

Safely securing continued growth



Paul Teasdale
Chief Executive



We perform our niche specialist services to the highest standards, delighting our clients and safeguarding their buildings and users.

After 12 years as Chief Executive of PTSG, I have never felt greater pride in the work we do, the positive effect we have on building users and the workplace environment, and the benefits this brings to everyone involved with the company – directly and indirectly.

PTSG is unique in the way it provides building owners and managers with the niche specialist services they need to operate at optimum efficiency. We have never strayed from our original vision of meeting a market requirement for a single provider of multiple expert services to the services and construction sectors. As we continue to pursue our business model, which combines acquisitive growth and organic growth, while delivering our unique bundled service provision, we enjoy year-on-year growth.

Absolutely fundamental to this growth and success is our approach to customer service. Its importance for any business can't be overstated, but for PTSG it's the destination to which all other roads lead. In every job we do, we want to delight our customers through our high standards of workmanship. We look for ways to innovate, to offer cost-effectiveness, to offer services beyond the original contract and to ensure our operatives undertake every action safely. This approach guarantees the best possible result and has led to a contract renewal rate of 88%. This is an endorsement that we do "get it right" and is something we aim to maintain and build on even further.

Acquisitions unlock further market potential

Having mentioned acquisitions as one of the bedrocks of our success, in 2018 we made two carefully targeted and highly strategic business acquisitions that have bolstered our Fire Solutions and Electrical Services divisions – which I expect to be the two most prolific areas of the Group in 2019. M&P Fire Protection Ltd. (M&P) was acquired in July 2018. The team provides a range of services in the installation, maintenance and testing of dry and wet riser systems and commercial and domestic sprinkler systems. Based in Maidstone, Kent, this gives us a substantial presence in the south of England.

In October 2018, we acquired Guardian Electrical Compliance Ltd, based in Sheffield, to enhance our strong presence in the electrical safety services market. The company complements our existing compliance and testing operating model and product coverage extremely well. Furthermore, its proprietary "TraQ-It" software platform enhances our existing disciplines. Guardian, therefore, is far from just a commodity; it is a managed testing service – and 72% of PTSG's proforma 2019 gross profit is generated by compliance businesses.

It is worth noting that we have made 26 business acquisitions to date. A substantial number of these were in the areas of lightning protection and electrical testing and maintenance, which has seen PTSG Electrical Services Ltd. become the largest of our four business divisions, making a significant Group turnover contribution. I am confident that Fire Solutions will follow a similar path, aided by the ongoing high demand for services in this area.

2018 OPERATIONAL HIGHLIGHTS

- Installing two of the world's largest cradles at the Scalpel in London and the collaborative award we won with Skanska
- Meticulous building access and maintenance/repair work with Historic Scotland on some of the UK's oldest buildings
- Installing a huge structural lightning protection catenary wire system at ABB's Spittal Substation
- The incredible number of contracts secured by the lightning protection testing, inspection and repairs team
- The complete shutdown, testing and reboot of electrical circuits with zero impact upon the 24/7 critical operation at Birmingham's Queen Elizabeth Hospital
- Complex planning issues for Fall Arrest Testing installations at Standard Life's HQ in Edinburgh
- Designing and installing a new sprinkler system at a new hotel in London's Trocadero
- The delivery of electrical services and fire solutions at 800 sites on behalf of a London housing organisation

Grenfell – the beginning of a more robust approach to fire safety

Although nearly two years have passed since the Grenfell tragedy, its effects are still resonating throughout the industry, with a call for a rigorous approach to compliance and testing within buildings. The fire was allegedly caused by an electrical fault within one of the apartments, which soon got out of control largely because of the building's flammable cladding. However, as M&P Fire Protection's Paul Atkins told BBC London: "If they'd had a sprinkler system the fire would have been deluged before it got to the cladding. People would've had plenty of time to leave the building. To date no-one has ever died in a fire with a sprinkler system in the household."

The disaster triggered a huge demand for fire safety and suppression systems to be installed within buildings, with several councils in London alone committing to sprinkler systems in all of their housing blocks of a certain height. The world's first modern recognisable sprinkler system was installed in the Theatre Royal, Drury Lane in the United Kingdom in 1812 by its architect, William Congreve, and was patented the same year. It's an innovation which has been saving lives for over two centuries and has the potential to save countless more.

