

A truly connected business

Under the PTSG brand, we operate four business divisions: Access and Safety, Electrical Services, High Level Cleaning and Training Solutions. These four divisions provide separate services or equipment, as required, or combine to deliver a complete set of niche specialist services.



The Group provides a central information and strategic management function for the individual businesses and champions the dissemination of key information and best practice. Our model helps us to deliver strong economies of scale, delivering efficiencies and, consequently, increasing profitability.

The PTSG brand unites constituent businesses under one clear identity, which supports smarter working and delivers top class services to more than 15,000 customers across 150,000 assets UK-wide.

Access and 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.

2016 Turnover £18.9m

Contribution to turnover:

48%

Electrical Services

Lightning Protection
Electrical Testing
Fire Services
Dry Risers
Steeplejack Services

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.

2016 Turnover £17.6m

Contribution to turnover:

45%

High Level Cleaning

High Level Window Cleaning
Gutter Cleaning
Building Cleaning
Pressure 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.

2016 Turnover £2.7m

Contribution to turnover:

7%

Training Solutions

Access & Safety Training
Electrical Services Training
Insurance & Compliance

We have a proven track record of working in industry, developing training solutions that are of sustained value and benefit across many business sectors. Combining our top engineers, our extensive knowledge and first class customer service, we can help our clients ensure the safety of their staff with our bespoke training programmes.

Overview

PTSG is a market leader in a wide range of niche specialist services, supplying the facilities management industry with essential bespoke services that the sector does not, and in most cases cannot, deliver in-house. We are number one for the supply of our services across key sectors. We strive to become and then remain the best in class to ensure we stay ahead of our competitors in the market sectors in which we operate.

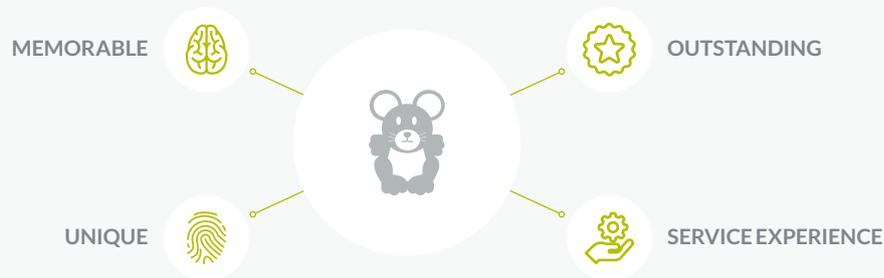
Our vision

Our vision is for PTSG to set the standard against which other similar companies are measured. We exist to serve our customers by consistently delivering unmatched products and services in niche specialist markets – a service that can be safely relied upon at all times.



Our values

We strive not only to be a great employer, but a reliable and honest company with which to do business. We thrive on meeting and, where possible, exceeding our customers' needs, ensuring they are offered the best service at the most competitive rate, and with the quickest response time. At every opportunity, we aim to deliver a **M**emorable, **O**utstanding, **U**nique, **S**ervice **E**xperience – MOUSE.



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**



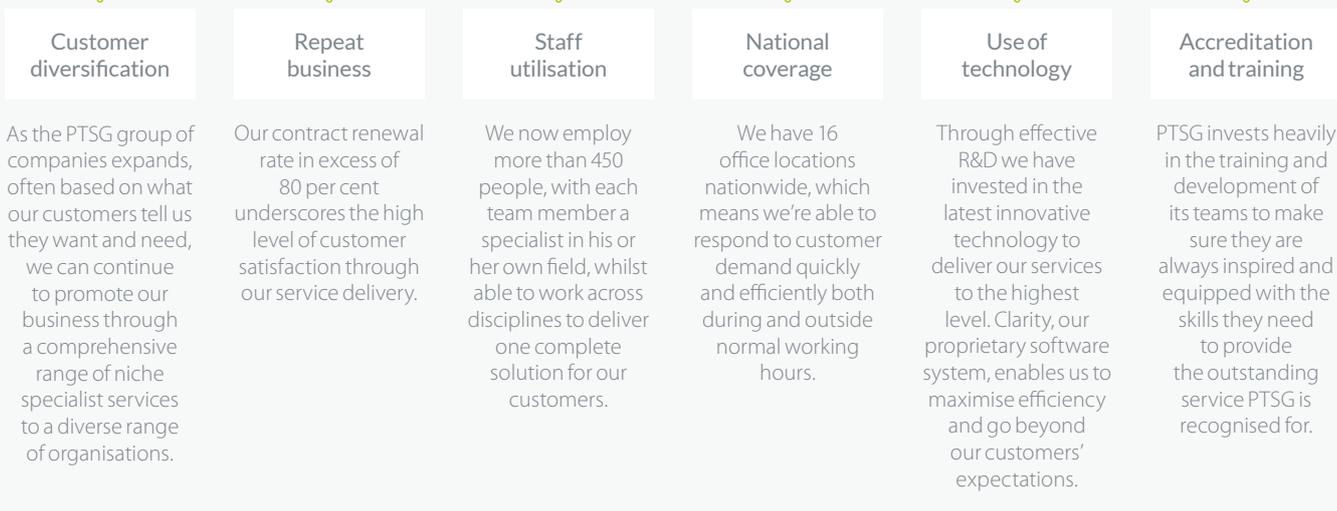
**A BUSINESS THAT
PLANS TO GROW**



**A BUSINESS THAT YIELDS
PROGRESSIVE RESULTS**

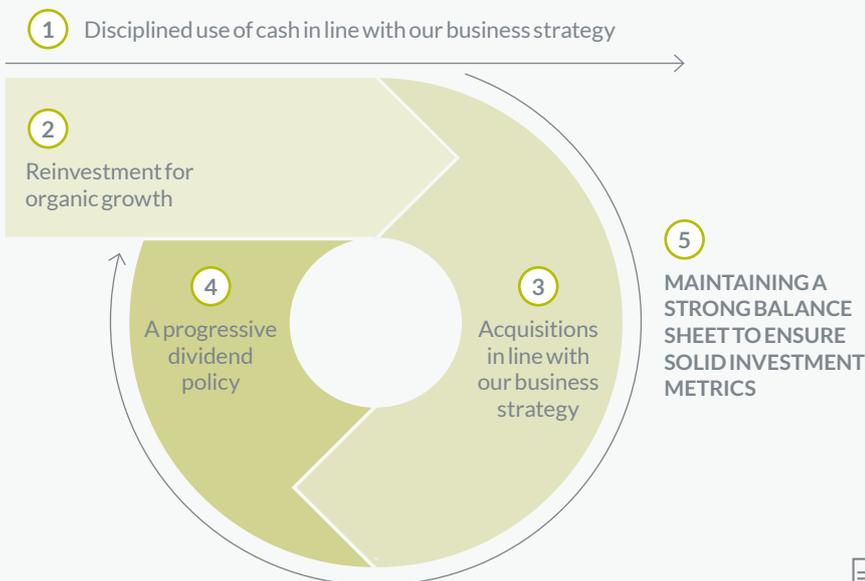
How we create value

Organic growth linked to carefully selected and value-adding acquisitions is the cornerstone of our success. Our business model is designed to create value for shareholders and stakeholders, with a robust approach to acquiring and growing businesses and making them much more profitable.



How we manage your investment

Sound financial management and dedication to a cohesive financial strategy ensures we continue to deliver value on any investment. We focus on:



A message from our Chairman



“We have a clear and distinct operating model which is both scalable and efficient across a broad range of services on a national scale.”

John Foley
Chairman

2016 – A summary

I am pleased to report that PTSG achieved record levels of turnover, gross profit, adjusted EBITDA, underlying profit before taxation and adjusted earnings per share in 2016. Underlying organic revenue growth (adjusting for the impact of acquisitions) was a healthy 20% and this was the tenth consecutive year of double digit organic growth. We also continued with our acquisition strategy in July 2016, when the Group purchased the entire issued share capital of Dry Risers UK Limited and Dry Risers Maintenance Ltd in order to expand our service offering into the niche fire protection and suppression market. After the year end, we purchased the entire issued share capital of Nimbus Lightning Protection Ltd in January 2017 to further strengthen our service offering in an area of key importance for the Group.

