



Annual review

2019-2020



Turner & Townsend is an independent professional services company specialising in programme management, project management, cost and commercial management and advisory across the real estate, infrastructure and natural resources sectors.

Our performance

Chairman and chief executive officer's statement

02

Company highlights

06

This document shares highlights of our story this year.

 **Read the full case studies online:**
turnerandtowntsend.com/annualreview



Our people and projects

Our sustainable future	08
Transformational performance	14
Innovation and technology	18
People: capacity and skills	22

Our results

Finance director's statement	26
Financial highlights	27
Global footprint	28



Strength from resilience

Turnover

£744m

16.3% on 2019 ↑

Net revenue

£681m

17.3% on 2019 ↑

There is no denying that the COVID-19 pandemic has been the greatest challenge our world has faced for generations. While our communities and markets may have been irreversibly changed by what has taken place over the last few months, I am proud of the way our people, our clients, and indeed the whole construction industry has responded to the immense challenge the crisis has presented.

'Doing business the right way' has always been core to our success, but never before has this felt so tangible. I am pleased with the work we are doing to make a positive contribution. By doing so, we achieve better outcomes for our people, clients and communities, and make a greater impact on the world we live in.

Addressing the UN's Sustainable Development Goals (SDGs), we have invested to support local projects and community initiatives around the world – be they around gender and equality, quality education, creating sustainable cities or industry, innovation and infrastructure.

Our resilience and success continue to be driven by investing in talent, shifting focus to emerging markets, addressing the world's biggest challenges and building solutions that drive exceptional client outcomes. This year, we were honoured with the Queen's Award for Enterprise in International Trade for the fourth time. Having been recognised in 2003, 2009 and 2014, the 2020 award highlights the exceptional performance of our people and the strength of our global client relationships over the last two decades.

Although the economic shockwave from COVID-19 impacted the last quarter, overall 2019–2020 was a strong year for our business. Turnover increased by 16 percent to £744m and operating profit grew from £68m to £88m.

Life in the cloud

We saw strong trading in the real estate sector where net revenue grew by 19 percent. Demand was particularly strong from the high-tech and life sciences sectors, and our market



Vincent Clancy
Chairman and Chief Executive Officer

“Doing business the right way has always been core to our success, but never before has this felt so tangible. I am pleased with the work we are doing to make a positive contribution.”



position was strengthened further by the strategic acquisition of Taurus Project Controls Consulting in Boston, our only acquisition during the year.

We have continued to invest in our portfolio management capability across the real estate sector. In 2019, we launched our new technology platform, PACE, which enables clients to see progress and control data on their real estate portfolios in real time, providing a catalyst for future clients' success.

Infrastructure investment

In the infrastructure sector, we experienced sustained demand across all our markets with net revenue increasing by 15 percent. In the UK, we are involved in major infrastructure programmes including the Environment Agency's national flood risk management programme and in rail we oversaw the set-up of High Speed 2's programme controls and commercial capability, which enabled the project to obtain government approval to proceed into delivery. Outside of the UK, our infrastructure business saw strong revenue growth in Asia, Australia, the Middle East and North America.

As the scale and complexity of infrastructure programmes grows, the need for effective strategy and set-up remains key to driving predictable performance. Investment in our

Programme Advisory business has underpinned our ability to meet this challenge and we remain excited about partnering with clients to drive programmes that deliver high performance.

Cleaner energy

The natural resources market has been extremely volatile during the year, particularly in the last quarter as global energy prices collapsed. Despite this turbulence, we saw net revenue increase by 16 percent to £71m.

Our focus has been to support the low-carbon energy transition. As part of this strategy, we have built market share in the renewables sector, increased our focus on cleaner Liquefied Natural Gas (LNG) projects and built a programme management proposition in mine closure and rehabilitation.

Tackling the construction industry's impact on the environment is paramount. As a global business, it is also crucial we reduce our own environmental footprint – setting and meeting internal targets for carbon reduction and ensuring that for all our people, sustainability principles are actively embedded in their lives. It is with some pride for the business that targets set in 2015 to cut carbon emissions per employee by 25 percent have been met.



