

# 2018 was the year of the 'workplace'

2018 was the year of the 'workplace'. It saw the British Institute of Facilities Management (BIFM) change its name to the Institute of Workplace and Facilities Management (IWFM), emphasising the way in which FM can make a real contribution to the performance of organisations, creating value rather than cost. PTSG, as the UK leader in many of its chosen markets, is a vital part of that.

Our specialists are dedicated to making the workplace safe, compliant and efficient for our customers. Fire Solutions is rapidly becoming the largest contributor to our turnover after Electrical Services, less than two years after its formation. This is through the application of our business model, combining strong organic growth and carefully targeted acquisitions. Fire Solutions requires a very particular and uncompromising adherence to safety standards. Safety is the foundation on which PTSG operates, which is why we continue to excel in this area.

As we continue to achieve year-on-year growth, PTSG will continue to innovate and look for opportunities to cross-sell our services, which has proved highly successful up to now. In fact, it has helped us to carve out a reputation as the go-to name for high-quality, affordable niche specialist services in the UK.

**Paul Teasdale**  
Chief Executive

## Revenue

**£69.1m**

↑31%



## Adjusted operating profit\*

**£14.9m**

↑40%



## Dividend per ordinary share paid and proposed

**1.8p**

↑13%



## Gross profit

**£35.0m**

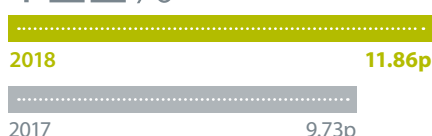
↑29%



## Adjusted earnings per share (EPS)\*

**11.86p**

↑22%



\*before adjusting items of £10.5m (2017: £8.3m) resulting in a statutory operating profit of £4.4m (2017: £2.4m) and an EPS of 2.77p (2017: 1.37p).

# A connected workplace that drives innovation...

PTSG is unlike almost every other niche service provider due to its provision of multiple services and products. Site surveys by our industry experts often highlight the need for other remedial work to keep buildings operating at optimum efficiency. Many of our 20,000 customers have benefited from the convenience and affordability of receiving multi-disciplinary works from our complementary business divisions. We are proud to lead the UK market in all four areas.

## Access & Safety

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

Access & Safety is our original business division, supplying 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.

Turnover  
**£17.3m**  
2017: £20.2m

Turnover  
**£30.9m**  
2017: £20.2m

## Electrical Services

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

Our largest division and the market leader, we have teams all over the UK who save lives through the expert services they provide. They include everything from installing, testing and maintaining lightning protection systems to testing portable appliances and fixed wire circuits.

## Our business today

Total group revenue  
**£69.1m**  
2017: £52.9m

## Fire Solutions

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

Fire Solutions is fast becoming our area of highest demand and our division has been strengthened considerably in 2018. From initial design and feasibility, through to installation, testing, replacement, maintenance and certification, we provide a complete fire protection solution to ensure that our clients' facilities remain safe and compliant.

Turnover  
**£15.3m**  
2017: £7.1m

Turnover  
**£5.6m**  
2017: £5.4m

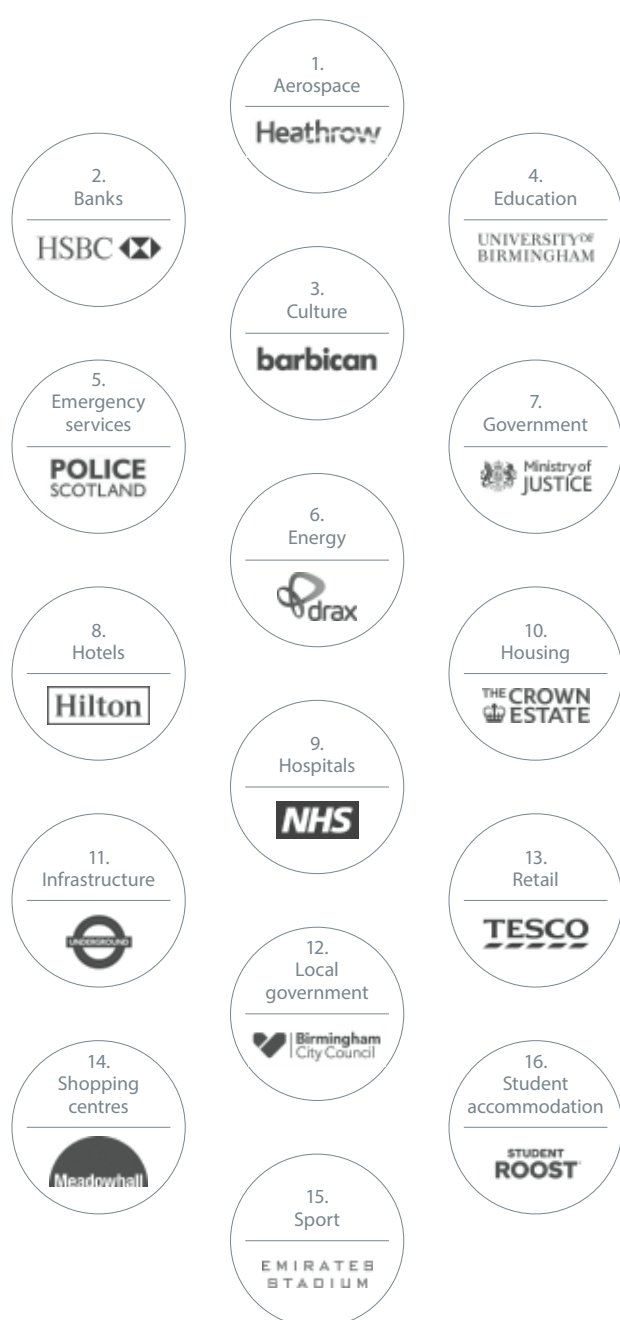
## Building Access Specialists

- Steeplejack Services
- High-Level Installations
- High-Level Repairation
- High-Level Cleaning

Our highly-trained operatives are amongst the UK elite when it comes to working at height. Their skills encompass a wide range of cleaning and refurbishment services for both the inside and outside of any building or structure.

## ...across a multitude of market sectors...

We work with a broad spread of sectors with limited customer concentration, which provides PTSG with a diverse reach and less risk.



## ...throughout the UK

With over 850 industry experts based at 21 UK offices, PTSG can respond to jobs of all kinds, wherever they arise. Our four business divisions are complementary, enabling us to deliver any combination of services and products to meet customers' requirements.



**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  
Thorncliffe  
Kidderminster  
Milton Keynes  
Gloucester  
Witham (Essex)  
Chelmsford  
Maidstone  
Gatwick

**London offices**  
South HQ  
South  
City office

# A year of innovation and strength



**John Foley**  
Chairman



Guardian significantly increased our already strong presence in the electrical safety services market and possesses in “TraQ-It” a proprietary software platform which provides customer and staff with a unique, interactive on line portal.

## 2018 – a summary

The first half of 2018 saw the Group successfully integrate the three acquisitions made in 2017 and deliver healthy levels of profitable growth within its new divisionalised structure.