Financial overview of results

Turnover increased by 52% to £39.2 million (2015: £25.8 million). Gross profit increased by 45% to £20.3 million (2015: £14.0 million). Adjusted EBITDA increased by 45% to £9.0 million (2015: £6.2 million) and underlying profit before taxation (before adjusting items of £4.8 million) increased by 49% to £7.5 million (£5.0 million). Adjusting items were one off or non trading items including £1.9 million of share option costs, £0.5m of intangible amortisation costs £1.9 million for contingent payments in relation to acquisitions and £0.5m restructuring costs. Adjusted earnings per share increased by 57% to 7.63 pence (2015: 4.87 pence).

The Board has recommended a final dividend of 0.7 pence per share which together with the interim dividend paid of 0.7 pence is a 40% increase on the dividends paid in respect of 2015. This will be paid to shareholders on the register on 30 June 2017 and the expected payment date is 21 July 2017.

Net debt at 31 December 2016 increased to £13.6 million (2015: £7.6 million) following payments of £2.7 million in relation to acquisition of businesses including payment of deferred consideration and necessary increases in working capital resulting from the substantial working capital increase associated with the Group's increased size and scale. The major covenant contained in the Group's RCF facility relating to quantum of borrowings is that total net debt should not exceed 2.25x adjusted EBITDA and the Group trades very comfortably within all its covenants. As previously stated, the Board is comfortable with core borrowings of up to 1.75x adjusted EBITDA at this stage in the Group's development.

Operational highlights

The Board was pleased with both the 20% underlying organic revenue growth achieved in 2016 and the performance of Dry Riser acquisitions since July 2016. The range of niche specialist services that we are now able to offer customers is an important reason behind our success in both signing new and extending the scope of existing framework agreements with a number of important customers.

Our gross margin performance was in line with the Board's expectations. As stated in my FY 2015 report the major factor which impacts the Group's gross margin performance is the relative mix of installation sales (which carry higher material costs) to testing and repair sales. In 2016, installation sales amounted to £17.4 million (2015: £9.0 million). The gross margin on testing and repair sales in 2016 was 67% (2015: 66%). This continued level of good operational performance is testament to the strength of the Group's operating model which operates successfully across a range of niche specialist services.

The increase in installation sales feeds through into increased testing and repair sales in future years but 2016 saw a higher level of installation activity in the second half of the year than we had anticipated, resulting in an increased working capital requirement at the year end which is expected to reduce in 2017.

The Group provides services to over 150,000 buildings and therefore produces a very high number of relatively low value invoices in relation to its testing and repair activities. The supporting infrastructure in the Health and Safety, contract renewal, IT and accounts areas of the business needs to be robust in order to support this level of activity and senior management is as diligent in its focus on these areas as it is on direct operational performance issues. The proprietary Clarity System that has been developed in house to efficiently manage the high volume of low value transactions that is a feature of the Group is now fully operational in our Access and Safety division and will be carefully implemented across the Group during 2017 and 2018.

The Group continues to secure necessary industry accreditations and it was pleasing to win two PFM partnership awards in November 2016. These awards show that our efficient and innovative operating model is appreciated and recognised by others within the facilities management sector and our track record shows that this model remains scalable across a broad range of niche specialist services.

Strategy

PTSG celebrated its tenth anniversary in February 2017. It was founded with a very clear objective to build a Group which could become the UK's leading provider of niche specialist services to customers in the facilities management, property and construction sectors. We have a clear and distinct operating model which is both scalable and efficient across a broad range of services on a national scale. Excellent customer service is at the heart of everything we do. We have undertaken and successfully integrated 21 acquisitions since formation and developed market leading positions in our chosen service areas. Our acquisition policy is now focused on a new objective which is to seek sector dominance in our chosen areas of operation, especially in the testing and repair sectors. Our organic growth strategy now recognises that we have a major opportunity to sell an enhanced range of specialist services to our customer base. We expect that this new focus will benefit our shareholders in years to come.

STODDART REVIEW

PTSG is proud to support the Stoddart Review, a new report into the benefits the facilities management (FM) industry holds for UK businesses, and how workplace environments can drive and improve performance.

The Stoddart Review has been established as a periodical publication to raise awareness on key people issues within the FM industry. The goal of the review is to help to raise awareness amongst senior executives across the UK about the role of FM in workplace productivity. The group of industry professionals behind the review all gave up their time free of charge to deliver this insightful work. Their research reveals that too few organisations place enough strategic importance on the working environment as a key driver of organisational performance.

PTSG's sponsorship of this important review is yet another way the Group is able to contribute to the wider FM industry, by helping to raise awareness of its importance for the UK business community.

3.5%

The Stoddart Review reveals that an effective workplace can improve business productivity by as much as 3.5%

£70bn

Economist Duncan Weldon believes that the above could add up to £70bn to the UK economy

Read the full report at www.stoddartreview.com

People

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

Outlook

We undertook an IPO in February 2015 in order to assist us with our ambitious growth plans; those plans are now more detailed but no less ambitious after two years as a public company and we continue to explore an active pipeline of acquisition opportunities. 2016 was a successful year in terms of the delivery of strong, profitable organic growth and the Board is pleased to note that 2017 has started very well with continuing sales growth and new record levels of orders in hand held across the Group. We remain both confident of our prospects and enthusiastic about the future.

John Foley
Chairman

28 March 2017



How we run our business

Our strategy and business model drive our operations, supported by a strong commitment to good corporate governance. We champion best-in-class practices and well established services that deliver benefits to customers, contributing to a shareholder value proposition that continues to positively evolve.

Inputs

FINANCIAL STRENGTH

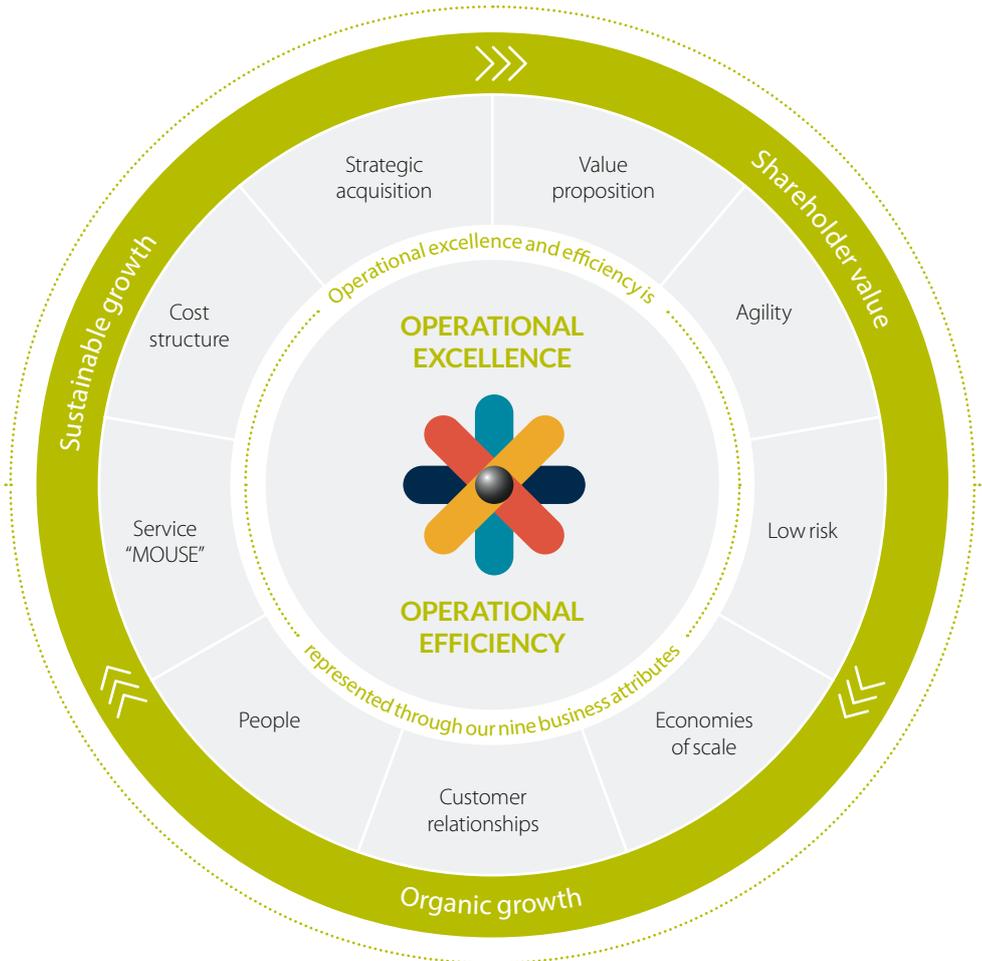
- We have seen sustained year-on-year growth, with a revenue increasing in 2016 by 52% to £39.2m and operating profit before adjusting items increasing by 49% to £7.9m.
- Our order book is full, our balance sheet is strong enabling us to execute our clear strategy.
- We have a very strong mix of private and institutional investors.

