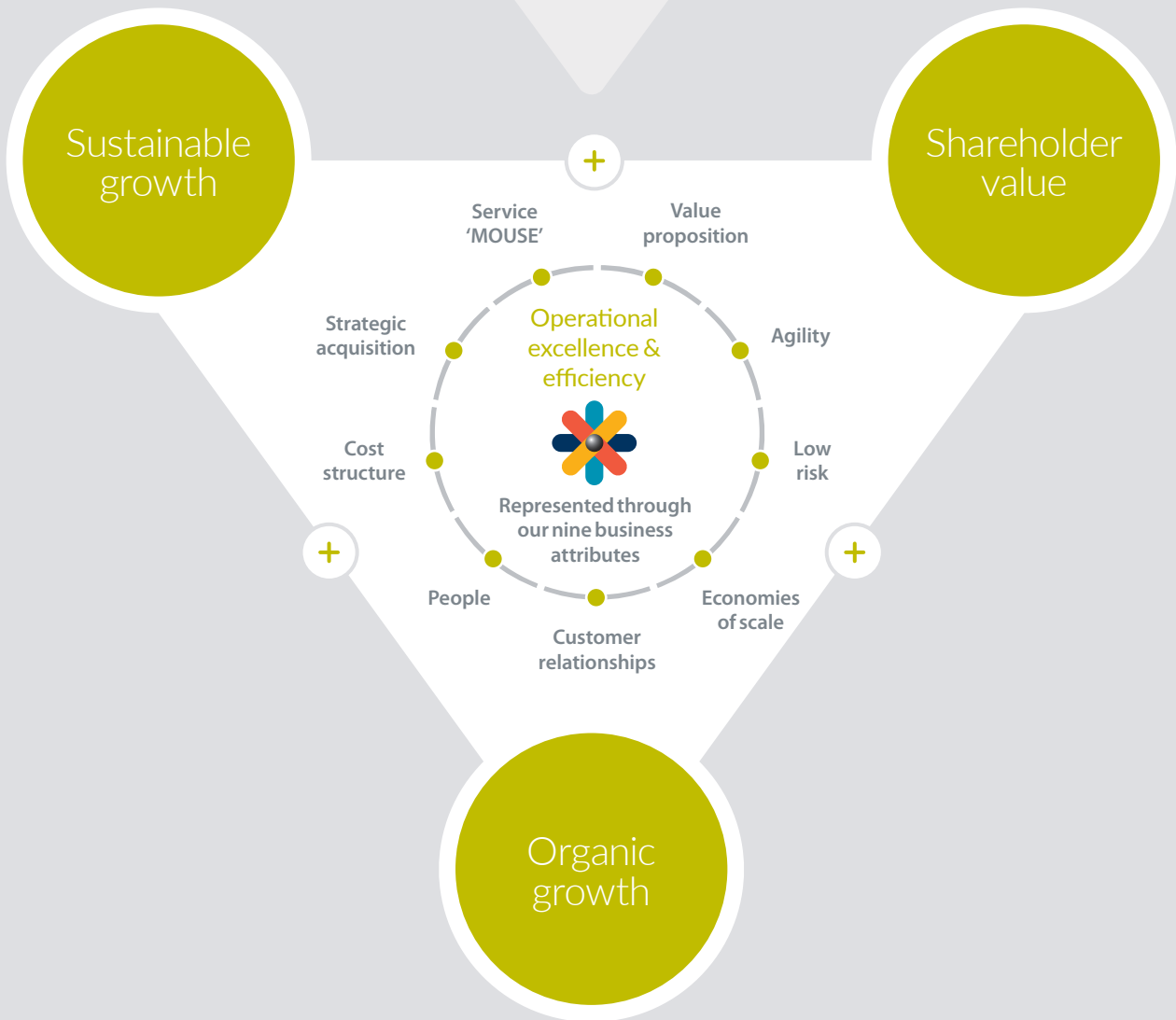
Our success is built upon our business model, which is simple and highly effective. Our pursuit of excellence in an increasing number of markets – through both acquisitive and organic growth – has made us the go-to company for over 17,000 customers, while giving our shareholders a strong return on their investment.

Inputs

Financial strength

Our people

Strong corporate governance



Outputs

Market leader

Group performance

Well established services

Best in class practice

Our growth drivers



Strategic priorities



Efficiency

In today's competitive markets we need to show we are ahead and able to deliver.

Efficiency is the key to the organic growth of PTSG. Our mission is to continue to be the UK's leading and best niche specialist service provider. We have positioned ourselves in the market so that we are in the right locations to deliver our award-winning services in the shortest amount of time and in the most cost effective way.