The second half of 2018 saw the Group make two further acquisitions, raise fresh equity proceeds of £20m (before expenses) from a successful placing of 12,698,414 new ordinary shares at a price of 157.5 pence per ordinary share with institutional investors and continue to deliver further healthy levels of organic turnover and profit growth. As a result of all these factors, I am pleased to report that record levels of turnover, gross profit, adjusted EBITDA and adjusted earnings per share were achieved in the year ended 31 December 2018. Subsequent to the year end we purchased the entire issued share capital of Trinity Fire and Security Systems Limited and have recently announced the negotiation of £40m of committed banking facilities with HSBC UK Bank plc. The Group is very well placed to continue its 12 year history of delivering year on year profitable growth.

## Acquisitions

Two acquisitions were completed in 2018.

The acquisition of the entire issued share capital of M&P Fire Protection Limited (“M&P”) was completed in July 2018 for a total consideration of up to a maximum of £3.5m, comprising an initial cash payment of £1.0m and deferred payments of up to £2.5m payable over five years subject to the business achieving stretching and escalating profit targets in each of those periods. M&P significantly enhances the scale and geographic coverage of the Group’s sprinkler and dry risers operations and has performed well since it joined the Group.

The acquisition of the entire issued share capital of Guardian Electrical Compliance Limited (“Guardian”) was completed in October 2018 for a total consideration of up to a maximum of £16.0m comprising an initial cash payment of £12.0m and deferred payments of up to £4.0m payable over three years, subject to the business achieving stretching profit targets. Guardian significantly increased our already strong presence in the electrical safety services market and possesses in “TraQ-It” a proprietary software platform which provides customer and staff with a unique, interactive online portal. “TraQ-it” will be combined with PTSG Clarity, the Group’s existing proprietary operating system, to strengthen the service offering to PTSG Group’s customers. Guardian has also performed strongly since joining PTSG.

The acquisition of the entire issued share capital of Trinity Fire and Security Systems Ltd. was completed in January 2019 for a total consideration up to a maximum of £15.8m, comprising an initial cash payment of £10.8m and deferred payments of up to £5.0m payable over two years. Trinity is seen by us as a transformational transaction since it greatly increases the size and offering of our Fire Solutions division, making it the largest division in the Group and enabling us to provide a full suite of fire protection services. Again, Trinity has performed encouragingly well since joining PTSG.

As is our policy with all deferred payments to which Premier Technical Services Group Plc is a party, such payments can be satisfied in cash or shares at our option.

### Financial overview of results

Turnover increased by 31% to £69.1m (2017: £52.9m). Gross profit increased by 29% to £35.0m (2017: £27.1m). Adjusted EBITDA increased by 39% to £17.1m (2017: £12.3m). Underlying profit before taxation (before adjusting items of £10.5m) increased by 40% to £14.3m (2017: £10.2m, before adjusting items of £8.3m). Adjusting items were principally one-off and non-trading items including £1.5m of restructuring costs, £2.4m of share option costs and £5.8m of contingent consideration payment in relation to acquisitions. Adjusted earnings per share increased by 22% to 11.9p (2017: 9.7p). The Board has recommended a final dividend of 0.9p per share, which together with the interim dividend of 0.9p is a 13% increase on the dividends paid in respect of 2017. Net bank debt at 31 December 2018 was £11.9m (2017: £18.3m). Underlying trading cash conversion improved to 72% (2017: 65%), despite the working capital impact of underlying organic turnover growth during 2018 of 19%. 2018 saw applications and accrued income levels principally associated with the Group's installation activities reduce to £8.4m at 31 December 2018 (2017: £9.8m) despite the substantial increase in the Group's turnover. Debtor days on invoiced sales equated to 88 days at 31 December 2018 (2017: 97 days) and further improvements in the Group's working capital position have been targeted for 2019.

### Operational highlights

Underlying organic turnover growth of 19% is regarded by the Board as healthy and the performances of our Fire Solutions and Electrical Services divisions were especially pleasing. Turnover from recurring compliance and maintenance activities increased to 51% of total Group turnover during 2018 (2017: 48%), with the associated gross profit of £22.8m amounting to 62% of total Group gross profit (2017: 58%), and we expect that the full year effect of the Trinity acquisition will naturally increase this percentage in 2019. Gross profit margins remained strong at 51%, showing continuing sustainability in all areas, which reflects the strength of the Group's established operating model. We pride ourselves on the fact that our operating model is best in class in the markets in which we operate; the contract renewal rates in our core maintenance divisions were at 88% in 2018 and once again we believe that this is an industry-leading contract renewal rate. The Group's major accounts sales team was grown in size in 2018 and had a successful year; the cross-selling of the Group's service offering to our large customer base continues to gather positive momentum and continues to provide further organic growth opportunities. The Chief Executive's Review provides further detail on the initiatives currently underway in the key areas of efficiency, innovation and scalability, which will continue to improve the range and quality of our multi-disciplinary service offerings.

### Strategy and intent

We operate only in those areas where we believe that our established operating model can work effectively. We have grown both organically and as a result of completing 26 acquisitions since the Group's creation in 2007. Our turnover and underlying levels of EBITDA have more than trebled since our IPO in February 2015. The successful placing which raised £20 million of fresh equity proceeds in October 2018 together with the Group's strong underlying operational cash flow and newly announced expanded committed banking facilities provide us with plenty of headroom to continue to develop our established growth plans.

### People

I would like to thank the 850 employees, based in 21 locations across the UK, for their continuing commitment. The Group continues to win awards for its performance at Institute of Workplace Facilities Management "IWFM" and Premises and Facilities Management "PFM" annual ceremonies because of their hard work.

### Outlook

2019 has started well as we continue to deliver against our strategy to seek sector dominance in the markets we serve, which are underpinned by compliance demand. The Board is both confident and enthusiastic about the Group's prospects and performance.

### John Foley

Chairman

26 March 2019

## CORPORATE GOVERNANCE

### Introduction

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.

[▶ Read more about our governance principles on page 38](#)

### 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 to 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.

# Major trends impacting our markets

The way in which employers and employees view and do work is being revolutionised. Technology and the desire of workers and businesses to experience the benefits of flexible working are accelerating the demand for change. Today is all about the workplace in its many and varied forms. Here's how PTSG is interpreting the change.



## Shift in demand from single service to a one-stop shop

PTSG is still out on its own in offering a range of specialist services under one roof. It has helped to define the Group as offering something extra, compared to its single-service competitors. While many contracts begin with the provision of a single specialist service or product, PTSG is often able to identify further services which are either essential to the safe operation of a building, or that would bring further benefits – for a substantially lower cost than finding and contracting a number of different companies to provide those specialist services.



## Flexible workplace solutions

The workplace is changing for all sorts of businesses. Technology has changed our concept of the office and as a consequence, the way in which buildings are used is changing too. PTSG has always anticipated the needs of its clients and endeavoured to meet their changing requirements. Sometimes, a change in compliance laws takes place or what is necessary for keeping building users safe is redefined. PTSG is agile enough to realign itself to meet the changing needs of the workplace – and its business goes from strength to strength as a consequence.



## Leaner working environments

Technology-led solutions are driving efficiency in the workplace. Fewer people are required to physically carry out the same tasks. However, a greater use of – and reliance on – technology places different kinds of demands on buildings. One example is building maintenance units, which are becoming ever more sophisticated. PTSG designs and installs bespoke systems for some of the highest-profile buildings in the country, as well as innovative methods for their concealment and storage.