OUR PEOPLE

- Our leadership team has been carefully selected to direct the business and they are trained to envision, inspire, guide, motivate and encourage actions that make a positive financial difference.
- We create winning teams and better leaders by investing significantly in value-adding training and development programmes.
- Our 450 highly trained specialists are market leaders in their respective fields.

STRONG CORPORATE GOVERNANCE

- Our corporate governance system is designed to reduce operational risk by eradicating conflicts of interest across the business ensuring ongoing sustainability, growth and prosperity.
- We have a strong system of rules, practices and processes by which the Company is directed and controlled.
- Our systems ensure that PTSG's assets are used efficiently and productively and in the best interests of our investors and other stakeholders.



Value proposition

PTSG delivers clear customer value. With a strong mix of services strategically placed in the market to ensure coverage of a larger area, our innovation and work methods ensure market-leading results.

Agility

With the nature of the FM industry, PTSG is and has to remain adaptable and flexible to changes inside and outside the Company, moving and evolving rapidly without slowing down.

Low risk

Since 2007, we have managed to keep our overheads realistic and low. PTSG is forward-thinking; we plan our acquisitions carefully and consider what will impact our organic growth, ensuring the Company can remain sustainable with high margins.

Economies of scale

Working to a strong business model, we are dedicated to making sure PTSG can deliver our promises. Since 2007, we have grown relatively quickly, but there is longevity in that growth that will benefit the Company, and attract more customers and investors.

Customer relationships

The way our customers view us is vital to our performance and our future within the industry. Our customer services are award-winning and we are immensely proud of our people and the Company's reputation on every level.

Outputs

MARKET LEADER

- We have become the UK's leading niche specialist services provider.
- Most of our services outsell those of our competitors.
- We use our dominance to affect our competitive landscape and the direction the market takes across all four divisions of our business.

GROUP PERFORMANCE

- Through organic growth, we have continued to improve output and increase sales year-on-year.
- We have continued our successful value creation record through carefully selected and symbiotic business acquisitions – reinforcing our capabilities.
- 2016 saw solid performance across the Group, with high levels of employee engagement and retention and customer satisfaction.

WELL ESTABLISHED SERVICES

- We are a very well-known business with established services and the most high profile presence in the FM industry through relevant trade associations and the media.

- We began trading in 2007, offering specialist access and safety services alone; during the last ten years, our portfolio of services has grown significantly to include a wide range of electrical, high-level cleaning and training services.
- Our bundled service provision meets all our customers' requirements, saving them the time, effort and cost of delivering or sourcing the individual services themselves.

BEST-IN-CLASS PRACTICE

- We have an incredibly strong corporate culture in which the attitudes, beliefs, values and norms of PTSG are visible and evident and shared by our people right across the organisation.
- It is our aim and has always been to set the standard to which our competitors working within our market sectors aspire.
- In 2016, we received several national industry awards for our work in the FM sector, placing amongst the sector elite for service delivery and collaborative working.

Our growth drivers

ORGANIC GROWTH

- Geographical expansion and increase of service offering
- Renewal rates and repair sales
- Cross-selling of services

ACQUISITION

- Strong acquisition pipeline
- Track record of driving growth
- Increasing capabilities

MARKETPLACE

- £600m addressable market with 5-10% market share
- New sector expansion, such as Fire Services

DEMAND

- Construction
- Regulation

People

PTSG people are the face and the driving force of the Company. Creating a great place to work, supporting staff to realise their full potential and building leadership strength is vital to the success of our business. We strive to ensure staff are given adequate training, an excellent working environment, that they are safe at all times and they know they have the support of a strong team behind them.

Service "MOUSE"

As we tell our staff and customers, we at PTSG do everything by word of MOUSE. Memorable. Outstanding. Unique. Service. Experience. By striving to be a great employer, we can confidently say PTSG is a great organisation to do business with. We obsess over our customers, offering them the best services possible and building long-term relationships based on mutual benefits.

Cost structure

Company profits and the benefits to shareholders and potential investors are essential, and our business model ensures PTSG is able to provide customers with a competitive pricing structure based on keeping our overhead low and maximising our outputs.

Strategic acquisition

PTSG's track record of success proves the acquisitions made over the last ten years have benefited the Company by increasing the range of services offered.

Moving forward, PTSG's acquisition team has a strategic buying plan to allow further market penetration and ensure we continue to offer cost effective, efficient niche services – the services our customers say they want, need and expect.

Our strategy for growth

Ten transformational years of growth and development. That is set to continue.

We aim to deliver value and quality investment returns for our shareholders by increasing our market share in each of our niche service areas. Our strategy is to generate this through organic growth, by leveraging customer relationships and through selective acquisitions.

PTSG continues to evolve in a fast-changing trading and economic environment. That is why we have invested in new proprietary technology that will help us to grow our competitive advantage through innovation and continue to deliver shareholder value. Our new Clarity system, and our focus on ongoing innovation, is essential for a modern company like PTSG to continue to grow profitably.

Our growth strategy is facilitated through three interwoven strands.

STRATEGIC PRIORITIES

DESCRIPTION

PROGRESS SO FAR

OBJECTIVES FOR 2017

 <p>Efficiency In today's competitive markets we need to show we are ahead and able to deliver.</p>	<p>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.</p>	<ul style="list-style-type: none"> Our developers have designed and delivered a fully functional working system that can help all our staff, from managers to engineers, to operate more efficiently. PTSG Clarity has given us visibility up, down and across the business, seamlessly integrating service delivery with back office systems. We have trialled the system within our Access & Safety division and offered training to ensure all staff are user-aware. We are now rolling this proprietary system out to the rest of the business. 	<ul style="list-style-type: none"> We are going to continue to concentrate on our organic growth, alongside our existing work-streams and complement and add to those through further acquisitions. Our people development programmes will ensure that we continue to train and invest in our staff into 2017 and beyond.
 <p>Scalability Our ability to grow further is rooted in our proven business model.</p>	<p>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.</p>	<ul style="list-style-type: none"> Taking advantage of acquisition opportunities, leveraging our leadership and managerial framework. Our move into the Scottish market opened new doors and has given us a strong foothold in the area. We have successfully added the steeplejack services and dry riser services to our product offering, following two very successful acquisitions. 	<ul style="list-style-type: none"> We will continue with our expansion in the UK, strengthening our position further in those areas that add the greatest value. The more areas we can cover, the more cost effective we will be and the greater our strategic regional operations map becomes, giving us more leverage in the market.
 <p>Innovation Reaching new heights. The dynamics of business are changing and we are embracing them.</p>	<p>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.</p> <p>Our highly-trained developers have been working on the unique system for the past three years. It enables our engineers to be on the road 100 per cent of the time, ensuring maximum productivity across the business. Clarity improves scheduling, back office efficiency and client service.</p>	<ul style="list-style-type: none"> Our developers have designed and delivered a fully functional working system that can help all our staff, from managers to engineers, to work more efficiently. PTSG Clarity has given us visibility up, down and across the business, seamlessly integrating service delivery with back office systems. We have trialled the system within our Access & Safety division and offered training to ensure all staff are user-aware. Customer satisfaction ratings continue to improve further following the implementation of the Clarity system. 	<ul style="list-style-type: none"> We will continue to develop the system, rolling it out across all four of our divisions. The system will be completely functional and available to our people by the end of 2017. To consolidate and improve our contract renewal rates.