Scalability

Our ability to grow further is rooted in our proven business model.

Our acquisition of companies that add value to the PTSG portfolio has enabled us to not only widen our geographical market presence, but to enhance our ability to cross-sell new services to customers and business prospects. Over the years, we have built on our already strong niche services, placing us in a prominent position for further growth opportunities.



Innovation

Reaching new heights. The dynamics of business are changing and we are embracing them.

We have designed and developed PTSG Clarity, a PDA-based software programme that will enable us to track every job in real time, from pre-planned to re-booked, and the completion and invoice stage.

Reasons to invest

As a market leader in supplying niche specialist services, we present a very strong case for investment based on year-on-year growth and sustainability, outstanding customer service and a business model that yields continued success in each of our market sectors. We say we will continue to grow profitably and we do. At PTSG our actions continue to speak much more loudly than our words.

We know the size of our market and we are clear about our growth plans. We continue to grow from a position of dominance. We are successful because we consistently deliver progressive results and we do so sustainably.



A business that has **sector dominance**



A business that is **sustainable**



A business that **plans to grow**



A business that yields **progressive results**



Leading by example

Strong leadership has been key in helping us to drive PTSG forward, ensuring all our teams do a first-class job and, crucially, inspiring a conscientious and respectful attitude. The result is a highly skilled, highly fulfilled workforce that wants to stay with a company that's going places.



Roger Teasdale Managing Director, PTSG Group

As Managing Director of PTSG, Roger Teasdale is the custodian of the principles and practices that have driven year-on-year growth since our founding year of 2007. Through all four business divisions, he ensures a high quality of service: responding to each client's demand for speed, followed by our team of industry experts undertaking the work efficiently and safely, handing over on or before the deadline.

Value for money for the client and profit for PTSG are maximised through cross-selling, and Roger works closely with his business leads to ensure we have the opportunity to improve every structure we work on in as many ways as possible. Roger cites PTSG's contract renewal rate as a key indicator of our performance. For several years it has been at 88%, which speaks volumes for the satisfaction of our customers.

Andrew Dack Director, Group Sales

When an expert from PTSG inspects a building with a view to undertaking a specific service, he/she often finds that other kinds of maintenance or repairs are needed to keep that building compliant, safe and performing efficiently. One of PTSG's great strengths is its bundled service provision. By delivering all of the services a building requires saves the client the time and effort of finding multiple providers – not to mention a considerable amount of money.

Andrew Dack's successful track record in the support services, building and construction industries has equipped him with the multi-disciplinary skills that enable him to lead his team in identifying all of the products or services that can optimise the performance and safe operation of a building. By explaining the benefits and demonstrating the long-term savings that bundled services bring, Andrew puts into practice PTSG's mantra: a truly connected business.



Paul Evans Director, Access & Safety division

From fall arrest systems to safety testing services, no other company can claim such strength in the area of access testing; and Paul Evans is well qualified to direct the division on a daily basis. Paul has many years of structural engineering experience and a mastery of the ever-evolving rules and regulations regarding building safety and working at heights.

His managerial qualities enable him to plan, organise and direct the work of a large and multi-disciplined team in installation and testing. Paul's also highly adept at developing and formulating divisional policies and procedures, and dealing effectively with all kinds of issues from employees and the public. His directorial flair is crucial in helping this important division to stay at the forefront of the industry.



Craig Finney Director, Electrical Services division

Craig Finney's strengths lie both in his excellent leadership skills and his encyclopaedic knowledge of electrical services on behalf of PTSG. He is an integral part of the team, having worked his way up and gaining valuable hands-on experience as a lightning protection engineer. His people skills marked him out as a candidate for directorship of the division from an early stage and upon taking the position, this core area of PTSG's provision has prospered.

Many of our electrical services are of a hazardous nature, and in particular his core area of strength in lightning protection and Craig's great experience and expertise – gained in a multitude of applications – make him the ideal man to see each project through to its successful conclusion. He truly is a 'safe pair of hands'.



Mark Perfect Director, Building Access Specialists

Mark Perfect has the ideal background to make our Building Access Specialists division go from strength to strength. He was Managing Director of Pendrich Height Services before it became part of the PTSG group of companies, where his skilled workforce has scaled the heights of a wide variety of structures from the UK's tallest industrial chimney at Drax Power Station to Edinburgh's Scott Monument.