## Many clients demand trade body membership

PTSG is a member of a number of trade body organisations including ATLAS, which represents the leading players in the lightning protection and specialist access sector since 1946; SAEMA, which is the only trade association dedicated to raising standards for the UK permanent and temporary access industry; and NICEIC, which regulates the training and work of electrical enterprises in the UK. The Group holds 148 accreditations, underlining its authority and quality of work in the different disciplines in which it operates.



## Excellent customer service

Above all else, PTSG aims to deliver outstanding customer service. For the past few years, the Group's contract renewal rate has been above 88%, speaking of the satisfaction amongst clients, who are happy to keep returning to PTSG for the same high standard of service. Clarity, PTSG's unique proprietary software system, has raised the level of service even further since it began to be rolled out. Engineers are able to generate worksheets, certificates and invoices in seconds, so that as soon as their work is finished, customers can carry on with theirs.



## 24/7, 365 days a year service

Having always pursued a business model which combines organic growth and strategic acquisitions, PTSG has grown to employ over 850 people at 21 office locations. This gives the Group a major edge in being able to mobilise its engineers to answer virtually any customer request, wherever in the UK it is. Whether the call is for emergency repairs to stone masonry (such as to the Balmoral Hotel in Edinburgh in 2018) or a 40-year contract to provide multiple specialist services (such as for Newcastle Council, via first-tier contractor Engie), PTSG is ideally placed to answer it.



# How we are responding

PTSG is well positioned to meet the demands of a changing market. It continues to acquire and integrate companies which extend the quality and depth of its offering in the sectors in which it operates. It has in place a number of partnerships with leading high-street names and first-tier contractors; and it continues to successfully cross-sell its specialist services, adding value to a great number of new and existing contracts.



## Strategic partnering with customers

- PTSG has partnered with Mark & Spencer, the NHS, Engie, Skanska and Mitie
- Strategic partnering leads to a great deal of repeat business
- Collaboration with partner companies consistently enhances the quality of work

▶ [www.ptsg.co.uk/1](http://www.ptsg.co.uk/1)



## Acquisitions creating value

- Recently, the acquisitions of M&P Fire Protection and Guardian have significantly boosted our Fire Solutions and Electrical Services divisions
- As well as enhancing our skill set, acquisitions serve to greatly increase our geographical coverage

▶ [www.ptsg.co.uk/2](http://www.ptsg.co.uk/2)



## Testing and compliance

- Over 60% of PTSG's gross profit is generated by compliance business
- Compliant buildings operate more efficiently
- Safe, efficient buildings make financial sense

▶ [www.ptsg.co.uk/3](http://www.ptsg.co.uk/3)



## Cross-selling

- Cross-selling saves clients the time and effort of having to find multiple service providers to meet their varied requirements
- We recognise that we must continue to be as proactive as possible in this area, maximising returns for our shareholders

▶ [www.ptsg.co.uk/4](http://www.ptsg.co.uk/4)



## Embracing innovation to maintain our competitive advantage

- Clarity is the largest investment in technology ever made by the Group
- Documentation is generated automatically and instantly
- Clarity keeps customers closer to the work undertaken on their behalf

▶ [www.ptsg.co.uk/5](http://www.ptsg.co.uk/5)



## Training and development of our people

- Training solutions are carried out for clients as well as PTSG's own staff
- In-house training provides engineers with skills required to effectively perform the work
- Well-trained staff feel more highly valued and are likely to stay with the company

▶ [www.ptsg.co.uk/6](http://www.ptsg.co.uk/6)

## An evolving market

The call for a more robust approach to fire safety and the growing emphasis of the workplace environment, and its importance on the performance of organisations, have influenced the market for niche specialist services and it is those companies that embrace and adapt to change that thrive in the sectors in which they operate. We continue to experience growing demand for services from our four discrete but complementary divisions.

### REGULATIONS

Working at height is, according to the Health and Safety Executive, one of the biggest causes of fatalities and major injuries in the workplace. The Work at Height Regulations 2005 were created to reduce the risk of death and injury caused by a fall from height. As a significant part of PTSG's work is performed at height, the safety of our workers and everyone involved in our projects has always been our first consideration.

- Our HSEQ team is called upon to guide, advise and deliver work for those organisations that have the requirement for working-at-height skills but don't have an in-house capability.
- PTSG is unique in providing highly-sought-after working-at-height skills alongside a range of other specialist capabilities.



Our operatives are highly trained and experienced in working at height

### Market position

PTSG has experienced year-on-year growth since its founding year of 2007 through the application of its unique business model, which combines strategic acquisitions and organic growth, unrivalled value for money and a market-leading ability to cross-sell services to its wide customer base. Its competitive advantage can be explained as follows.

### Competitive advantage







▶ Read more on how we are embracing the change in business dynamics on page 17

## COMPETITIVE ENVIRONMENT

PTSG started with the vision of meeting an industry need for a single provider of multiple niche specialist services. The Group has since become the market leader in its chosen areas of operation: access and safety, electrical services, building access and fire solutions. With long-term partnerships in place with many leading brands and first-tier contractors, PTSG is now the go-to name for organisations in the services and construction sectors.

By meeting all service needs, we help to simplify our customers' supply chains; we bundle all specialist services into one package and in doing so, save them the time and expense of finding a number of different suppliers of niche building products and services. PTSG is proven to meet all requirements at the most competitive prices. As demand continues to grow, so does the Group, its range of services and geographical coverage.



Our fleet of vehicles and 21 offices gives us UK-wide coverage

## Multiple service offering



PTSG is usually contracted to provide a single service at a client's building or buildings. This contract is often extended to include multiple services, each of which improves the safety and efficiency for the building users. Major organisations that have benefited from the Group's multiple service offering are M&S, Mitie and Engie – all of which have added electrical testing and building access to the original access and safety contract. We maintain a portfolio of case studies, demonstrating our multi-disciplinary service to clients.

There is great potential within our principal markets for further growth, as we still have less than 10% market share. Through further carefully selected acquisitions we can continue to expand both our service offering and UK coverage thereby meeting growing demand and increasing our share of our chosen markets.

### UK coverage

While maintaining our headquarters in Castleford, West Yorkshire, PTSG now has 21 offices and over 850 people countrywide. This gives us a real edge in being able to answer virtually any call for our services, whatever the urgency and wherever the location.

## Margin sustainability

Industry-leading contract renewal rates of 88%+

Largest UK repair and maintenance contract base in access and safety, lightning protection and dry risers

Ten-year track record of generating £1 repair to £1 maintenance

Efficiency of model works in all sectors

Award-winning services create further FM supply agreements

# What sets us apart

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.