Of course, innovation is about much more than technology. As a multi-disciplinary service provider, it is about being open to change with the ability to adapt quickly and effectively to meet the evolving needs of the business leaders in our industry.

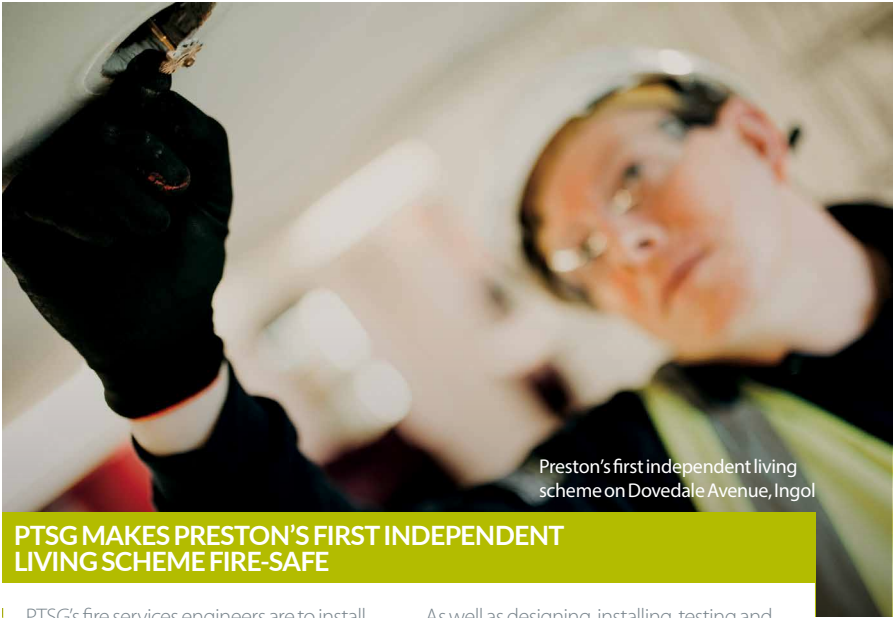
In 2017, this saw us reorganise our business as a result of the call for stringent adherence to the highest standards of safety regarding fire solutions in buildings.

Our approach in creating a discrete Fire Solutions business division in answer to an industry and governmental need has had the dual effect of safeguarding a substantial and growing number of buildings from the risk and effects of fire, while growing our business. As demand continues to grow, we will remain extremely vigilant in upholding these standards of fire safety and will look for areas to further strengthen our services in this area – and our coverage of the UK.

It could be said that as far as PTSG is concerned, the revolution took place in 2007, the year the company was formed, and the evolution is ongoing. We achieve continuous growth by delivering niche specialist services to the highest possible standard – work which improves the day-to-day lives of building users in many different sectors. Safe working is an original and integral

part of our ethos; rather than doing what is necessary to be safe, we have always tried to set the standard for safe working within the industry. It's a way of working that has seen our HSEQ team actively featured heavily in trade publications such as PFM magazine, and in 2018 we received our eighth RoSPA Gold award and our second Gold medal.

November saw a significant change in the FM industry as the British Institute of Facilities Management (BIFM) changed its name to the Institute of Workplace and Facilities Management (IWFM). It's a change that PTSG fully endorses; giving special significance to the term 'workplace' resonates with the approach we take to working in multiple areas of the services and construction sectors. We have always held the view that the niche specialist services undertaken as part of facilities management contribute to the performance of organisations of all kinds. In fact, the design of this annual report was based upon the theme: 'Connected workplace that drives innovation'.



Preston's first independent living scheme on Dovedale Avenue, Ingol

PTSG MAKES PRESTON'S FIRST INDEPENDENT LIVING SCHEME FIRE-SAFE

PTSG's fire services engineers are to install sprinkler systems at an exciting new residential scheme in Preston, Lancashire.

Work began on Preston's first independent living scheme on Dovedale Avenue, Ingol, early in 2018. The scheme consists of 60 fully wheelchair-accessible one- and two-bedroomed apartments, all with private outdoor space. There is also a bistro, hairdresser, treatment/consultation and activity rooms.

Engineers from PTSG Fire Solutions Ltd. continue to experience an extremely high demand for their specialist services.