Mark's expertise in selecting the most effective method of access to a building in order to carry out maintenance, repairs or cleaning is employed to the full at PTSG. We have an extensive high-level cleaning portfolio within London, whilst our steeplejack services can take us anywhere from our home county of Yorkshire to the Middle East – at a moment's notice.

Danny Hardman Director, Fire Solutions division

Danny Hardman's role as a director within our Fire Solutions business is both exciting and highly responsible. His background is with UK Dry Risers, which was acquired by PTSG in June 2016 and successfully integrated into the Group in the following months. As the installation and maintenance of dry risers is a core part of the Fire Solutions provision, Danny – with his flair for leadership and track record of success on projects such as Wembley Stadium and Liverpool Football club – was the natural choice to head up this area within the division.

Demand for services continues to grow, so Danny's team is kept extremely busy providing vital and potentially life-saving services for buildings across the UK. Although Fire Solutions is only just off the ground as a discrete division, early potential for growth is very encouraging indeed.



Unity amongst an increasingly diverse business

We are proud to have the same sense of unity and team spirit amongst our 641-strong team as when we were a small, tight-knit unit back in 2007. We have always had strong values, vision and a business strategy and it is important to us and our colleagues that this is expressed clearly in our brand.

Everyone who joins PTSG, whether as a new employee or through one of our strategic business acquisitions, is inducted into the company via the same process, with exemplary customer service our number one priority. It's what has helped us to grow year on year, it's the reason behind our high contract renewal rate and it's also central to everyone's own sense of satisfaction.

1. Attracting talent

Finding people who want to work for PTSG isn't difficult. Finding people who will make our company better, however, can sometimes be more challenging. That is why we have taken a fresh approach to attracting talent – one that boosts our productivity, invigorates our workforce and helps PTSG to deliver on its promise. With the appointment of a new HR team, we have focused heavily on attracting the kind of people that will help us to continually drive the business forward.



2. Developing talent

We continue to develop talented people by investing in training and development tailored to their needs and by building on their strengths. Through our approach to ongoing development, our business leaders learn how to motivate team members to perform at their best. Our career paths are flexible and adaptable to meet the future needs of our business and the strengths and aspirations of our people. To us, developing talent is about building experience and capability and is not defined solely by promotion and advancement.



3. Retaining talent

There can be major commercial benefits for PTSG and our customers from retaining those people who make a positive difference. That is why we try hard to give them a good reason to stay with us. We advocate proactive efforts by our leadership and management teams to establish a culture that builds strong relationships with our people - the kind that encourages lengthy commitments to the business. A long-term commitment requires effort in both directions and this is something that we discuss with our people at their performance reviews where we agree career plans and personal/professional incentive schemes.



4. Employee engagement

Our people play a vital part in our success and they create value by helping us to grow PTSG responsibly and sustainably. We aim to provide a workplace environment where people are inspired to be the best they can be. We believe that engaged, motivated employees, working to their full capability and able to realise their personal career aspirations, are a critical part of PTSG's long-term success. At the same time, we work hard to make sure that every person who works for PTSG understands their role in the business and how their individual effort makes a direct contribution to our wider success. Effective employee engagement is, therefore, an essential part of what we do.



5. Health and Safety

We know that there is always the possibility of an accident or damage to someone's health in any work environment. All work exposes people to hazards, but with our work taking place mostly at height, this adds in an additional risk dimension. It is for these reasons that our full time health and safety team take this matter so seriously. For us, attention to health and safety is not just a tick in the box exercise – it is our number one priority and it has been since day one. We believe this makes good business sense and we regard it equally as important as the achievement of any other key business objective. Our aim is simple: everyone must arrive home safely... every day!





Safety is at the core of everything that we do. We will never compromise. We are one of only a few organisations in the specialist services industry to employ a full-time Health, Safety, Quality and Environment Team. If it can't be done safely, we don't do it.







1. Attracting talent

People want to work for dynamic, prospering companies that offer real opportunities for growth and development. The acquisition of UK Sprinklers Ltd (UKS) in September 2017 is the perfect demonstration of success breeding success.

UKS gave PTSG a fully rounded Fire Solutions division, specialising in the prevention and suppression of fire in public and private buildings. Upon being integrated into PTSG, the company benefited from the adoption of the practices and principles that have driven growth for ten years in a row, as well as being part of a much wider offering to the support services industry – and with it the great potential for cross selling.

This kind of potential for limitless growth and profitability is extremely attractive to potential employees at all levels, who naturally want to be part of the success that UKS has enjoyed, as well as having the opportunity to influence further success. Of course acquisitive growth is only one half of the equation, alongside organic growth, but we are only too pleased to take advantage of the new interest from industry professionals that comes as part of the process.