**20,000+**

Customer base

**c.5,000**

3-5 year contracts

**20%**

PTSG has delivered an adjusted operating margin in excess of 20% in every financial year since admission to AIM

**3%**

No customer accounts for more than 3% of revenue

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Market leader in attractive niche markets

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Strong track record of growth, both organic and acquisitive

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Industry-leading operating profits driven by a differentiated operating model and significant barriers to entry

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Significant latent potential of growth drivers (market penetration, cross-selling)

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A track record of successfully integrating acquisitions and delivering strong value

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High level of recurring value and strong customer retention (88%+)

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Highly experienced and ambitious management team

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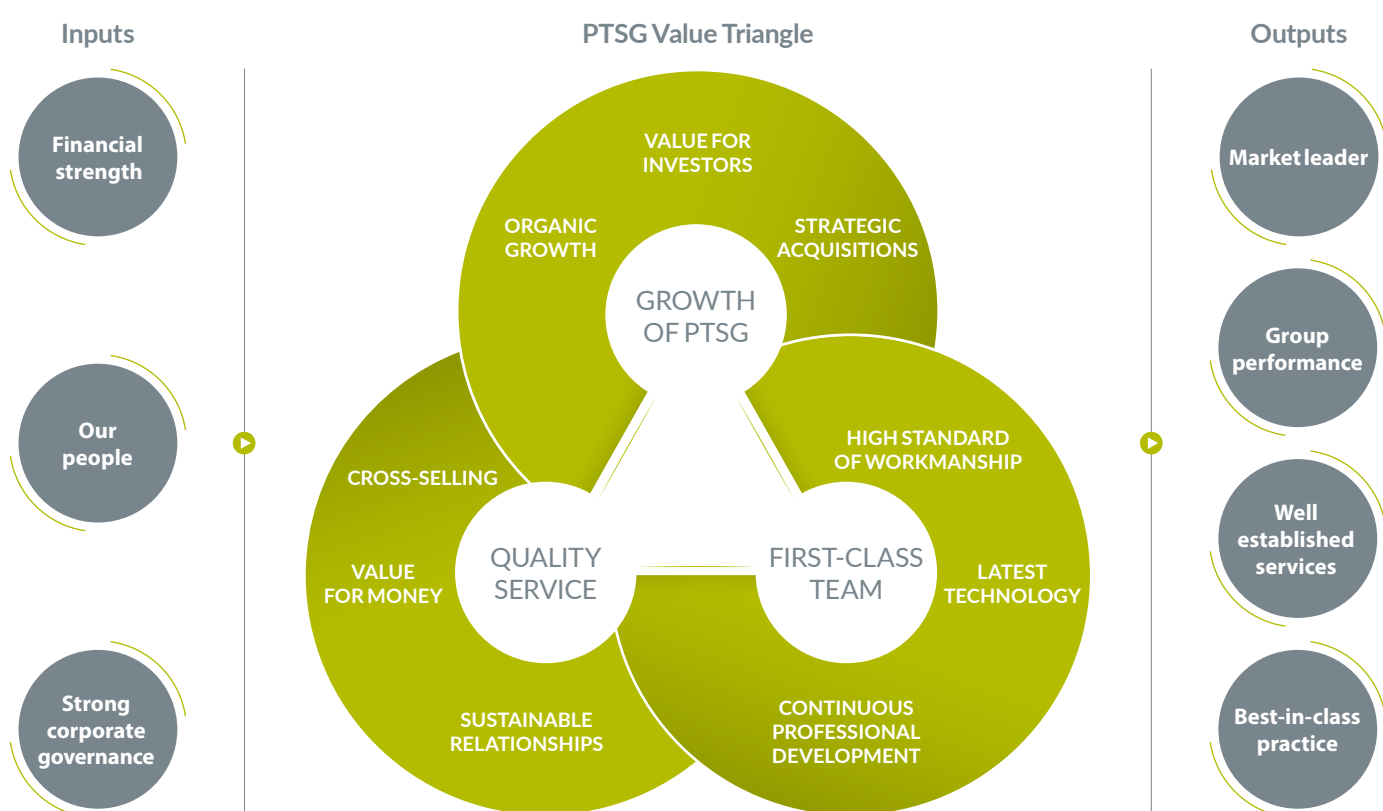
Highly attractive financial characteristics (high margins, low capex, high returns, good underlying cash generation, progressive dividend policy)

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# Our business model designed for growth

Our year-on-year growth and high contract renewal rate bear testimony to the success of our business model. As we invest increasing amounts of time and money into our people and the service they deliver, we continue to experience demand and growth in equal measure.



## 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

- £1bn addressable market with 5-10% market share
- New sector expansion, such as Fire Solutions

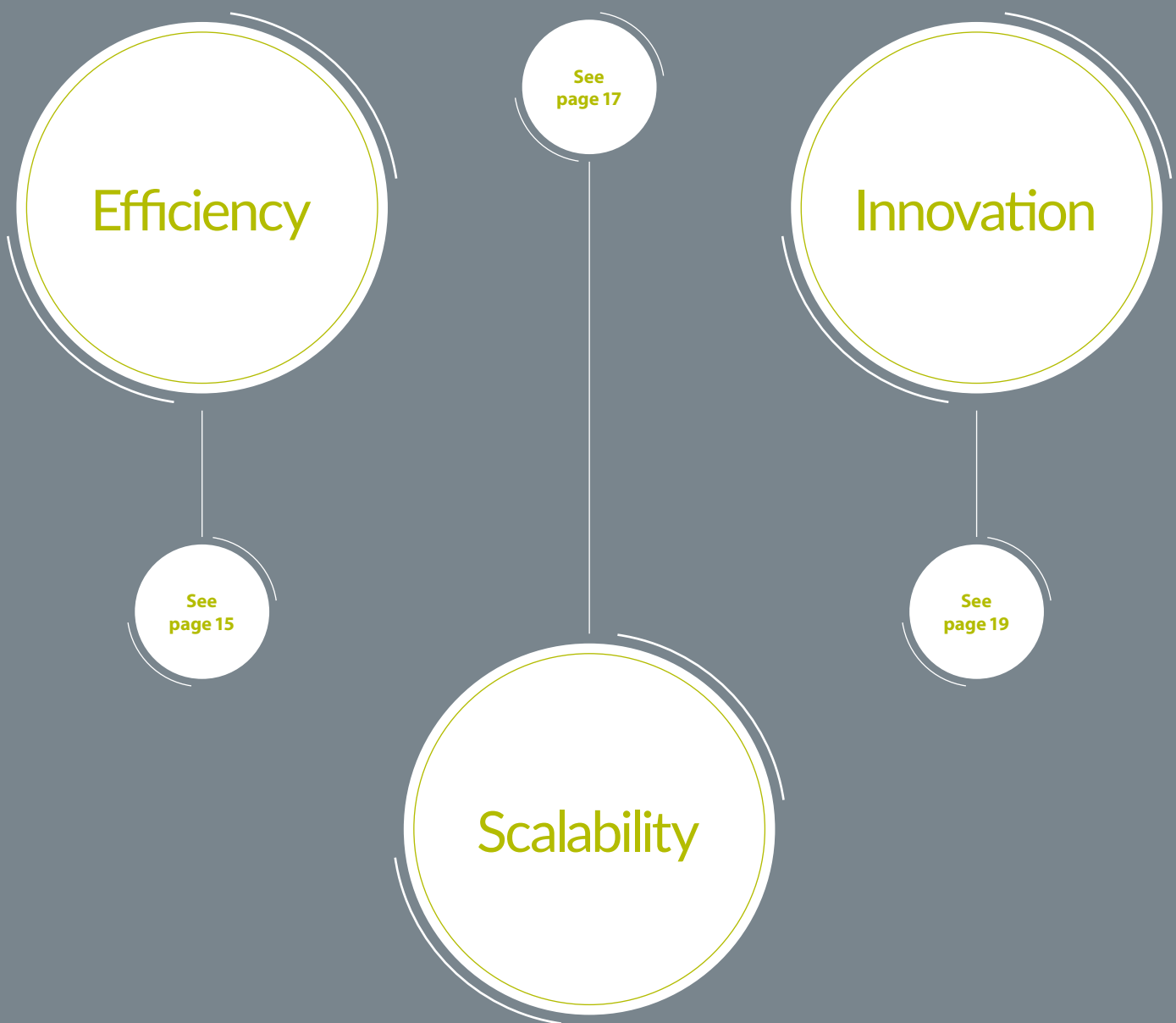


### Demand

- Construction
- Regulation

# Making progress against our strategic priorities

In today's dynamic, competitive and increasingly evolving markets we need to show we are ahead and able to deliver. To make sure that we remain well placed to optimise these opportunities and deliver improved financial performance, we are focused on three strategic priorities.