CLARITY IN NUMBERS

15,000

The development of Clarity has involved over 15 thousand hours of development, resulting in over one million lines of code

2m

Clarity has processed over two million audited transactions, resulting in the generation of over 30 thousand documents

75 users

Alongside 75 users across eight different PTSG departments, Clarity also provides secure and efficient access to job information for an ever-growing list of clients through its Client Portal

STRATEGY IN ACTION



Growth through Clarity

As Clarity increases efficiency and frees up our employees to focus on more profitable work, this will increase our business growth.



Read more on pages 20 to 21



Case study – UK Dry Risers

The acquisition of UK Dry Risers has created an entirely new business stream for PTSG, making our Electrical Services division fully comprehensive and offering a much sought after fire safety solution.



Read more on pages 24 to 25

Our fundamentals for success

Focusing on three key fundamental initiatives reinforces our vision to create value for all our stakeholders through our business strategy.



VALUE FOR OUR CLIENTS

Exceptional customer service has always been the priority for our customers, and will remain so. This is delivered through superior workmanship and our ability to offer all niche specialist services under one roof, providing ultimate convenience and value for money.



VALUE FOR OUR EMPLOYEES

Our priority for our people is to ensure their safety and give them the opportunity for development, so that we can get the best results from their skills and talent. Our aim is to make PTSG a great place to work so that we are always a great place to do business with.



FOR OUR SHAREHOLDERS

We continue to grow sales and net profit year-on-year. Going forward, we will maintain our approach to delivering value-adding investments coupled with strong organic growth to generate a strong and healthy rate of return on invested capital. We will create this value in a sustainable manner enabling PTSG to follow a progressive dividend policy.

Our marketplace

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.

150,000

PTSG services more than 150,000 buildings

£600m

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

15,000

PTSG has more than 15,000 customers

6%

PTSGs share of the potential addressable market

2-4%

PTSGs 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.

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. Cofely, 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 high level services.

We have an extensive customer base with no significant exposure to any one customer and just 5 per cent 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 per cent 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 250 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.

MAP KEY

● **Head office**
 Glasshoughton
 Castleford
 West Yorkshire

● **UK distribution centre**
 Pioneer Way
 Castleford
 West Yorkshire

● **Regional offices**
 Edinburgh
 Sheffield
 Nottingham
 Bury
 Oldham
 Stoke
 Dereham (Norfolk)
 Coventry
 Ipswich
 Witham (Essex)
 Gatwick

● **London offices**
 South HQ
 South
 City office



16
 UK office locations

450
 Full-time employees

Chief Executive's review



"We occupy a leading position in the UK marketplace delivering sustainable value for both customers and shareholders."

Paul Teasdale
Chief Executive

Highlights

52%

Revenue growth

45%

Gross profit growth in 2016

49%

Adjusted operating profit growth in 2016*

* before adjusting items of £4.7m (see note 6 of the financial statements).

Overview

2016 saw Premier Technical Services Group PLC (PTSG) perform exceptionally well across our divisions, once again delivering well above and beyond expectations. We achieved a number of the strategic priorities we identified at the start of the year, resulting in an even more comprehensive service offering, supported by the technology to deliver a measurably improved service for our customers. This has seen our underlying profits before tax move ahead apace, whilst delivering a strong return for our investors. We have also identified areas within our business for improvement, and we look forward to setting out new objectives to enable us to continue growing at a sustainable rate.

2016 saw the beginning of our tenth anniversary year and we celebrate a decade in business in February 2017. From a standing start in 2007, we have achieved sustained growth in every year of operation. We have combined an ambitious strategy of organic growth with business acquisition, forging a business model which has yielded impressive and continued growth and profitability.

Once again in 2016, the Group achieved double-digit growth, with a revenue increase of 52% to £39.2m, delivering a pre-tax operating profit (before adjusting items) of £7.9m. This builds on the previous year, which saw our turnover increase to £25.8m. These figures underline the effectiveness and sustainability of our business model, with significant further organic and acquisitive growth expected in the year ahead.

PTSG is the only PLC to operate within many of its niche markets. We know from considerable experience that the industry's larger contractors prefer to trade with a PLC, and this has helped to strengthen our position in the marketplace and will also be a key growth factor going forward. Our aim is threefold: to continue to deliver outstanding service to our growing customer base; to make PTSG the best place to work so that we are always the best place to do business with, and to deliver continued shareholder value. This is what my leadership team and I obsess on day in, day out.

Evolving and improving

The facilities management industry is highly competitive, and it is through striving to deliver the best possible service for our customers that we have grown to occupy a leading position in the UK market place. In order to continue delivering sustainable value for both our customers and shareholders, we regularly review the performance of our four divisions to identify areas for improvement.

Our contract renewal rate remains in excess of 80 per cent, and while pleasing and significantly better than other organisations in our sector, this remains an area for us to improve upon. We are working hard to try and understand, outside project completions and close outs, why some of our customers decide not to renew their working relationship with us upon completion of ongoing contracts. It is a relatively small number, but nevertheless it is important to us.

2016 saw our continued investment in, and development and implementation of, Clarity, our proprietary software, and the first administrative system of its kind to be completely non-manual. It is already enabling us to serve our customers far better, with work tracked in real time and documents created or retrieved instantly and remotely. We will continue to look for other ways in which technology can be used to our customers' – and our own teams' – advantage.

Priorities to address

In 2017 our priorities are to continue to deliver safely and deliver well so that we continue to grow and deliver a strong return on investment for our shareholders. This will be made possible through our strategy and business model as seen on pages 06 to 09.

GROWTH

We are pleased to be judged on our ability to achieve sustained growth – something we have done every year over our ten-year history.

- Revenue: £39.2m
- Adjusted operating profit: £7.9m
- Dividend per ordinary share: 1.4p

SAFETY, SERVICE AND COST-EFFECTIVENESS

The very cornerstones of our business, by getting these three areas right we can be sure to achieve high levels of customer satisfaction – and increase our contract renewal rate further still.

- PTSG remains the only company of its kind to employ a dedicated, full-time Safety, Health, Quality and Environment team who obsess on keeping our people, our supply chain partners and our customers safe.
- Our high contract renewal rate speaks of the satisfaction among our customers with the service we deliver.
- Our bundled service provision saves clients the time, effort and cost of looking for multiple companies to provide the services PTSG delivers ‘under one roof’.

MARKET LEADER

We have reached a position in the market place where we are widely known and respected in the niche sectors in which we operate as *the* safe pair of hands.

- We have won numerous awards which recognise our success across our market sectors, as well as our commitment to safety – with five consecutive RoSPA Gold Awards – a unique achievement in our sector.
- We have ongoing collaborative relationships with a number of first-tier contractors, many of which prefer to work with PTSG as a PLC.
- We are the only PLC in many of the markets in which we operate, making us a preferred choice for several of the larger contractors.

Value for money is also crucially important to customer satisfaction. Our business model ensures PTSG can provide customers with a competitive pricing structure, as we aim to be the niche specialist services provider offering the best value in the UK. This in turn results in repeat purchase and higher profits due to the quantum of work we are commissioned to undertake and the economies of scale in our unique delivery system.