Measuring success

Our aim is to attract the most experienced candidates to work across all of our businesses. We sometimes use industry leading recruitment specialists to support us as well as utilising the skills of our in-house HR team to recruit and select the very best people to work within our business and across our sectors. Linked to this, our leadership development programmes, our management graduate initiatives and our apprenticeship schemes ensure that we continue to nurture talent from within. We are widely recognised as being the best in our business – employing the best people for the work we do. We know that being a great place to work will help us to consistently be a great place to do business with. It is for these reasons that we have worked very hard to create an environment that attracts the very top talent.



2. Developing talent

We want every one of the 641 industry professionals at PTSG to have every opportunity for developing their wide and varied talents. It directly benefits them as individuals and us as a company, and creates a far more content, stable and sustainable workforce.

As Group Renewals Manager working at our headquarters in Castleford, Sarah Wood has benefited significantly from PTSG's learning and development opportunities. Sarah has worked her way up the PTSG career ladder and, having developed her skills and capabilities working alongside other leading industry professionals within the company, she plays a pivotal role in making sure that we meet our customers' wants, needs and expectations. Sarah, and the fantastic work she delivers, is a testament to PTSG's talent management activities.

Our HR team is responsible for making sure that our people receive the training and development they need to stay at the forefront of the markets in which they work. By doing this, we will continue to deliver our trademark customer service and we will maintain our high contract renewal rate of 88% – a sure sign of satisfaction among our growing customer base.

Sarah is very important in maintaining relationships with our customers, which contributes positively to our organic business growth.

Measuring success

We know that in order to sustain and improve our service offering we must continue to evolve and that if our people always operate safely and deliver consistently well we will grow and prosper. Having already invested significantly in a new training and development centre, through which we deliver a wide range of personally and professionally tailored training courses, our aim is to continually innovate and add value to the people we serve. In 2017, we offered 64 different training courses within our training centre. Through our four in-house trainers – three of which are CITB certified – we are able to deliver 35 training courses that are relevant to the sectors in which we operate. These courses are available for our own staff and, where it is appropriate to do so, to support our customers. Our award-winning apprenticeship scheme is also catered for through the professional in-house training and development initiatives that we deliver. Our talent development activities have given us opportunities for improvement and helped us to gain the knowledge and tools we need to deliver well for our customers.







3. Retaining talent

Having been with the company since it began in 2007, Performance and Integrations Director Sally Bedford is absolutely key to retaining talent and creating a sustainable workforce for PTSG.

A sustainable workforce equates to a valuable base of experience and a thorough engagement with the company's strategy. As a key part of that strategy is to make carefully targeted business acquisitions, Sally is able to ensure each new business that joins the PTSG Group is fully integrated and that its people are inducted into PTSG's methods and practices. In doing so, she ensures they are able to do continue to use their vital industry skills to their full potential – and crucially, that they are satisfied working within their new parent company.

Continuous professional development figures largely in our calendar, and our dedicated team, working under Sally, ensures that skills are nurtured at every level and in every area, whether in the office or out in the field. Furthermore, giving our employees every opportunity to grow and develop their careers leads to greater job satisfaction, which in turn leads to a better performance. We also make PTSG a great place to work through bonus-related performance, and truly memorable team building days out, such as national racing days – including at our local race course in Pontefract.

Measuring success

Our staff retention rates in key areas of the business stand up against the very best. Our people development and reward and recognition systems help us to retain the people who add the greatest value to our business. Our leadership and management development training programmes ensure our people have a clear line of sight on progression opportunities. Our involvement of the whole team in professional and social events offers variety with the vast majority of PTSG's people describing the organisation as 'a great place to work.' We care for our people and believe that this sends a powerful message that people in our organisation are valued and motivated. We work hard to understand how our people honestly feel about their work and we use this information to make PTSG a better place.



4. Employee engagement

PTSG is driven by some of the most passionate and talented individuals in the business. CEO Paul Teasdale leads by example and his array of industry awards bear testament to his ability.

His drive to be the best is infectious and our employees naturally engage with that kind of driving force from the top of the business. However, we take a structured and conscientious approach to employee engagement, recognising individual and team performances at every opportunity.

As we acquire more businesses in our aim to be the complete provider of niche specialist services to the support services, building and construction industries, our workforce grows and the harder we must work to create a real team spirit.