BNP Paribas  
Head offices, London

6AM



**PTSG's specialist Access & Safety operatives are suspended from the head offices of BNP Paribas in Harewood Avenue, London. They have been contracted to install 34 specialist glass panes in the office atrium. The work is being carried out by specialist rope access teams utilising one of the safest and most cost-effective access methods available.**

Due to the live environment at the retail banking company, engineers will only visit the site at the weekend to carry out the critical works. PTSG has lots of experience in this sector, having previously worked closely with other multi-national banking groups including RBS and Lloyds Banking Group.

## 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.

### 88%

renewal rates, together with a number of new significant contract wins reinforce confidence in our organic growth plans

### 19%

organic growth on prior year

### 26

meticulously planned business acquisitions to date

Revenue

## £69.1m

### ↑31%

2018

£69.1m

2017

£52.9m



DLR  
East London

1PM

DLR

**Engineers from PTSG Fire Solutions Ltd. are working on a contract to install fire protection systems to Devons Road railway station in East London.**

Devons Road is a Docklands Light Railway (DLR) station situated in Bromley-by-Bow in the East End. The station was one of the original 15 stations on the DLR when it opened in 1991 on a disused section of freight line. The station was formerly the site of British Railways' first all-diesel maintenance depot.

The Group's engineers visit the site to install commercial and residential sprinkler systems, as well as wet risers. All sprinkler system installations for commercial and residential buildings are in accordance with the BS9251 standard and wet risers are installed to the current BS9990 2015 standard.

In most cases, just one sprinkler is capable of extinguishing a fire as it starts, greatly reducing the risk of injury or fatality to those on site, as well as damage to the building itself.



## Scalability

PTSG has been meticulously created to enable the business to adapt to internal and external changes and market forces over time.

As our business grows, our main objective is to continue to meet, and where possible, exceed market demands. This means being adaptable with the ability to change what we are doing to fill the needs and wants customers have in the moment.

PTSG Fire Solutions Ltd. is a perfect example of scalability in action. Over the last few years, a call for a more stringent approach to fire safety standards in buildings has seen a huge increase in demand for specialist fire prevention and suppression services.

PTSG has made a number of strategic acquisitions to meet demand from customers in all sectors. These acquisitions have enabled PTSG to offer a comprehensive range of services in fire solutions across the length and breadth of the UK. Each of these businesses has experienced tremendous growth since its integration into the Group, with UK Dry Risers Maintenance Ltd. growing by 37% in the first six months following acquisition.

We recognise the need to be scalable on one or more levels in order to hold onto and build market share as we continue to grow and that is why our approach to system design, equipment purchase and recruitment and selection are all future proofed.

We have developed a business that has the ability to adapt, particularly in regard to growth and increased demand. This level of scalability is essential in that it contributes to our competitiveness, efficiency, reputation and quality – maximising our ongoing return.

# 22%

contribution from Fire Solutions to Group turnover

# 37%

growth in UK Dry Risers Maintenance Ltd. in the first 6 months following acquisition

# 4

acquisitions in Fire Solutions

Oxford  
Brookes University  
Oxford

7PM

OXFORD  
BROOKES  
UNIVERSITY

**Following PTSG's acquisition of Guardian, the Group's commitment to keeping clients compliant has been strengthened significantly. Guardian has worked closely with Oxford Brookes University to meet the compliance requirements of BS7671 and Electricity at Work Regulations 1989, and to ensure Dutyholder responsibility was discharged.**

Having already worked with over 25 universities, Guardian's team was able to identify a plan for the smooth running of the project and undertake the following agreed programme of works:

- Electrical Network Drawings – to comply with Reg12 EaWR
- 100% Inspection and Testing – main, sub-main and final circuit testing
- Corrective Action on Dangerous Electrical Non-compliances
- Electronic Records – TraQ-it

**"We are delighted with Guardian's openness to new ideas and willingness to change processes. These have led to an expansion in TraQ-it™ and we regularly discuss how to improve the service at our contract meetings. Such has been the success of TraQ-it™ that others in the University are looking to use the system for their compliance issues."**

Steve Holtom, Oxford Brookes University  
Electrical Services Manager





## 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.

**£1**

of testing and inspection  
typically generates £1 of repairs

**72%\***

of PTSG's gross profit is generated  
by compliance business

► Read more about how we are creating a culture of compliance on page 28

### Acquisition of Guardian Electrical Compliance Ltd.

In October 2018 PTSG announced that it had further extended the provision and coverage of its electrical services division with the acquisition of Guardian, a market leading electrical testing and compliance company. Based in Sheffield, Guardian has just completed its eighth year of uninterrupted growth and profitability, with a team approaching 160.

Starting out in 2010, and with over 100 years' service collectively, the four directors came together to start Guardian Electrical Compliance Ltd. after working together for 12 years, with a vision to become the UK's most respected electrical testing company, by implementing a 'sales by education philosophy'.

Guardian brings with it its proprietary 'TraQ-It' software, an interactive online portal, a unique and clearly differentiated product in the market. Its combination with PTSG's Clarity platform will produce a compelling proposition for PTSG's existing and new customers.

Paul Teasdale, Group CEO, said: **"Guardian has an exceptional growth track record, management team and large blue-chip customer base. Critically it fits our clear acquisition model by presenting significant opportunities for cross-selling additional PTSG services as well as margin improvement whilst supporting our long-term goal of sector dominance."**

\* proforma 2019 following the acquisition of Trinity Fire Ltd. in January 2019.

# Safely securing continued growth



**Paul Teasdale**  
Chief Executive

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.



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

## 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.

**Paul Teasdale**

Chief Executive

26 March 2019



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.





## Our people are our greatest strength

One of the most special things about working at PTSG is our people. Everyone in the business is encouraged to voice their opinions, ask questions and suggest solutions – being actively encouraged to contribute to the overall success of the company. Our aim is to employ the best in the business and we are always pleased to be the organisation of choice for those who are at the top of their game across all of our sectors. Our aim is simple: to be a great place to work, employing the best people, so that we always are a great place to do business with. Here are just some of the people who make a positive difference to our clients day in, day out.



**Alice McGarry**  
Renewals Administrator



**Adam Dexter**  
Group IT Coordinator



**Amanda Johnson**  
Fall Arrest Testing Sales Coordinator



**Andrew Dack**  
Group Sales Director



**Angela Meeson**  
Credit Controller



**Adam Coates, Group Acquisitions Director**

Working alongside the company's CEO, Paul Teasdale, Adam has helped to establish the organisation's structure and secure its impressive growth over the last eight years. Adam has played an important role in the company's ongoing growth through its acquisitive strategy and organic growth.