Leadership

During the year, we had some leadership changes to our executive team.

We sadly lost one of our Executive Board members Jon White to cancer after a long and brave battle. Jon joined the business in 1997 and was a major factor in our success over the last two decades. He will be missed by all.

In April 2020, Duncan Stone retired as Managing Director of our Asia business after over 30 years with the company. Anooj Oodit has taken on the role in addition to his responsibilities as Managing Director of Australia and New Zealand.

Single team for success

Our partnership model continues to allow us to attract top talent but also to take a long-term view. With 93 partners across the globe, the partnership is unified in a belief that success will come from a business with strong purpose and one that creates positive outcomes for all our stakeholders.

We continue to invest in talent and we are making steady progress with our objective to improve gender diversity. However, recent events have reinforced the need for us to accelerate work to create an inclusive environment and we are committed to doing so.

People are at the heart of our business and we stand firm and united against racism and discrimination of any kind.

We are a diverse and inclusive organisation, but we can always do more to drive positive change within our business, within our industry and within the wider society.

Accelerating transformation

As we transition from a health crisis to meet a growing economic challenge, the longer-term picture remains strong. The world needs to embrace a zero-carbon future, to transform cities and to create better living standards.

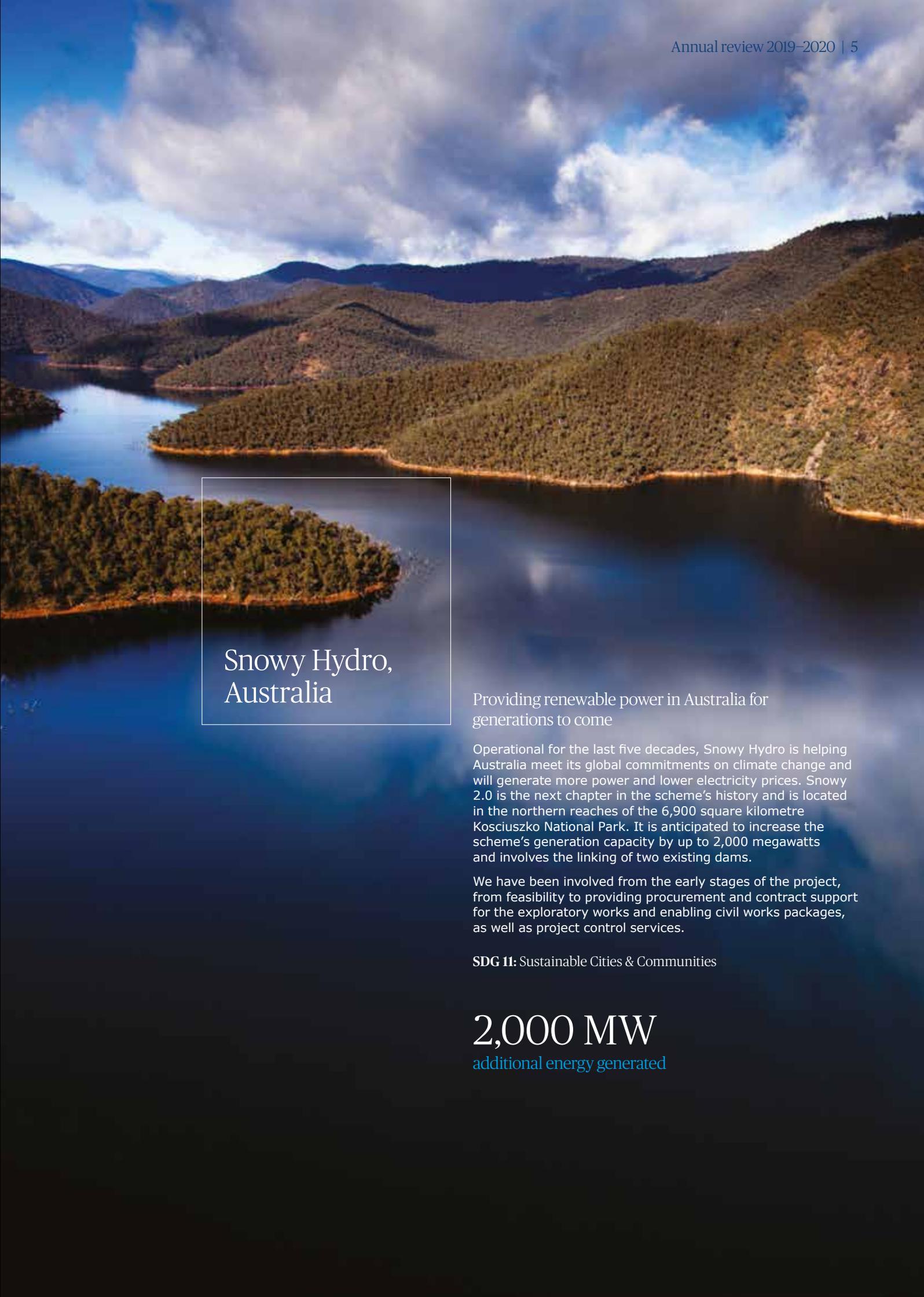
Like the rest of our industry, we will continue to feel the impact of recent events and will need to adapt to a new normal. Resilience has been the hallmark of our business over the last 74 years and this, combined with the solid platform we have created, makes me confident that we will emerge even stronger.