Measuring success

We know that when our people are truly engaged, they're happier, more productive and more invested in PTSG's success. That is why, through our management groups, we ask for their opinions on key decisions. Through our monthly cascade briefing systems we ensure our people understand what success looks like and how their individual and collective roles, responsibilities and their actions can and do add value. Information is also shared through the PTSG Portal and our regular staff magazine, PTSG People, keeps everyone up-to-date with the latest news, views and happenings across the business. Through our employee engagement efforts, we are supporting our people to become happier and more productive.





5. Health and Safety

Safety is the foundation of all the services we provide. We never have and never will compromise and we live by the maxim: 'If we can't do it safely, we don't do it'.

Answering the industry's demand for a higher standard

Since 2007 we have steadily pursued our aim of becoming the industry's leading supplier of fall arrest equipment, electrical services, specialist building access and fire solutions. One of the key reasons we have been successful in our aim is that we have always made the safety the core of every project. Much of our work is performed at height or in hazardous environments and is considered high-risk; this dictates our safe approach to working.

In 2017, health, safety and well-being was brought into sharp focus following a number of major building and infrastructure incidents. New working practices and compliance legislation were swiftly recommended at a national level as a consequence. PTSG was ready to take this new focus on board. It didn't require a great cultural shift in the way we work but it made us look at what we do well and see how we can do it better. PTSG was already the only company in our industry with a dedicated and full-time Health, Safety and Environment team.

But with the formation – and immediate success of our Fire Solutions division – we now have both a great responsibility and a great opportunity to show how we can lead the way on the principles and practices of safe working.

We are proud to have achieved a RoSPA Gold Award for the last six years, and our relentless pursuit of excellence in workplace health and safety has also seen us receive six consecutive international safety awards from the British Safety Council. We are one of only a small number of organisations in the UK to have been awarded a RoSPA Gold Medal for our ongoing safety culture and performance.

We hold over 130 accreditations from a host of organisations, covering all matters of health and safety, staff engagement, employability and sustainability. We pride ourselves on adherence to stringent health and safety guidelines and continue to work to implement best practice in all aspects of our business.

Measuring success

Our work can be very high risk from a health and safety perspective. We cannot afford to get it wrong and that is why we invest so much time and effort in getting it right. Our internal mantra is that if we can't do the work safely, we don't do it. Our incredibly low RIDDOR and accident frequency rate is a testament to the hard work that the entire business invests in the health, safety and well-being of our people, our supply chain partners, our customers and our customers' customers. A RoSPA Gold Medal and consistent awards through the British Safety Council demonstrate ongoing success, but we are not complacent and recognise that we must continue to assess and manage risks if we are to deliver safely and consistently deliver well.

RoSPA Gold Award winners 2010-2017





Our position as a leading niche building services provider means that we are best-placed to pass on the highest level of expertise to trainees.

Terry Wilcock
Health, Safety and Environment Director

Acquisition of UK Sprinklers Limited

On 12 September 2017, PTSG announced that it has extended its fire safety solutions offer to encompass the installation and maintenance of sprinkler systems through the acquisition UK Sprinklers Ltd (UKS). Based in Bury, UKS is a specialist in the installation of sprinkler systems.



We warmly welcome UKS to the PTSG Group. The organisation is well established and respected in the UK and their addition to the Group expands our service offering in our newly formed Fire Solutions business. We look forward to working with Mike and Steven and our new colleagues on growing the business and expanding the Group's activities in these key areas."

Since then, the UKS team has now been fully integrated into PTSG's new Fire Solutions business with previous company owners, Mike Charlton and Steven Griffiths, remaining with the Group and working with PTSG's leadership team to grow and expand the acquired business.

Paul Teasdale, PTSG's CEO, said: "We warmly welcome UKS to the PTSG Group. The organisation is well established and respected in the UK and their addition to the Group expands our service offering in our newly formed Fire Solutions business. We look forward to working with Mike and Steven and our new colleagues on growing the business and expanding the Group's activities in these key areas."

PTSG's fire solutions offer has seen strong growth and a solid operating performance following the introduction of wet and dry riser installation and maintenance services in July 2016.

Key UKS figures

- UKS was acquired for a total consideration of up to **£2.5m**
- Unaudited revenue of UKS for the year ended 31 January 2017 was **£3.5m**
- UKS delivered an unaudited profit before tax of **£0.8m** for the year ended 31 January 2017



The acquisition brings multiple cross-selling opportunities though enhanced exposure to existing clients, bringing new clients to the Group and through an increased service offering."