As well as designing, installing, testing and maintaining fire prevention and suppression systems including sprinklers and dry risers, PTSG also increases the safety of buildings for users with emergency lighting and fire alarms. The recent acquisition of leading fire solutions business, Trinity Fire and Security Systems, now means that PTSG can offer more services including: Fire Detection & Life Safety Systems, Fire Detection & Alarm Systems, Public Address/Voice Alarms (PA/VA), Emergency Voice Communication Systems (EVCS), Fire Suppression, Kitchen Suppression, Portable Fire Extinguishers, CCTV, Access Control, Intruder Alarm and Door Entry Systems.

Divisional results

I am delighted to report another year of exceptional growth – Group turnover is up substantially on last year’s figure. All four divisions have performed well but special mention must be made of Fire Solutions which, at the time that the Interim Report 2018 was published, was already making a contribution of 21% while only in its second year of operation. As ever, our growth is down to the talent and hard work of all 850+ team members.

Access & Safety

Safety Testing and Installation, Cradle Maintenance and Installation. As the UK’s leading supplier of fall arrest systems and safety testing services. In 2018 we achieved a turnover of £17.3m (2017: £20.2m) with growth across all segments apart from Cradles where installation work is lumpy in nature. Adjusted operating profits were £3.0m (2017: £3.2m) however, the margin increased to 17.0% (2017: 15.8%).

Electrical Services

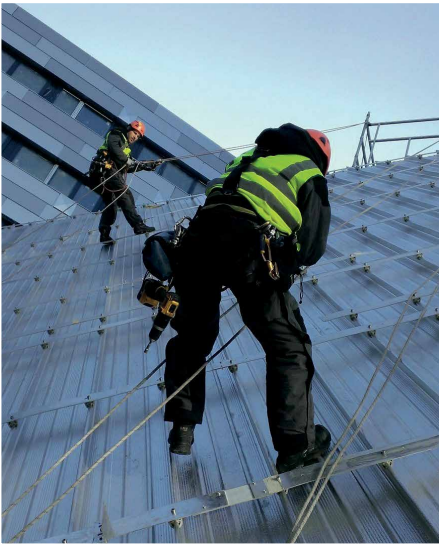
Lightning Protection, Fixed Wire and PAT Testing, (design, install and maintenance). Turnover grew strongly to £30.9m (2017: £20.2m) as it became the largest division with the Group. Adjusted operating profits increased by 49% to £7.0m (2017: £4.7m). We saw growth in all services with the acquisitions made in 2017 and 2018 making 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 2018 we achieved an increase in turnover to £5.6m (2017: £5.4m). Adjusted operating profits rose to £1.4m (2017: £1.2m).

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 rapidly to £15.3m (2017: £7.1m) benefiting from strong organic growth coupled with a good contribution from M&P Fire Protection Ltd which was acquired in July 2018. Adjusted operating profits increased to £3.5m (2017: £1.6m).



Predicting volume and demand whilst increasing efficiency

PTSG has in place a strong pipeline of acquisitions, and our ongoing work to make sure our infrastructure is scalable will support further significant additions to the Group. This bodes extremely well for our investors; PTSG is the leader in the market sectors in which it elects to operate. We have achieved this position through acquisitive growth, balanced by organic growth.

While it is predicted that Fire Solutions will make the largest contribution to Group turnover in 2019, followed by Electrical Services, I am also extremely optimistic of further growth in Access & Safety and Building Access, with plans for further expansion and geographical coverage in these areas. We must, as a business, be equally vigilant regarding efficiency as we are with company growth and any areas for improvement must be addressed.

For example, we will continue to identify opportunities for upskilling our staff and retaining the talent within our workforce; we will continue to look for ways to innovate, either through technology and software or the way we operate as an organisation; and we will play to our strengths and maximise opportunities for cross-selling. All of this will help to drive up our already high contract renewal rate, as the improvements within our specialist teams are felt by our clients.

I look forward to 2019 with great confidence and the expectation of consolidating our position as leader in our chosen market sectors. We are now focused on facilitating a connected workforce that drives innovation. Every action within all of our projects must be undertaken safely, for the overall safe and efficient operation of buildings in all of the sectors in which we work. In doing so, we will delight a growing diversity of customers.

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Chief Executive

26 March 2019



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