Of course, it is the nature of any business that some contracts are short-term. However, something that differentiates PTSG from our competitors is our bundled service provision. We entered the marketplace having identified the need for one organisation to provide multiple niche specialist services under one roof. Since then, we have fully committed to our aim of offering the full range of high-quality engineered products and services required by customers and contractors.

We have gained a strong reputation throughout the industry for being able to meet all our customers’ needs. As working at height specialists, we manage the full range of cradle and fall arrest services – from design to installation and maintenance; our electrical services encompass everything from lightning protection systems to dry risers; our high-level cleaning service extends to all areas of a building, using techniques such as pressure cleaning and even specialist painting and window replacement, as required.

Finally – and importantly – we also provide training for organisations. By offering our customers everything ‘under one roof’, we save them the time, effort and cost of procuring these services separately.



Chief Executive's review continued

REMARKABLE ACCREDITATIONS

The health and safety culture and training of our staff and our high-quality customer service is tantamount to our business being the success it is today.

We have worked hard to gain and maintain a reputation and have received more than 100 accreditations across the Group including the ROSPA Gold Award, RISQS, ATLAS, SAEMA and Investors in People.

+122

Accreditations received across the Group



Acquisitions

Although organic growth continues to be the cornerstone of our success, our business acquisition strategy has been fundamental in securing our position as the complete niche specialist service provider.

Our first acquisition was of an access and safety company, National Cradle Maintenance Limited, in 2007, which was funded by £0.9m of equity from the founders. Since then, and up to the end of 2016, we have made 20 carefully targeted and self-funded acquisitions, which have resulted in our comprehensive service offering across our market sectors. We will continue to identify further opportunities to fill potential gaps in our service provision.

The businesses we have acquired have enabled us to increase our leadership capacity in several areas of the business as well as strengthening our management and skilled workforce, our production capacity and complementary or proprietary products or services. They have also been a way to expand the company geographically as well as managing business risk through market and customer diversification.

Whilst we have expanded through acquisition, subsequent organic growth has accounted for more than half of the increase in total revenues since 2007. Bundled service provision represents the other key factor in our growth going forward.

The acquisition of the Dry Risers business in July 2016 provided a new service offering for our clients and is showing good growth following its integration into the Group.

Industry sponsorship

Late in 2016, we were pleased to announce our support of the Stoddart Review, a new report into the benefits the facilities management (FM) industry holds for UK businesses. The report revealed that smarter use of Britain's office space could improve productivity by between 1 per cent and 3.5 per cent, and deliver a boost of up to £70bn to the economy. Such findings help to raise awareness amongst senior executives across the UK about the role of FM in workplace productivity – and we are delighted to be part of that.

Support elsewhere in the industry, such as our sponsorship of the ATLAS, PFM and BIFM awards, make a valuable contribution to the sustainability of the industry; and PTSG becomes an integral part of the facilities management supply chain network in the process.

Divisional results

Each of our divisions has contributed to the exceptional performance of PTSG in 2016, thanks to our teams of highly trained experts.

Access and 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 £18.9m in 2016 (2015: £12.0m) – a 48% contribution to the turnover of the Group. Adjusted operating profits increased to £3.1m from £2.0m in 2016 with growth across all segments.

Electrical Services

Lightning Protection, Fixed Wire and PAT Testing, Dry Risers, Fire Alarms and Extinguishers and Steeplejack Services. We achieved a turnover of £17.6m in 2016 (2015: £10.4m) – a 45% contribution to the turnover of the Group. Adjusted operating profits increased from £2.5m in 2015 to £4.0m. We saw good growth across all services and the acquisitions made in 2015 showed good progress.

High Level Cleaning

High Level Window Cleaning, Gutter Cleaning, Building Cleaning and Pressure Cleaning. Our team members are experts at working at height and performing a high-quality service even in the most inaccessible locations. In 2016 we achieved a turnover of £2.7m (2015: £3.4m) – a 7% contribution to the turnover of the Group. The decline was a result of one off technical work undertaken in 2015 but not repeated in 2016. Adjusted operating profits rose from £0.7m in 2015 to £0.8m in 2016.

Training Solutions

Training, Consultancy and Insurance Inspections. As well as training our own people – the best in the business – we work closely with our clients to ensure the safety of their staff through our bespoke training programmes.

Looking ahead

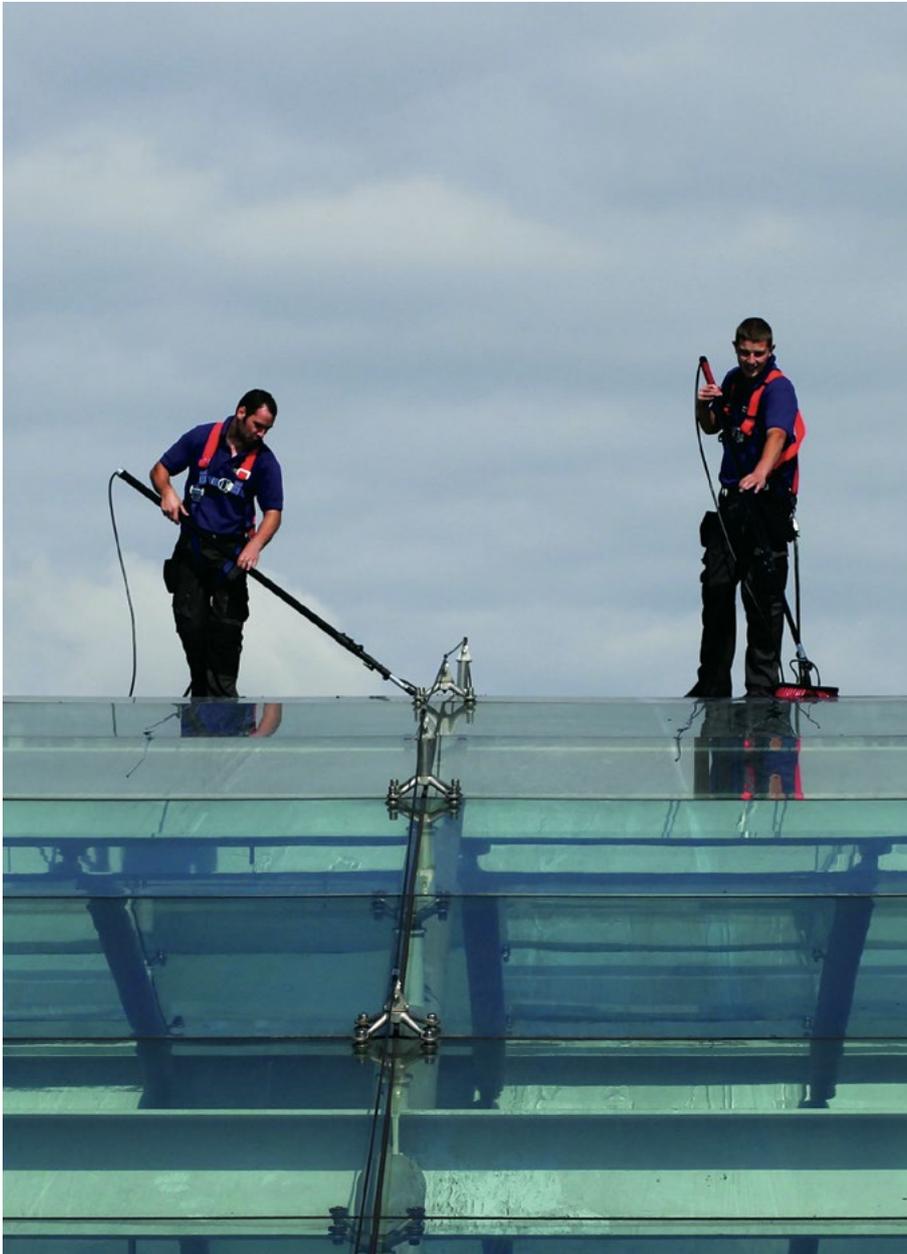
PTSG is a more capable and better equipped niche services provider than at any time in the Company's ten year history. In the coming year, we will continue to focus on delivering a high-quality service to our customers, while looking for further ways to augment our offering.