£3.5m

Revenue*

£0.8m

Profit before tax*

23%

Margin*

*For the year ended 31 January 2017 (unaudited)



Strong financial growth

“In 2017, we generated revenue of £52.9m (2016: £39.2m), an increase of 35%.”

Mark Watford
Finance Director



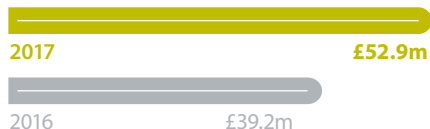
Key performance indicators

There are many financial and operating performance indicators regularly monitored by the Group; the primary financial performance indicators are:

Revenue (£)

£52.9m

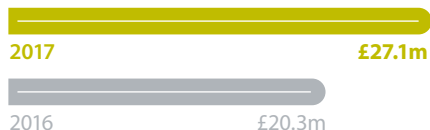
↑35%



Gross profit (£)

£27.1m

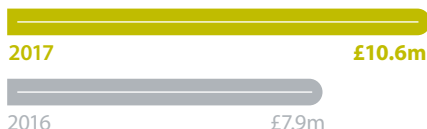
↑33%



Operating profit before adjusting items*

£10.6m

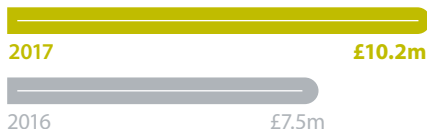
↑35%



Profit before tax before adjusting items*

£10.2m

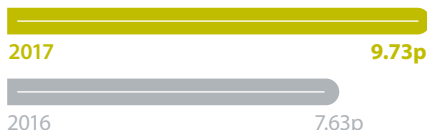
↑36%



Adjusted earnings per share

9.73p

↑28%



Summary

2017 was another significant year for PTSG with continued substantial earnings and revenue growth. The acquisition of Nimbus and BEST extended our market dominance in our Electrical Services Division and the acquisition of UK Sprinklers Ltd enhances our offering in the Fire Solutions division. To provide additional financial flexibility we increased the Revolving Credit Facility to £12m and our overdraft to £8m.

Another year of strong earnings and revenue growth

Revenue grew by 35% in 2017 to £52.9m (2016: £39.2m) with 24% from the acquisitions and 11% from pure organic growth. Access and Safety returned another strong performance, with continued growth in revenue and adjusted operating profits. Electrical Services continued to grow well, aided by the acquisitions made in the year, with 14% pure organic growth. Building Access Specialists declined by 6%, but is well positioned for the future. Fire Solutions performed strongly with substantial increases in both revenue and profits. We expect to see the full benefit, from Sprinklers being added to this division's offering, in 2018.

Gross profit increased by 33% to £27.1m (2016: £20.3). The major factor affecting the Group's gross margin performance is the relative mix between installation sales (which have substantially higher material costs) to testing and repair sales. Installation sales were very strong in 2017, especially in Cradle installations, causing the gross margin to fall slightly to 51.2% (2016: 51.9%).

Operating profit before adjusting items grew by 35% to £10.6m (2016: £7.9m). The adjusted operating profit margin was consistent at 20.1% (2016: 20.1%) with overhead leverage and strong cost control mitigating the slight gross margin reduction. The statutory operating profit was £2.4m (2016: £3.1m).

*before adjusting items of £8.3m (2016: £4.7m) resulting in a statutory operating profit of £2.4m (2016: £3.1m), profit before tax of £1.8m (2016: £2.6m) and EPS of 1.37p (2016: 2.61p).

Profit before tax was £1.8m (2016: £2.6m) and is stated after £8.4m (2016: £4.8m) of adjusting items. Adjusting items are either non-recurring or non-trading in nature and comprised £3.0m (2016: £1.9m) in relation to share option costs granted to Directors and employees, contingent payments of £3.6m (2016: £1.9m) associated with acquisitions in accordance with IFRS 3, of which £2.0m related to the acquisition of BEST, amortisation of acquired intangible assets of £0.4m (2016: £0.5m) and restructuring costs of £1.4m (2016: £0.5m). The interest charge and other financing costs were £0.6m (2016: £0.5m). This increase was due to planned increased borrowing levels principally as a result of the cash payments for acquisitions and an increase in finance lease charges in relation to the Group's larger vehicle fleet.

Adjusted earnings per share increased by 28% to 9.73p (2016: 7.63p). £1.5m of dividends were paid during the year and the Board is proposing a final dividend of 0.8p per share. This represents a 14% increase on the 2016 dividends and is in line with our progressive dividend policy. Statutory earnings per share was 1.37p (2016: 2.61p).