We remain committed to the long-term view, to making a positive impact on our communities and to doing business with integrity. Our industry is fundamental to solving the social and economic inequalities highlighted by the COVID-19 crisis, but in the past has too often been part of the problem. We now have an exciting opportunity to drive change and to build a better built environment.

Vincent Clancy

Chairman and Chief Executive Officer





Snowy Hydro, Australia

Providing renewable power in Australia for generations to come

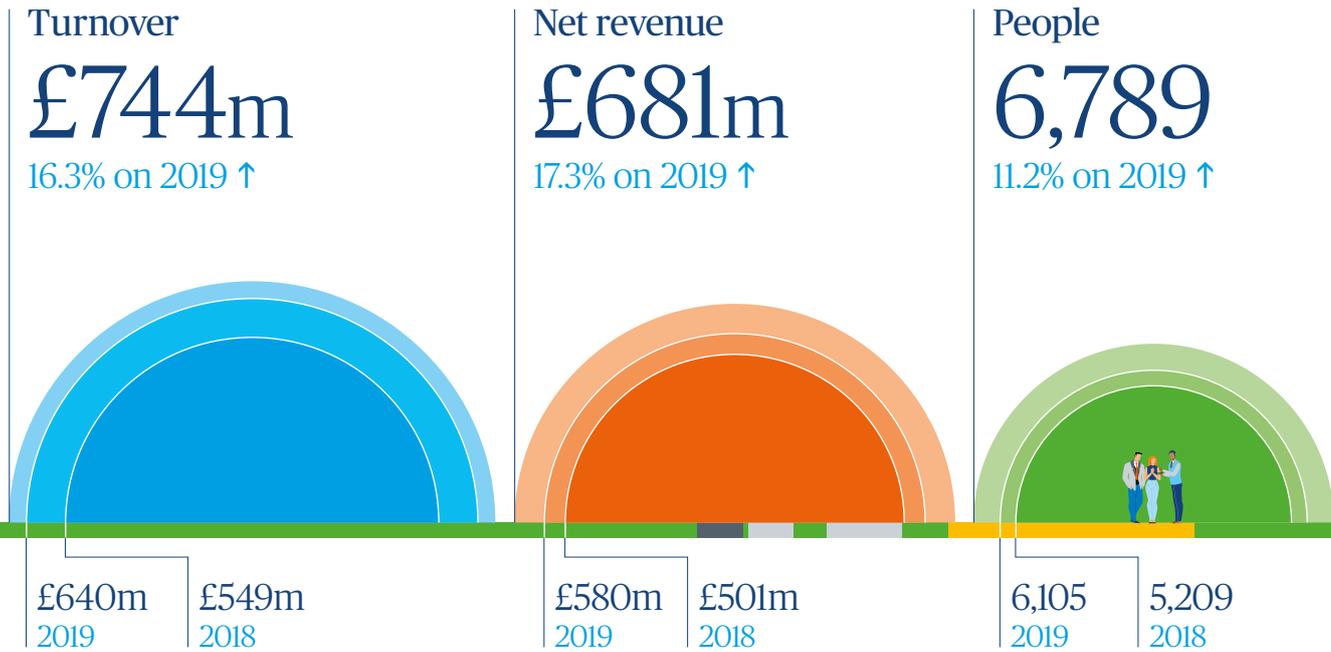
Operational for the last five decades, Snowy Hydro is helping Australia meet its global commitments on climate change and will generate more power and lower electricity prices. Snowy 2.0 is the next chapter in the scheme's history and is located in the northern reaches of the 6,900 square kilometre Kosciuszko National Park. It is anticipated to increase the scheme's generation capacity by up to 2,000 megawatts and involves the linking of two existing dams.