On 1 September 2016, PTSG appointed Numis Securities Limited (Numis) as our nominated adviser and broker. Numis is one of the UK's most respected institutional stockbrokers and corporate advisors, recognised as being one of the leading providers of capital for UK listed companies.

Finally, I would like to thank all our people for their hard work and commitment. I am continually impressed by the quality of service our teams deliver, always with safety in mind. This gives me great pride as we aim to set the standard other service providers strive for.

Paul Teasdale
Chief Executive

28 March 2017



AWARD WINNING

PTSG received several shortlistings at the industry's most esteemed awards ceremonies in 2016, and in November walked away with two PFM Partnership awards for its work with Marks & Spencer and SES Engineering Services.

PTSG CEO Paul Teasdale also had another solid year, after being named the IOD's Director of the Year and the Yorkshire Business Awards Entrepreneur of the Year.



Why we win

Through a proven track record of growth, we present a strong case for investment for organisations looking to achieve robust returns. Our business is sustainable, dominant, progressive and excels in delivering outstanding customer service, with safety at the core of everything we do – a unique selling point that wins us business.

A business that is sustainable

A business that has sector dominance

A business that plans to grow

A business that yields progressive results

A position of dominance

From a standing start in 2007, PTSG has achieved its objective of becoming the UK's leading provider of niche specialist services to the facilities management industry. Our consistently high profit margin and gradual dominance in each of the market sectors in which we operate illustrates the success of our strategy to combine organic growth with targeted business acquisition.

By continuing to meet our twin objectives of delivering outstanding customer service and value for our shareholders, we are confident that we will maintain our leading position in the marketplace.

What sustainable growth looks like

We entered the UK market upon recognising a need in the industry for the provision of multiple niche specialist services under one roof. That has been the driving force behind our growth, which has resulted in the provision of a comprehensive set of services in each of our four divisions: Access & Safety, Electrical Services, High Level Cleaning and Training Solutions.

We now employ more than 450 highly trained and professional people across 16 UK office locations. We service 150,000 assets for over 15,000 clients. And we have a contract renewal in excess of 80 per cent.

The reasons behind our success

Our aims of delivering outstanding customer service and shareholder value lie behind our sustained success. We have carefully targeted a range of customers over the last ten years in order to create a comprehensive niche specialist service offerings that meets or exceeds their needs.

It is this need that has driven our acquisition strategy with each company purchased following a period of integration into the PTSG administrative and compliance system and ensuring our high level of customer service continues.

We invest heavily in the latest technology so that our service is cutting-edge; Clarity, our unique, proprietary software system, is vastly improving efficiency within our business, the benefits of which are being enjoyed by our customers.

Value for money is another reason our customers choose us again and again (contributing to an industry leading contract renewal rate). Our ability to cross-sell services to our customers to meet all their requirements ensures their costs are reduced further still, as they don't need to spend the time, effort and money procuring each service individually.

Safety is at the core of all our activity. We will never compromise on safety and we live by the maxim, 'If it can't be done safely, we don't do it'. PTSG is the only organisation of its kind to employ a full-time Health, Safety, Quality and Environment team.

Progressive results and sustainability

In the year of our tenth anniversary, we have seen the number of customers, portfolio of assets, delivery team, profits and revenue all grow year on year. 2016 was no exception – in fact, it was another record year.

Highlights

80+%

Contract renewal rate

150,000

Assets serviced

15,000+

Clients



Q&A

We talk to Roger Teasdale, Managing Director of PTSG, about why we win.

What is the secret to PTSG's success?

Our formula is quite simple: our highly trained and professional people provide our customers with an exceptionally high quality of service at affordable prices. Add to that our ability to offer each of our customers complementary services, which meet all their requirements on any given project, coupled with high health and safety standards, and we believe they will be satisfied. Our strong contract renewal rates are testament to this.

What are your priorities for 2017?

Again, they are quite straightforward. First and foremost we must deliver safely and deliver well so that we continue to organically grow the business and deliver a strong return on investment for our shareholders.

It is essential that we maintain a high level of service for our customers across all product and service areas and the sectors we serve. We will do this through the continual development of our people and the further implementation of Clarity which will enhance efficiency, accuracy and the speed of service for our teams and our customers.

We will also remain vigilant to customer opportunities to further expand our offering, strategically targeting companies with the services they want and expand our geographic offering to add value to them and to PTSG. The leadership, business development and operational teams are incredibly important as part of this process.

How do you measure your success?

Value for our shareholders is measured by the return they see on their investment, but it also comes from backing a company which makes a positive contribution to the industry in which it operates. PTSG has always looked for ways to support the facilities management industry, examples of which are our sponsorship of ATLAS, PFM and BIFM and the recent support we have given to the Stoddart Review – a peer review that outlines how to recruit, train and retain the FM industry's leaders of today and tomorrow. This indirect way of speaking to our customers and business prospects complements our already well-established and very effective channels of direct communication.

For our customers, our contract renewal rate remains a key indicator of our performance. It currently stands at an all-time high, but we would like to see it improve further and will look for ways to build on our customer satisfaction levels to capitalise further on future opportunities. Internally we have a variety of measures that ensure we maintain our standards, levels of efficiency and effectiveness.

Case study

Growth through Clarity – Improving efficiency and delivery

PTSG’s software development team has built the Clarity system – a unique, non-manual administrative system which uses hand-held technology service to improve the business’s day-to-day operations. Clarity makes the Group’s processes much quicker by allowing for more effective scheduling, real-time engineer tracking across the UK, and more direct customer communication.

What is Clarity?

The system is made up of four key components. Each is designed with the specific requirements of individual departments in mind, ensuring that everyone at PTSG, including the administrative team, business development managers and on-site engineers are able to do their jobs more efficiently.

ClarityWORK

Used by
PTSG’s engineers.

What does it do?
ClarityWORK is an advanced mobile workforce system that provides PTSG engineers with everything they need to do their job safely and efficiently, including sat-nav, real-time engineer location tracking and a job recording and submission facility.

ClarityPORTAL

Used by
PTSG’s clients.

What does it do?
ClarityPORTAL is a secure and easily accessible platform for clients to log requests and view real-time information on their jobs and accounts. This aspect of Clarity is designed to keep everyone involved in the job, whether at PTSG’s offices or the client’s, fully informed and enables PTSG to respond efficiently to any requests.

ClaritySALES

ClarityOFFICE

Used by
All PTSG employees.

What does it do?
ClarityOFFICE and ClaritySALES are the back-end administrative systems that provide comprehensive group-wide resource planning and customer relationship management functionality.

What are its benefits?

PTSG Clarity was designed to unlock growth through powerful innovation, and it does exactly that. The bespoke, proprietary system is allowing us to operate effectively and efficiently, ultimately reducing costs and bringing an all-round better service to our customers.



INTUITIVE
From the time a purchase order is generated to when the job is completed and invoiced, all processes and ‘paperwork’ (which is actually electronic) are automatic. The system responds immediately to project developments.

SCALABLE
An integral part of Clarity is the processing of data. In the scheme of PTSG’s operations, huge amounts of data are generated every day and it is essential to manage this. Clarity enables users to track, view and assess all developments in any given project.

SAFETY
Clarity looks after the safety of workers via a formal framework of checking and verifying the status of lone workers, to ensure the safety of any staff entering a location alone. It also ensures online safety, via a secure portal.

REAL-TIME
The ClarityWORK app uses sat-nav to track the engineer in real time during their designated working hours. This also relays the current road conditions, calculating an accurate estimated time of arrival for both office and client. This enables work to be scheduled more effectively and contingency arrangements to be made if any problems arise with a journey.

MOBILE
The nature of PTSG’s multi-disciplinary work means that all engineers work remotely, in all kinds of locations – thousands of feet in the air or underground. To accommodate this, the ClarityWORK app is designed to run on a mobile device and operate fully, even when the engineer has no data signal – it simply synchronises automatically when the signal is available again.