Net debt

Net debt at 31 December 2017 was £18.3m (2016: £13.6m). The increase in the reported number followed £4.4m of acquisition related costs, £0.7m property mortgage inherited as part of the BEST acquisition and an increase in working capital due to the substantial increase in the size of the Group. As anticipated the year end figure was negatively impacted by very high installations in the fourth quarter. We have already seen a substantial correction in 2018 and expect to continue making further improvements to net debt and free cash flow throughout the year. Our banking facilities provide the flexibility to manage this volatility.

Trade and other receivables increased by £11.3m to £30.4m with the three acquisitions adding £4.8m. Year end receivables were elevated due to the strong Q4 trading performance. The Carillion liquidation and their outstanding net debt of £0.3m has been fully provided for in the 2017 balance sheet.

We have a long term relationship with our bankers, HSBC, having been a customer for over ten years which enables us to develop our facilities in line with our increasing profitability. The Revolving Credit Facility, taken out in 2015, was increased to £12m during the year to give us additional flexibility for the future, the terms and interest rates remaining unchanged. We continue to trade well within our banking covenants with head room remaining for future growth.

Acquisitions

We acquired two lightning protection businesses in 2017, Nimbus and BEST, for a total consideration of £21m, £6m of which was deferred and is contingent on the continued employment of the vendors for a minimum 18 month period. We also acquired UK Sprinklers Ltd in September for a total consideration of £2.5m, £1.2m of which was deferred and is contingent on the continued employment of the vendors and the achievement of stretching milestone targets.

These acquisitions were funded in accordance with our financial strategy with the Nimbus and Sprinklers acquisitions being funded from our own resources, where as the sizeable acquisition, BEST, was funded by a placing of 12.5m shares at a purchase price of £1.20.

These acquisitions had a significant impact on the closing balance sheet adding £13.8m to goodwill, £1.1m to fixed assets, £1.0m to net current assets and £0.7m to debt.

Outlook

We believe that 2018 will be another year of earnings and revenue growth. We are a well financed group and expect to make improvements to operating cash flow and net debt throughout the year. We believe that the Group remains well placed to deliver on our strategic priorities.

Mark Watford

Finance Director

21 March 2018

Pre-empting, assessing and managing risk is an important part of the work that we do at PTSG

Our leadership team has intricately assessed and established an effective command and control structure that drives processes and procedures that are designed to reduce risks that could conceivably occur within the organisation and across our supply chain partnerships.

Delivery plans are aligned to our business strategy and they are designed to reduce any potential risks whether they are safety-related, financial or operational.

For each risk identified, an effective system of internal control has been implemented to reduce any potential threat to the business.

We assess risks by pre-empting them and managing them out and we employ a full time Health & Safety team whose role is to prevent issues from arising; prevention is better than cure.

Risk	Description	Mitigation
<p>Failure of product or system could result in litigation, damage to the Group's reputation and potentially the loss of customers.</p>	<p>The Group is obliged to comply with Health & Safety and Environmental regulations. Although the Group performs internal health & safety audits, as well as being externally audited at regular intervals by quality accreditation bodies and large blue chip customers, there is no guarantee that it will be able to comply with these regulations. The Group carries out inspections of equipment and there is the possibility that human error will result in equipment that is unsafe to use being utilised by employees or third parties to whom the Group has a duty of care. This could result in personal injury and litigation proceedings against the Group in respect of health & safety matters, criminal prosecution and/or a civil claim.</p> <p>There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.</p> <p>If the Group is unsuccessful in its defence it could result in a loss of reputation and decreased sales, along with either a large settlement or an increase in the Group's insurance premiums should the litigation claim be covered by the Group's insurance policy. The Group's insurance cover may also not be sufficient to cover fully any liability. Even if the Group was successful in defending a claim, the Group's reputation could be damaged, by such an incident, potentially resulting in the loss of customers. Although the Group will benefit from the PTSG branding for marketing purposes, should an incident occur, this loss of reputation could impact other areas of business to a greater extent than if they had their own individual branding.</p> <p>An incident involving personal injury could also result in an official investigation or enquiry in respect of health & safety issues concerning the Group's operations. These investigations may result in a loss of the Group's health & safety certifications and a loss of contracts where these certifications are a requirement.</p>	<p>The Group has strong risk management policies, procedures and management systems throughout the organisation. They have been assessed as compliant to regulatory requirements by our stakeholders and internal Health and Safety team.</p> <p>The Group has been assessed, approved and registered as certified holders of the ISO 9001:2015, BS OHSAS 18001:2007 and ISO 14001:2015 standards.</p>
<p>Ability to attract, retain and develop a sufficiently skilled and experienced workforce to meet the targets set by the Group and its customers.</p>	<p>Our employees are critical in delivering our objectives, not having employees with appropriate skills and experience could lead to poor delivery of service which could impact on the performance of the business.</p> <p>The Group is managed by certain key personnel including Executive Directors and senior management, who have significant experience within the Group and the wider sector who may be difficult to replace.</p>	<p>The Group has invested in staff training programmes, competitive rewards compensation packages, management incentive schemes and succession planning. In addition the Group has invested in apprenticeship programmes to provide a supply of qualified staff from within the Group.</p> <p>The Group has entered into contractual arrangements including long term incentive structures with key personnel to secure their services. Additionally a strong management structure has been developed, which would enable the Group to continue to operate effectively in the event of the departure of a member of the senior management team.</p>