**Caroline Rushworth**  
Health & Safety Administrator



**Mark Perfect**  
Managing Director  
Pendrich



**Charlotte Padgett**  
Credit Controller



**Gavin Evans**  
Fall Arrest Testing Supervisor



**Helen Aukland, Group HR Director**

Helen joined PTSG as Group HR Director in 2016, bringing a wealth of experience with blue-chip companies. Helen's expertise has proved invaluable as the Group has quadrupled in size since she joined, with her remit extending to over 1,200 team members.



**Jack Hincliffe**  
Electrical Estimator



**Elaina Crawford**  
Lightning Protection  
Renewals Administrator



**Karl Bell**  
Portable Appliance Testing (PAT) Labour Controller


**Alex Markham (SIIRSM), Managing Director, Access Testing**

Alex is a specialist in the testing and maintenance of all types of fall protection, fall arrest and suspended access equipment. As Height Safety Product & Training Manager and Senior Height Safety Instructor at JSP Ltd, his skills and expertise in all aspects of working safely at height are an invaluable asset for PTSG.



**Eleanor Whitfield**  
Electrical Services  
Renewals Administrator



**Liam Scrancher**  
EIT Labour Controller



**Georgina Peters**  
Key Accounts Administrator



**Mark Brackenbury**  
Group Safety Health and  
Environment (SHE) Advisor



**Georgina Dixon**  
Group Renewals  
Administrator



**Mark Whittaker**  
Operations Director  
Fall Arrest Installs



**Jacque Hogan**  
Administrator/Receptionist



**Paul Millard**  
Cradles North  
Labour Controller



**Jenny Davey**  
Credit Controller


**Mark Davison, Maintenance Director, Cradles Access**

The importance of cradle maintenance and its role in keeping engineers safe cannot be overstated. Mark Davison, as Maintenance Director, has overall responsibility. With over 20 years as an engineering manager and membership of SAEMA, his experience and expertise are unparalleled.



**Jenna Clarkson**  
Group HR Advisor



**Paul Evans**  
Fall Arrest Testing  
Divisional Director



**Karen Orchard**  
Fall Arrest Testing  
Administrator



**Kathy Ray**  
Credit Controller


**Wayne Adams, Sales Director, Fall Arrest Installs**

Wayne manages six business development managers across the UK, helping them to achieve their targets, as well as creating new opportunities for the Group by negotiating supply chain agreements. Working together, Wayne has helped to create the largest new installations division in the UK.



**Kim Brady**  
Electrical Administrator



**Leona Towell**  
Portable Appliance Testing  
(PAT) Labour Controller



**Phil Patterson**  
IT Manager



**Lorna Williams**  
Fall Arrest  
Testing Coordinator



**Sarah Steel, Associate Operations Director, Fall Arrest Testing**

Sarah has been with the Group since its founding year of 2007. Her hard work, experience and expertise gained during her years with PTSG made her the natural choice for Associate Operations Director. Sarah is a team player who is adept at using her own initiative – ideal for PTSG.



**Sam Rogers**  
Credit Controller



**Lorraine Hearn**  
Electrical Impedance Tomography (EIT) Labour Controller



**Darren Stapleton**  
Operations Director, Lightning Protection



**Paul Atkins**  
Director of M&P



**Rita Kitchen**  
Administrator



**John Gilday**  
Operations Director (West Midlands)



**Paul Thorpe**  
Operations Director (North West/North East)



**Vida Watchorn**  
Credit Controller



**Oliver Mackenzie**  
Group Financial Controller



**Chelsea Tomlinson**  
Electrical Estimator



**Stewart Thomson**  
Operations Director Pendrich



**Claire Spencer-Hardman**  
Director of UK Dry Risers Maintenance Ltd.



**Terry Wilcock, Group Health & Safety Director**

PTSG is renowned for its industry-leading safety standards. The work of its HSEQ team, led by Terry Wilcock, saw the Group winning a RosPA Gold Medal in 2018. Terry believes in keeping procedures straightforward, getting the job done efficiently and effectively, with safety the priority at all times.



**Jean Hill**  
Business Development Manager



**Terry Dunn**  
Group Fleet Manager



**Steve Grundy**  
EIT Qualified Supervisor



**Elijah Howell, Operations Director – Acescott**

Experienced Director of Operations, demonstrating a history of working in the at-height and rope access industry. Elijah's wide skills set encompasses management, customer service, sales, strategic planning, and business development – giving him an important edge over competitors.



**Steven Taylor**  
Contracts Supervisor Fall Arrest Installs



**Simon Greenwood**  
Director of Specialist Earthing and Surge



**Carl Smith**  
Electrical Estimator





**Craig Finney**  
Test & Inspection Director



**Stacey Dixon**  
Fall Arrest Testing  
Sales Coordinator



**Davie Mitchell**  
Operations Director  
(Scotland)



**Kevin Walton, Managing Director of Integral Cradles**

A chartered engineer by trade, Kevin is a strong business leader with great project management experience. Under his guidance, Integral Cradles has become a leading supplier of permanent suspended access equipment, creating bespoke solutions for some of the UK's most iconic buildings.



**Danny Hardman, Managing Director of UK Dry Risers Maintenance Ltd.**

Danny is responsible for the running of PTSG's dry risers maintenance business, which is well established and respected in the industry. His teams have worked on some truly prestigious sites including Wembley Stadium and Liverpool Football Club. Danny is integral to the success of the business, which continues to be in great demand.



**John Warren**  
Operations Director  
of Test Strike



**Sixtine Collinge**  
Lightning Protection  
Renewals Administrator



**Mark Meakin**  
Operations Manager  
– Test Strike



**Liam Riley**  
Estimating Director  
(Eastern)



**Gerard Finley**  
Operations Director  
(London/South East)



**Sofia Abbas**  
Key Accounts  
Manager



**Michael Thackray**  
Director of M&P



**Phil Campion, Divisional Director, Electrical Testing**

Phil is responsible for the delivery of electrical compliance testing services throughout the UK. With over 30 years' experience in the electrical industry, his extensive knowledge is invaluable in this key part of PTSG's service delivery.



**Sarah Wood, Renewals Manager**

As Group Renewals Manager, Sarah plays a pivotal role in making sure that we meet our customers' wants, needs and expectations. Sarah, through the fantastic work she delivers, is a testament to PTSG's talent management activities.



**Keith Walker**  
Purchasing Manager,  
UK Dry Risers



**Mike Charlton**  
Director of UK  
Dry Risers



**Barry Ahearn**  
Business Development & Operations  
Manager of Acescott

# Creating a culture of compliance

The importance of compliance in all aspects of facilities management – for organisations in all industries – cannot be overstated. Legislation is regularly reviewed to keep buildings and their users safe at all times and the penalties for non-compliance can be damaging to a company's brand as well as its bottom line.

Compliance business has always been central to our core services at PTSG and now accounts for over 72% of the Group's gross profit. The work we do continues to benefit our 20,000 customers in multiple ways:

## Ethically

Compliance maximises the safety of buildings and their users

## Operationally

Compliant buildings operate more efficiently

## Financially

Safe buildings that are efficient make financial sense

## Reputationally

Compliant businesses are protected from penalties

**20,000**

customers benefit from the work we do in multiple ways

**26**

meticulously planned business acquisitions to date



## Compliance – the route to safety

Premier Technical Services Group PLC (PTSG) was established to meet a market requirement for delivering multiple niche specialist services under the same roof. As a large proportion of the Group's work includes compliance activity, we have a thorough knowledge and understanding of the many and varied issues involved with protecting people, property and places. We ensure organisations adhere to the latest regulations so their buildings operate at optimal efficiency, from the intrinsic electrical wiring to fire suppression systems and access systems for safe and efficient building maintenance – and a multitude of other systems and equipment in between.