EFFICIENT
Engineers can use ClarityWORK to record their current status in relation to their schedule, detailing which job they are currently travelling to, time of arrival on site and when the job is completed.

Whilst on site, Clarity’s task system allows the engineer to undertake and document the required service delivery. Clarity’s automated workflow generates and issues any required worksheets and certificates.

PAPERLESS
Paperwork is time consuming, inefficient and gives rise to human error. Clarity is a solution to manage the documenting of information automatically, giving users instant results.



What is the outcome for PTSG?

Since Clarity began to be implemented, PTSG has been:

- Working in a way which is more efficient and cost effective.
- Putting more engineers out on location, or moving between sites.
- Keeping customers closer to the work the Company does on its behalf, including quickly identifying other necessary remedial, repair and renewal work.
- And when the system is fully implemented throughout the Group, efficiency will be maximised and customers can look forward to an even higher level of service.

Q&A

We talk to Jason Sheehan, an engineer at PTSG about how the Clarity platform has improved his work.

What are the main benefits for you?

For me as a user of the Clarity system, the benefits are the saving of a lot of time, greater efficiency and the reduction in human error.

What about the connection between you and office-based colleagues?

Office staff can see if I or another engineer have arrived on site or how far away I am. This eliminates the need to call me and the customer back. The office can also view which engineers are away from any internet connection, which makes weekend working issues easier to sort out.

How does it enable you to serve your clients better?

Firstly, we are spending more time doing the work as opposed to administering it – we are so much more productive. The time saved on not having to match worksheets to jobs, marking up, scanning and attaching to the jobs is time spent on pulling a more efficient and higher-value programme together, sending out quotes and basically carrying out tasks to keep our clients better serviced, which also applies to the automatic generation of certificates.

Case study

Our people – Sarah Lythall Clarity Project Manager

Sarah is a great example of a PTSG employee whose skills and talent have been nurtured and developed during her time at the Company, resulting in her progression to her current position of Clarity Project Manager.

Sarah joined PTSG in 2008 and remembers the Company as being “modestly sized and feeling like a family-run business.” “Back when I started, PTSG only supplied Access and Safety services to the facilities management industry – cradles and fall arrest equipment. As the Company quickly grew, separate divisions were formed to cater for each customer’s unique requirements.”

PTSG remains the UK’s leading supplier of fall arrest systems and safety testing services, encompassing 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. Access and Safety now represents one quarter of the Group’s provision of niche specialist services to the industry.

Career progression

Sarah cites the opportunity to progress her career as one of the best and most important aspects of working for PTSG. Based at the Group’s headquarters in Castleford, Sarah began as a Sales Assistant. Taking advantage of PTSG’s training and development programmes, and the advice of the specialist personnel around her, and with a little hard work and dedication she quickly progressed to Maintenance Manager for the Cradles Maintenance division, combining this with trialling new data base systems.

Today, Sarah holds the position of Project Manager for implementing the new bespoke Clarity system around the Company. Having been using Clarity and seeing it come to completion over the past year, she says her duties as Maintenance Manager have been transformed by the revolutionary administration system.

Administration transformed

When Sarah joined PTSG, all processes were handled manually, with engineers’ worksheets being posted at the end of the week and having to be scanned to provide a copy to the client, with a seven-day lead time before quotations could even be started – with Excel being the main document of use. In 2011, the Cradles division trialled an off-the-shelf system, which was a major step toward the decision to create a bespoke system; by identifying the limitation of this system, the bold step was taken to design a system to suit PTSG’s company needs, with the ability to be adapted as it continues to grow and change.

Sarah had the opportunity take part in the trial, which in turn gave her the opportunity to be involved with the development of Clarity.

In 2016, the new system was trialled and is now implemented within PTSG’s Access and Safety division. Clarity is now taking the Company into the leading edge of the mobile and digital age.

The system provides PTSG’s engineers with everything they need to do their job safely and efficiently, including sat-nav, real-time engineer location tracking, and a job recording and submission facility with a lot less paperwork; this makes for happy engineers!

Back in the office, Sarah and her colleagues enjoy the advantage of the automated and instant generation of documents. This is crucial in reducing the workload, speeding up processes and freeing everyone up to do other, more profitable work. Clients are responding well to clear worksheets, same-day certification and quotation, giving PTSG the edge over other companies. It is not just the client and administrative processes that will benefit; sales staff will no longer have to keep a manual track of their figures, because all members of staff can access these at the click of a button. Credit control staff have instant access to any documentation a client is requesting to pay, and the system is fully text searchable; therefore, if a client rings with a site but no reference number, that is no problem. Similarly, if staff have a purchase order but no reference to what it is for, Clarity will tell them.

Clarity also reduces a lot of the ‘human error factor’; although this cannot be taken away completely, it helps significantly, and with the extra time allowed through automatic process, staff have extra time to check. There is full traceability of who has done what and the status of the job.

As Maintenance Manager for Cradle Maintenance, Sarah was part of the team already enjoying the more efficient way of working that Clarity allows. That efficiency will be experienced by all employees of PTSG as it is rolled out across each division in the Group over the next eighteen months which Sarah is now proud to be part of.

Opportunities to develop

Over the last nine years, Sarah’s progression at PTSG has been largely representative of the Group’s evolution. She refers to the opportunities she has been given to learn new skills, to work with a wide range of highly skilled people and pursue her career ambitions with no limitations.



“It’s definitely a progressive place to work. PTSG values its employees and if you have the ambition to learn and develop, you can quickly make advances in the Company.”

Case study

MOUSE in action – Committed to our values

Our people are the key to the success of PTSG. Studies have shown that happy workers increase business productivity by 12%.

Memorable

We talk to Pauline Starkey, Group receptionist.

Could you please tell us a bit about your role at PTSG?

My role is a varied one with lots of queries and questions – I'm essentially the first point of contact in the business. I enjoy dealing with the different clients and helping people whatever the nature of their query.

How does it feel to be named 'The Voice of PTSG'?

Due to the amount of time I spend on the phone I think everyone recognises my voice now. I like to think I come across as friendly and helpful but I'm not sure about being named 'The Voice of PTSG'!



Outstanding

We talk to Mark Brackenbury, Group Safety, Health and Environment (SHE) Advisor.

Could you please tell us a bit about your role at PTSG?

As the Group SHE Advisor a key role I play is ensuring the safety of PTSG's engineers, carrying out site audits, assessing our internal policies and procedures and making sure we're always doing what we can to maintain ISO standards.

How does a dedicated H&S department benefit PTSG?

It's great to see the reputation PTSG has in the industry for an outstanding commitment to health and safety, and the hard work everyone puts in to make sure our teams are always as safe as possible has been reflected in dozens of awards and accreditations.



Unique

We talk to Wayne Adams, Sales Director for Fall Arrest Installations.

How long have you worked at PTSG?

I have been the director for Fall Arrest Installations for more than eight years now. PTSG has a unique philosophy based on being a great place to work so that we are always a great place to do business with.

As one of the longest serving directors in the business, what do you like most about PTSG?

I love working with a team that is completely committed to driving the business forward by delivering a great service experience. It doesn't matter if you are on the front line or working behind the scenes here, we all want the same thing – to see PTSG succeed. This is reflected in what we do, how we do it and the results we achieve.



“Providing our customers with a good service results in us receiving numerous requests for new sites and additional buildings.”

“PTSG has an outstanding commitment to Health and Safety.”

Service Experience

We talk to Sarah Wood, Group Renewals Manager.

Could you please tell us a bit about your role at PTSG?

My key objective is to renew all PTSG’s existing contracts year after year.

Renewals are the bread and butter of the Company and it is our responsibility to make sure our clients feel valued and reassured, knowing they have a dedicated team working to ensure their buildings stay compliant.

In April 2014 a decision was made to centralise this process to our head office. As a result, renewals have increased from around 70 per cent to anything between 80 per cent and 85 per cent.