Risk	Description	Mitigation
The Group's IT systems could fail due to a severe IT fault or cyber crime resulting in a loss of business and/or sensitive data.	<p>The Group is reliant on a number of systems to manage the entire process from creating orders in the system through to payment. The systems used are dependent on each other to be able to complete their processes. Therefore, a failure of any of the core IT systems may result in failures of other IT systems as well, which in turn could result in interruption to the efficient operation of the Group's services.</p> <p>The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet.</p> <p>Customer access to the customer portal and the speed with which customers and suppliers navigate and interact with the procurement process in their portal affects the sales of the Group and the attractiveness of its services. Any failure of the internet generally or any failure of current or new computer and communication systems could impair the value of projects, the processing and storage of data and the day-to-day management of the Group's business.</p>	<p>The Group maintains tight access controls over its data and IT systems and continually monitors performance. The Group's internal IT team ensure all performance issues are resolved promptly.</p> <p>The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business systems or operations occurred, the recovery plan aims to enable the Group to recommence trading without loss of business.</p>
Commercial construction market and general economic conditions.	<p>A general downturn in the construction industry in the UK could affect the Group given the reliance, to an extent, of the installation activities of Access and Safety and Electrical Services on construction projects. A general economic downturn could lead to a decline on the volume of the Group's sales.</p>	<p>The Board believes that a general downturn should not adversely affect the business of the Group as its business is not concentrated in one single area of construction, with involvement in public sector projects, as well as commercial and retail sectors. Also, the Group benefits from a significant proportion of its revenues being generated from ongoing contracts for maintenance, driven by regulatory requirements, rather than solely installations which are largely driven by the rate of new build completions.</p>
Acquisitions.	<p>The Directors will seek to target acquisitions in line with the Group's strategic objectives. However, there is a risk that some of the expected benefits of such acquisitions will fail to materialise or that significant expense may be incurred with the integration. In addition, there can be no guarantee that there will be any suitable acquisition opportunities available.</p>	<p>The Group has already identified several businesses which the Board will consider acquiring in 2018. In addition the Board continually identifies new potential acquisitions and maintains ongoing dialogue with these, which would enable these acquisitions to be brought forward if any of the current acquisition targets do not complete.</p> <p>The Group has a successful track record of acquiring and integrating businesses and conducts extensive due diligence before any purchase which will help mitigate any issues surrounding integration.</p>
There can be no assurance that the Group will achieve increased market penetration and competition could increase.	<p>The Board believes that the Group can achieve greater market share across the four divisions. However, there can be no guarantee that this will be achieved. Also, competitive pressures could increase, including through new entrants to the market, which could detrimentally impact the Group's performance.</p>	<p>The Group has a strong track record of organic growth and has invested in its staff, systems and procedures to ensure that it delivers exceptional services to its customers. Such service will help existing customers and attract new customers. Complementary acquisitions will aid market penetration.</p>
Third parties and retained sub-contractors.	<p>Third parties or sub-contractors retained by the Group may be involved in improper activities which result in penalties or loss of reputation.</p>	<p>The majority of work undertaken by the Group is undertaken by its own employees. In those cases when third parties or sub-contractors are used a rigorous vetting procedure is undertaken to ensure their capability and suitability, and once appointed, receive site rules.</p>
Force majeure.	<p>A fire, explosion, flood, earthquake or hurricane at a major site could result in the inability to meet customer orders.</p>	<p>The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business, systems or operations occurred the recovery plan aims to enable the Group to recommence trading without loss of business.</p>

Strategic report.

The Strategic Report was approved by the Board of Directors on 21 March 2018 and signed on its behalf by:

Paul Teasdale
Chief Executive