We also offer legislative and technical support in addition to specialist services and equipment, helping to ensure strict compliance in all areas.

Compliance and safety go hand in hand, and PTSG's practices have been recognised by the British Safety Council. Our commitment to the highest standards of safety is clearly evident through the employment of a full-time, dedicated Health, Safety and Environment team – the only company of our kind to do so. As a result, PTSG received its eighth consecutive RoSPA Gold Award in 2018 and its second Gold Medal. We now hold more than 148 individual accreditations (nine of them fromSSIP forum members) and hold the Quality ISO 9001, Environment ISO 14001 and H&S BS OHSAS 18001 ISO certificates.

## Growing our company through compliance business

PTSG has always had ambitions to be the UK's leading provider of multiple niche specialist services, applying a business model which combines acquisitive and organic growth. Having now made 26 meticulously planned business acquisitions, this enables us to enter a market with one product or service and eventually become the service provider of choice across more areas.

PTSG Fire Solutions Ltd. is the newest of our four business divisions. Established in 2017, it continues to experience unprecedented demand for its services in the design, installation and maintenance of fire prevention and suppression systems, dry risers and emergency lighting. Key to this demand is the requirement for organisations to ensure their buildings are compliant with the latest regulations.



Queen Elizabeth Hospital, Birmingham:  
Electrical works to carry out planned  
and reactive fixed wire testing.



## COMPLIANCE IN ACTION: PTSG'S PARTNERSHIP WITH ENGIE

PTSG has a long history of partnering with other organisations, working collaboratively to supply one or more specialist service and ensure full compliance. We have created long-standing relationships with well-known high street brands including Marks & Spencer and Jaguar Land Rover as well as large first-tier providers of services to the construction and FM sectors such as Skanska, Mitie and Engie. This has resulted in a number of PFM partnership awards, including two wins in 2018 for Partners in Corporate (Private Sector) and Achievement in Facilities Technology (for its proprietary software system Clarity) – underlining our success in partnering.

PTSG's partnership with Engie goes back to 2014, when we united with the global energy and services group and the operators of Queen Elizabeth Hospital in Birmingham to establish a unique collaborative culture for the delivery of routine fixed wire testing throughout the site.

Following a rigorous, competitive process, PTSG was awarded the entirety of the electrical works to carry out planned and reactive fixed wire testing. The project included:

- testing in 17 individual areas from car parks through to critical care departments;
- the comprehensive electrical testing of around 15,000 electrical circuits in compliance with BS7631; and
- the deployment of testing teams ranging from one to nine engineers (with a minimum requirement of two in mental health facilities on the site).

Our specialists had to identify innovative ways of testing the infrastructure, which is conventionally completed using a range of live and dead load testing. In areas of the hospital administering critical care, dead load testing was not an option without substantial and unthinkable consequences and the PTSG and Engie teams worked with the stakeholder group to identify, plan and undertake compliant live load testing of infrastructure as an alternative.

At the time, Terry Venables, head of FM at Engie, summarised the partnership as: “a team which has developed a strategy in accordance with the ultimate client and its customers. The relationship is seamless in delivering the works in a difficult, controlled and busy environment. I am incredibly proud of its work and would like to thank PTSG for its meticulous planning, in-depth understanding and quality of delivery.”

Subsequent projects in which PTSG has partnered with Engie are:

- The Imperial College Healthcare NHS Trust, covering St. Mary's Hospital in Paddington, as well as Charing Cross Hospital and Hammersmith Hospital. PTSG provided a wide range of specialist services including fixed-wire testing, lightning protection services, portable appliance testing and fall arrest testing to ensure the safety of all site users, whether these be staff, patients or maintenance teams.
- Liverpool Central Library, where PTSG supplied specialist access maintenance work on site in March 2018.
- Emergency services sites in Wales, including fixed wire testing (valid for five years to comply with regulations) and emergency light testing (required every 12 months) at two hospitals and a police station.
- Newcastle Council – a major 40-year contract. Beginning in 2018, PTSG will continue to carry out a range of specialist services to ensure all sites comply with regulations.



The relationship is seamless in delivering the works in a difficult, controlled and busy environment. I am incredibly proud of its work and would like to thank PTSG for its meticulous planning, in-depth understanding and quality of delivery.

## Significant Success

PTSG has delivered 12 consecutive years of successful growth. Our leadership team has a proven track record in turning great ideas into large, fast-growing companies.

In our formative years we worked alongside our customers and business prospects to communicate and clarify our service benefits. Since then, we have built on our proof points – driving revenue through organic growth and our acquisitive objectives.

Having developed four strong and symbiotic business streams, our aim is to repeat growth predictably, becoming the service provider of choice across our sectors and making us even stronger than we are today.

### Shaping PTSG

Since we were formed, the PTSG business model has continued to evolve from a conventional modelling exercise to a way of rethinking the entirety of what the organisation proposes and creates and how it adds value. Today, we use a mix of traditional approaches, spurred on by technology (including our own propriety software system – Clarity), different ways of thinking, new market opportunities and more routes to reach and delight our customers. Our people and our unique operating model are essential to our ongoing success.





### Team Effectiveness

At PTSG, we believe that a high performing team is non-negotiable if we are to continue to succeed. We actively encourage our people to learn from their past and prepare for their future, by having conversations with colleagues and customers which will improve their ongoing performance.

Our approach to teamwork is tailored to assess how teams like to work together and, from a capability perspective, how effectively they work together.

Among other things, we look at how our people communicate, how they prioritise, what motivates them and what the blockers are to their performance.

We work closely with our people to create individual and team action plans helping them to stay on track and motivated to drive forward – positively grasping the forces, driving change.

We know that great people are the engine room of PTSG. That is why we continue to invest heavily in them.

### Operating Model

We constantly analyse our operating model and key business processes to produce practical process-improvement solutions aligned with our strategy and goals.

There are a host of factors that affect our operating environment – from customer preferences and technology to a constantly changing competitive landscape. It is for these reasons that we benefit from reviewing process effectiveness regularly.

Our management team evaluates our operating model through process mapping and operational feedback. We then combine this insight with our experience across many different types of process improvements to eliminate manual activities and shift resources to higher-value tasks. We integrate systems and processes and make faster, better business decisions. We all have clear roles and responsibilities to improve process transparency. We continually remove any constraints that could impact negatively on us achieving our business objectives and we build competitive advantage through the use of leading practices.



At PTSG, we believe that a high performing team is non-negotiable if we are to continue to succeed. We actively encourage our people to learn from their past and prepare for their future, by having conversations with colleagues and customers which will improve their ongoing performance.



# Strong financial growth



**Mark Watford**  
Finance Director

## Summary

2018 was another significant year for PTSG with continued substantial earnings and revenue growth.

The acquisition of Guardian Electrical Compliance Limited extended our market dominance in our Electrical Services division and the acquisition of M&P Fire Protection Limited enhances our offering in the Fire Solutions division. To provide additional financial flexibility and help fund the acquisitions £20m (pre expenses) was raised via the successful placement of new, ordinary shares.