How does MOUSE benefit PTSG?

Providing our customers with a good service results in us receiving numerous requests for new sites and additional buildings, which can then be passed onto the relevant business development teams. This is a great, organic way of expanding our maintenance base.



Case study

Acquisition overview – UK Dry Risers

UK Dry Risers Ltd and UK Dry Risers Maintenance Ltd have seen exceptional growth following their acquisition by PTSG in July 2016, ending the financial year on a real high. UK Dry Risers Ltd carried out a record number of installations during its first six months as a PTSG business, with the total length of systems installed enough to cover over 440 football pitches.

Cross-selling opportunity

Majority of competitors only operate in single lines whereas PTSG operates across several.

The turnover of UK Dry Risers Ltd increased by 10 per cent in the six-month period following its acquisition. UK Dry Risers Maintenance Ltd also saw a significant increase of 37 per cent in its turnover. This is particularly pleasing as the installation business is more mature than its maintenance counterpart, so the great growth of UK Dry Risers Maintenance Ltd signals the division as a whole is moving rapidly in the right direction.

This is a text book example of the way PTSG's targeted business acquisition strategy brings mutual success for both the Group and the new company. The initial integration period, involving the change-over of accounting procedures and the rolling out of the Company's reporting suite, takes only two to four weeks, with the due diligence period typically taking between three and six months beforehand.

One of the main drivers for the acquisition was the potential for cross-selling the specialist services of the companies to PTSG's 15,000+ customer base, where before the companies serviced their existing customer base of 500.

Dry and wet riser systems are specially designed fire-suppression systems required in high-rise commercial and residential buildings. The risers are used to distribute water throughout all levels of the buildings in the event of a fire, allowing fire rescue teams to fight fires from outside multi-storey buildings.

With the acquisition of UK Dry Risers, PTSG's electrical services division now provides a more comprehensive fire services solution, helping to ensure the safety of electrical equipment, installing and maintaining emergency lighting and installing systems like these to protect buildings of all sizes from fire. However, there is considerable scope to develop this offering further, with services such as the installation and maintenance of fire extinguishers.

For now, PTSG and our new dry risers installation and maintenance team are relishing the potential for further growth, with the opportunity to work across the Group's vast customer base.



Acquisition

In 2016 PTSG acquired UK Dry Risers Ltd (UKDR) and UK Dry Risers Maintenance Ltd (UKDRM).

Growth

17%

Combined Dry Riser 2016 increase in turnover.

Market

Market leading

PTSG has the largest market share in the access and safety market, lightning protection and dry riser maintenance and installations across the UK. The Company uses this dominant position to affect the competitive landscape and direction the market takes – setting the tone for messaging and becoming engrained in the FM industry as the brand that consumers associate with the services it offers.

New market

PTSG has a strong track record of entering new markets, underscored by the 20 symbiotic business acquisitions it has undertaken in the last ten years. The business has diversified from access and safety into electrical services, high level cleaning and, in 2016, dry riser installation and maintenance.

Opportunity

Cross-selling

PTSG's business model is such that it can enter a market with one product and/or service before eventually becoming the service provider of choice across more areas. This was part of the founding business philosophy and is a key factor in PTSG enjoying such a high market share. Organisations in the FM sector tend to like this one-stop-shop approach.



Delivering success

Manchester Airport cross-selling opportunities.

A clear illustration of this strategy in action was a recent project at Manchester Airport. PTSG was initially contracted to carry out testing of the airport's fall arrest system. This was extended to its lightning protection systems as well as its dry risers. The resulting work gave Manchester Airport's management team the peace of mind that its staff and customers are as safe as possible at all times. They also enjoyed the convenience and cost-saving of not having to procure each service individually.

Financial review



“In 2016, we generated revenue of £39.2m (2015: £25.8m), an increase of 52% with 20% organic growth.”

Mark Watford
Finance Director

Summary

2016 was another significant year for PTSG Group with continued substantial earnings and revenue growth. The six businesses acquired towards the end of 2015 were fully integrated and helped to deliver strong organic growth in both our Electrical Services and Access and Safety Divisions. To provide additional financial flexibility we increased the Revolving Credit Facility to £10m.

Another year of strong earnings and revenue growth

In 2016, we generated revenue of £39.2m (2015: £25.8m), an increase of 52% on a reported basis or 20% pure organic growth. It was pleasing to see Access and Safety return another strong performance, especially in the Cradle Installation businesses, with 39% underlying revenue growth. Electrical Services continued to grow well with an underlying increase of 11% whereas the High Level Cleaning business's revenue declined by 7% as we moved away from some of the lower margin cleaning contracts.

Gross profit was £20.3m (2015: £14.0), an increase of 45%. The gross margin was 51.8% (2015: 54.3%), which reflected a strong underlying performance offset by a change in mix, following the high growth in the lower gross profit orientated installation businesses.

Operating profit before adjusting items, was £7.9m (2015 £5.3m), up 49%. The adjusted operating profit margin was 20.1% (2015: 20.5%) which represents a reduction of 0.4% despite a 2.5% reduction in gross margin that resulted from the changed sales mix. The statutory operating profit was £3.1m (2015: £1.3m).

Profit before tax was £2.6m (2015: £0.8m) and incorporated £4.8m (2015: £4.2m) of adjusting items. These adjusting items were either one off or non-trading in nature and were mainly associated with share option costs granted to Directors and employees, contingent payments in relation to acquisitions and other rationalisation costs. The interest charge and other financing costs were £0.5m (2015: £0.4m). This increase was driven by an increase in our bank loan, to pay for the 2015 and 2016 acquisitions, and an increase in finance lease charges in line with the continued expansion in our employee and engineer base.

Adjusted earnings per share was 7.63p (2015: 4.87p) an increase of 57%. £1.1m of dividends were paid in 2016 and the Board is proposing a final dividend of 0.7p per share, which represents a 40% increase on the 2015 dividends paid. Statutory earnings per share was 2.61p (2015: 0.57p).

Net debt at 31 December 2016 was £13.6m (2015: £7.6m) which represents an increase from 29.5% of sales in 2015 to 34.6% in 2016. The increase in the reported number followed £1.8m of payments for acquisitions made in 2016, £0.9m of deferred consideration payments and an increase in working capital due to the substantial increase in the size of the Group. The £7m Revolving Credit Facility, taken out in 2015, was increased to £10m in the year to give us additional flexibility for the future. The terms and interest rates remained unchanged. In 2016 we saw some peaks and troughs in working capital as our installation business succeeded in a buoyant construction market. Our banking facilities provide the flexibility to manage these movements.

Acquisitions

The businesses acquired towards the end of 2015 have now been fully integrated into the Group. Although the challenges of integrating five businesses at once should not be under-estimated it is pleasing to report that this has gone well with all businesses integrated and generating good results.

We acquired two further businesses in July for a total consideration of £5.6m, £2.6m of which was deferred and is contingent on the continued employment of the vendor. These acquisitions enabled the Group to enter the Dry Risers market and enhance the offering we can give to our clients.

The financial rationale for these acquisitions was well founded with both of them paying back within the Group's investment hurdle. Our focus for these businesses is revenue growth, from offering their services to our existing customer base, whilst also driving gross margin improvement following implementation of the PTSG operating model.

Outlook

The cash generation and debt management of a fast growing business is a constant demand on our financial function; however, we face the future with confidence in our ability to manage these challenges.

We believe that the Group remains well placed to deliver our strategic priorities.

Mark Watford

Finance Director

28 March 2017

Key performance indicators

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

REVENUE (£)



GROSS PROFIT (£)



OPERATING PROFIT BEFORE ADJUSTING ITEMS*



PROFIT BEFORE TAX BEFORE ADJUSTING ITEMS*



ADJUSTED EARNINGS PER SHARE*



* before adjusting items of £4.7m (2015: £4.0m) resulting in a statutory operating profit of £3.1m (2015: £1.3m) and earnings per share of 2.61p (2015: 0.57p).