We have been involved from the early stages of the project, from feasibility to providing procurement and contract support for the exploratory works and enabling civil works packages, as well as project control services.

SDG 11: Sustainable Cities & Communities

2,000 MW
additional energy generated

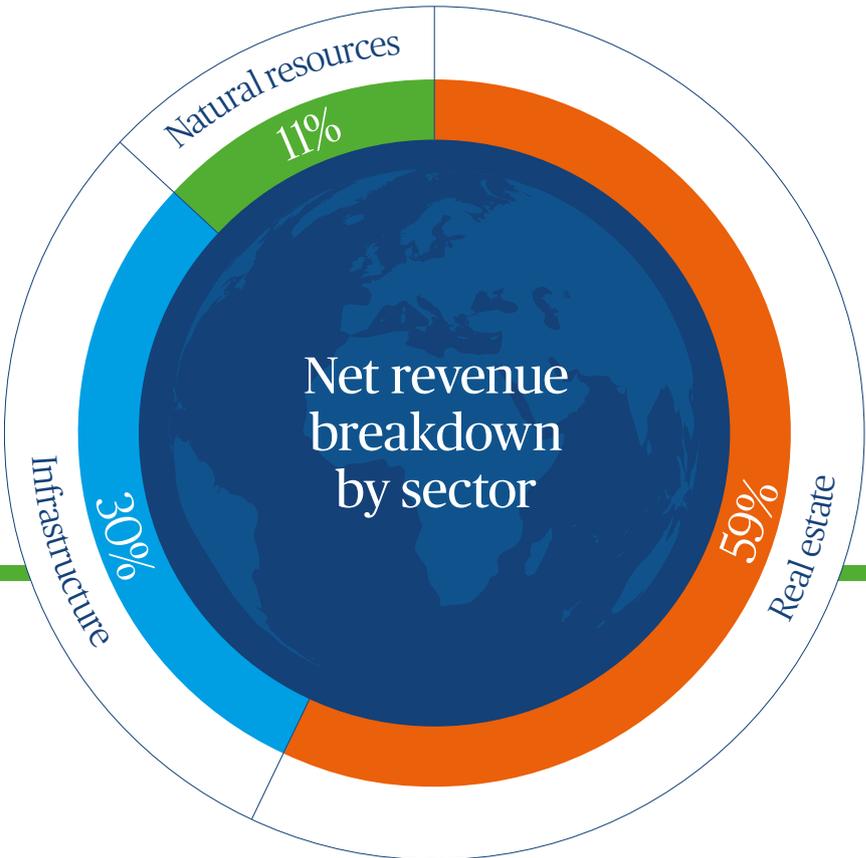
Global performance



Breakdown by region

Key
 ● Real estate ● Infrastructure ● Natural resources





Our impact

- **SDG 4: Quality Education**
9,089 beneficiaries
£505k in donations



- **SDG 5: Gender Equality**
14% rise in the number of female Associate Directors / Directors

84% scored us 7/10 or above for how fairly people from all backgrounds are treated

- **SDG 11: Sustainable Cities & Communities**

1.2 tonnes of carbon on average per employee

54% reduction in carbon intensity since 2015

Middle East



555
People

£67.3m
Net revenue

- £40.7m
- £21.3m
- £5.3m

Asia



712
People

£37.8m
Net revenue

- £30.5m
- £6.2m
- £1.1m

Australia and New Zealand



646
People

£69.5m
Net revenue

- £36.6m
- £20.3m
- £12.6m

Our sustainable future

The construction and the wider built environment is the largest sector in the world and perhaps has the biggest impact on the environment and on people's lives. With growing social inequality and so many nations across the world adopting targets to become net zero-carbon emitters, the bar for those working within the sector is set very high.