## Another year of strong earnings and revenue growth

Revenue grew by 31% in 2018 to £69.1m (2017 £52.9m) with 21% from acquisitions and a reported 10% from pure organic growth. We have previously explained that the revenue in the Cradle Installation division is lumpy in nature, with most of the turnover on these long-term contracts being recognised when the cradle is delivered and installed on site. This lumpy nature resulted in an abnormally high turnover for this division in 2017 and a more normalised turnover in 2018. Excluding the impact of these installations shows that the underlying organic growth rate of the Group was 19%.

Access and Safety's turnover was affected by this and as such reported a 14% year on year reduction; with the remainder of the Access and Safety division (excluding Cradle Installations) growing by 14%. Despite the lower turnover, the operating margin grew to 17% (2017: 15.8%).

Electrical Services' revenue grew by 53% to £30.8m and is now the largest division accounting for 45% of the Group's revenue. The revenue growth was aided by the Guardian acquisition and 17% pure organic growth – driven by strong growth in the Lightning Protection Testing and Electrical Testing divisions. The operating margin for this division was accretive to the Group at 23%.

Following the refocusing of the Building Access Specialist division in 2017, it returned to growth in 2018 with revenue up 4%. Operating margins increased from 22% to 24%.

## Key performance indicators

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

### Revenue

**£69.1m**  
↑31%



### Gross profit

**£35.0m**  
↑29%



\*before adjusting items of £10.5m (2017: £8.3m) resulting in a statutory operating profit of £4.4m (2017: £2.4m) and an EPS of 2.77p (2017: 1.37p).

Revenue in the Fire Solutions division grew by 114% to £15.3m, with organic growth at 65% predominantly due to the explosive growth in UK Sprinklers. Operating margin increased by 1 percentage point to 23%.

Turnover from recurring compliance and maintenance activities accounted for 51% of the total Group turnover (2017: 48%).

Gross profit increased by 29% to £35.0m (2017: £27.1m) with the gross margin, continuing to exceed 50%, at 50.6% (2017: 51.2%). The slight reduction against the prior year margin was due to mix and in particular the strong growth in the Fire Solutions division, which has a GP lower than some of the other divisions but whose operating margin is accretive for the Group. Gross profit from recurring compliance and maintenance activities accounted for 62% of the total Group gross profit (2017: 58%).

Operating profit before adjusting items grew by 40% to £14.9m (2017: £10.6m). The adjusted operating profit margin grew by 147bps to 21.6% (2017: 20.1%) with overhead leverage and strong cost control mitigating the slight gross margin reduction. The statutory operating profit was £4.4m (2017: £2.4m) 83% ahead of last year.

Profit before tax was £3.7m (2017: £1.8m) and incorporated £10.5m (2017: £8.4m) of adjusting items. These adjusting items were either not expected to recur or non-trading in nature and were mainly associated with share option costs granted to Directors and employees of £2.4m (2017: £3.0m), £5.8m of contingent consideration payments in relation to acquisitions (£2017: £3.5m), £0.8m amortisation of acquired intangible assets (2017: £0.4m); and £1.5m of restructuring costs associated with the recent acquisitions (2017: £1.4m). It should be noted that in 2018 the Group achieved the final share options milestone and as a result these costs will not be incurred in future years. The contingent payments on acquisition are in accordance with our acquisition strategy in which we look to reduce risk by keeping initial consideration payments low and paying deferred consideration in future years against stretching profit

targets, meaning these deferred payments are effectively self-financing. The current levels are expected to continue in the near future and will cover deferred consideration from the recent Trinity acquisition.

The interest charge and other financing costs were £0.7m (2017: £0.6m). This increase was driven by an increase in finance lease charges in line with the continued expansion in our employee and engineer base.

Adjusted earnings per share increased by 22 % to 11.86p (2017: 9.73p). £1.9m of dividends were paid during the year and the Board is proposing a final dividend of 0.9p per share. This represents a 13% increase on the 2017 dividends and is in line with our progressive dividend policy. Statutory earnings per share was 2.77p (2017: 1.37p).

#### Net debt

Net debt, excluding finance leases, had reduced to £11.9m as of the 31 December 2018 (2017: £18.3m), which, together with the 39% increase in EBITDA, meant that net debt had reduced to only 69% of EBITDA. The reduction in net debt was predominantly driven by a surplus from the share placing £7.2m and an improved underlying operating cash conversion of 72%. This was offset by deferred consideration payments of £1.8m, and enabled the Group to spend £1.9m on dividends, £1.6m on capital expenditure and increase its working capital in line with the substantial increase in the size of the Group.

Trade and other receivables increased by £5.4m to £35.8m with the two acquisitions adding £2.4m. The acquisitions adversely affect a number of the debtors' ratios because we acquired the full debtor book but only took a proportion of the year's turnover. That said, trade receivables and accrued income, at the reported level, only increased by 13% despite turnover increasing by 31%. Accrued income reduced by 14% to £8.4m with virtually all the 2017 balance collected in the year. Trade receivables increased by £5.2m, due to a strong Q4 trading

performance, with all the increase in the less than 120 days category. The level of debt in the 120+day category (from date of invoice and not due date) fell by 590bps to 20.6% due to improved cash collection.

We have a long-term relationship with our bankers, HSBC, having been a customer for over ten years. HSBC has been very supportive of the Group enabling us to develop our facilities in line with our increasing profitability. Post year end, we announced an extension to our banking facilities with the Revolving Credit Facility, taken out in 2015, increasing to £30m and a £10m term loan, repayable over four years, being taken out. Both these new facilities will give us additional flexibility for the future and are provided with the same covenant testing, but improved interest margins, as the previous facilities.

#### Acquisitions

We acquired M&P Fire Protection Limited and Guardian Electrical Compliance Limited during the year for a total consideration of £19.5m, £6.5m of which was deferred and is contingent on the continued employment of the vendors and the achievement of stretching milestone targets.

These acquisitions had a significant impact on the closing balance sheet adding £8.6m to goodwill, £6.2m to intangibles and £0.2m to fixed asset.

#### Outlook

We believe that 2019 will be another year of substantial earnings and revenue growth driven by both organic and acquisitive 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

26 March 2019

#### Operating profit before adjusting items\*

**£14.9m**  
↑40%

Year	Operating profit before adjusting items*
2018	£14.9m
2017	£10.6m

#### Profit before tax before adjusting items\*

**£14.3m**  
↑40%

Year	Profit before tax before adjusting items*
2018	£14.3m
2017	£10.2m

#### Adjusted earnings per share (EPS)\*

**11.86p**  
↑22%

Year	Adjusted earnings per share (EPS)*
2018	11.86p
2017	9.73p

# 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

**Failure of product or system could result in litigation, damage to the Group's reputation and potentially the loss of customers.**

## Description

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.

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.

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.

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.

## Mitigation

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.

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.



Risk	Description	Mitigation
<b>Ability to attract, retain and develop a sufficiently skilled and experienced workforce to meet the targets set by the Group and its customers.</b>	<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>
<b>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.</b>	<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 ensures 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>
<b>Commercial construction market and general economic conditions.</b>	<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>
<b>Acquisitions.</b>	<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 2019. 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>
<b>There can be no assurance that the Group will achieve increased market penetration and competition could increase.</b>	<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 retain existing customers and attract new customers. Complementary acquisitions will aid market penetration.</p>
<b>Third parties and retained sub-contractors.</b>	<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>
<b>Force majeure.</b>	<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>