The COVID-19 pandemic has shone a spotlight on global social division and has accelerated the need for investment to address unprecedented levels of inequality. We must create a built environment which takes the lead in reducing direct, indirect and consequential emissions from its activity, through sustainable design, delivery and management of infrastructure, built assets and use of natural resources.

The challenge for leading organisations will be to meet this bigger, longer-term goal of creating a built environment that is the catalyst for our world's sustainable future.

Having impact

Our ambition is to place this challenge at the heart of our industry, to help our clients grasp their role in making the built environment part of the solution. It starts with us getting projects and portfolios set up for success with whole-life sustainable value being the starting point defined by our clients. The ongoing development and integration of our Programme Advisory team working with our specialist asset management team, AMCL, have enabled many of our global clients to set themselves up to deliver long-term value.

An example of this is the global water sector, where, due to rising demand and

climate change, the sector is under unprecedented pressure to meet the objectives of providing safe, reliable drinking water, and effectively collecting wastewater so it can be returned to the environment. We are working with clients around the globe, including Sydney Water and Thames Water, to help them transition towards new delivery models that will drive efficiency and better performance on their projects, ultimately delivering sustainable value for their customers, through reduced consumption and lower bills. We are delighted to have recently delivered the largest greywater project in Africa for Stellenbosch University.

We are also proud of our contribution to climate change research undertaken by our team in Antarctica. Leading global scientists have been deployed to help form strategies to combat climate change and search for bio-renewable energy, using the facilities we have helped create. With investment in alternative fuels such as LNG and renewable energy growing, we have been helping an increasing number of energy and mining clients execute their strategies during their active transition.

Throughout the pandemic of recent months, we have played an active role in supporting projects to treat those affected by the virus, as well as helping our clients keep vital services running

across sectors such as energy, communication, transport and utilities. In the UK, we have mobilised a team to support a vaccine development programme which aims to find the vaccine for COVID-19 that could be used globally.

Sustainable communities

The drive for sustainability has become more pressing and governments are putting this at the centre of their agendas. This year, we supported a number of local states and governments, including Birmingham City Council in the UK, to programme manage the creation of its clean air strategy. It will benefit their communities and help accelerate its transition into becoming a zero-carbon smart city.

Our industry must go beyond the objectives of creating new assets; we have to improve and connect communities for their sustainable future. We are working on some of the most exciting projects and programmes that are having a real impact – from New Zealand's largest infrastructure project and its first underground railway to connecting remote, rural communities in need of economic growth through the construction of a series of small airports across the Highlands of Scotland.



Bracel Empreendimentos Imobiliários, Brazil

As a business, we are also investing in our own programmes and initiatives to support communities. Whether that is through our pro bono business support for projects in Africa, our industry partnerships and global initiatives, or through our social projects to help indigenous young people become part of Australia's reconciliation journey, we are striving to play our part in helping societies thrive.

Establishing trusted partnerships

In the post COVID-19 world, the built environment will need to stand up and be able to demonstrate the return from its activities and investment in terms of the environmental, societal as well as economic value generated.

We continue to invest in our business to improve our ability to help clients set up their programmes in a way that delivers sustainable results. We are passionate about creating an industry that can be the catalyst for creating and operating assets that provide a sustainable future for all.

Retrofitting an iconic, commercial building in São Paulo to improve its sustainability credentials

Bracel Empreendimentos Imobiliários wanted to retrofit its Ed Jorge Salomão building, to improve energy efficiency, reduce the operational costs and help to gain a market edge and attract tenants.

The office building was constructed in the 1960s and because of its age, the retrofit needed to be comprehensive, changing all mechanical, electrical and plumbing installations, internal and façade finishing, and floor configuration.

We provided project and cost management services as well as a property condition assessment with value engineering, helping the client to decide on the level of its investment. As a result of the work carried out, the rental value of the building increased by 30 percent. The retrofit also improved the building's sustainability, including implementing a reuse water system, upgrading the air conditioning, and controlling waste disposal. The building now has a core and shell LEED certification.

SDG 9: Industry, Innovation & Infrastructure
SDG 11: Sustainable Cities & Communities
SDG 13: Climate Action

-30°C

lowest temperature
reached

British Antarctic Survey, Antarctica

Transforming how British Antarctic Survey supports
frontier climate change science

Commissioned by the Natural Environment Research Council, the Antarctic Infrastructure Modernisation Programme (AIMP) will enable world-leading capability to ensure that Britain remains at the forefront of climate, biodiversity and ocean research in the Polar regions. The AIMP will deliver projects that strike a balance between safe, usable facilities in one of the world's harshest environments, while operating at net zero-carbon emissions. The first projects were completed by February 2020, which allowed the research vessel, RRS James Clark Ross, to moor alongside a new wharf at Rothera Research Station.

Our cost management team helped procure a construction partner, collaborating with designers, scientists and other stakeholders to develop robust cost estimates and establish budgets for the programme of works.

SDG 11: Sustainable Cities & Communities
SDG 13: Climate Action





Greater London Authority, UK

Catalysing net zero across London's homes and workplaces

The Greater London Authority's Retrofit Accelerator programmes are breaking new ground, as part of the Mayor of London's ambitious agenda to make the capital a zero-carbon city. The programmes, part-funded by the European Regional Development Fund, are set up to channel sources of funding and provide expertise for the comprehensive retrofit of homes and workplaces – making them more sustainable, saving carbon and reducing energy bills. Director Richard McWilliams is leading our role, responsible for engaging organisations in the initiative and coordinating a world-leading technical supply chain to deliver it.

“The upcoming pipeline of over 1,000 homes is set to receive extensive energy-efficient measures, which aim to deliver an average reduction in emissions of at least 60 percent. In workplaces, we have played a key role on the programme, which has achieved similar success, helping over 700 public sector buildings save an estimated 100m kWh of energy every year.”

SDG 9: Industry, Innovation & Infrastructure

SDG 11: Sustainable Cities & Communities

SDG 13: Climate Action



Stellenbosch University, South Africa

Enabling sustainable solutions to reduce water usage through the largest greywater project in Africa

Faced with severe drought in the Western Cape, Stellenbosch University wanted to address the challenges regarding the consumption of water on its campus by using greywater instead of freshwater to flush its toilets. As a result of the work, the university has reduced municipal water usage by 35 percent since November 2019, and is already planning to link its Tygerberg Campus and academic buildings across its main campus to similar greywater systems. The project has also been recognised for its innovation, winning an award from the Institution of Civil Engineers in Cape Town.

Through our project management remit, we oversaw stakeholder management, procured and managed a professional team and the specialist main contractor, monitored the quality of the installation, and checked the progress of the works against the baseline programme.

SDG 9: Industry, Innovation & Infrastructure

SDG 11: Sustainable Cities & Communities

SDG 13: Climate Action

 **Read the full case studies online:**
turnerandtowntsend.com/annualreview

Supporting vital air links for remote communities in Scotland

Highlands and Islands Airports Ltd (HIAL) owns and operates 11 airports throughout Scotland.

Working with its partners and stakeholders, HIAL is committed to supporting the essential socio-economic role of aviation in Scotland by maintaining and developing its airports and the vital lifeline services and connections they provide for some of the country's more remote communities. The Scottish Government has an ambitious target to make the Highlands and Islands the first net zero aviation region by 2040, and aims to support trials of low or zero-emission planes between Highlands and Islands Airports from next year.

We were appointed as project management consultants in 2017, providing project management and site supervision support to manage all major capital projects across the portfolio.

SDG 9: Industry, Innovation & Infrastructure



Highlands and Islands Airports, UK

Department of Trade and Industry, South Africa

Helping women- and black-owned small enterprises become part of South Africa's mainstream economy

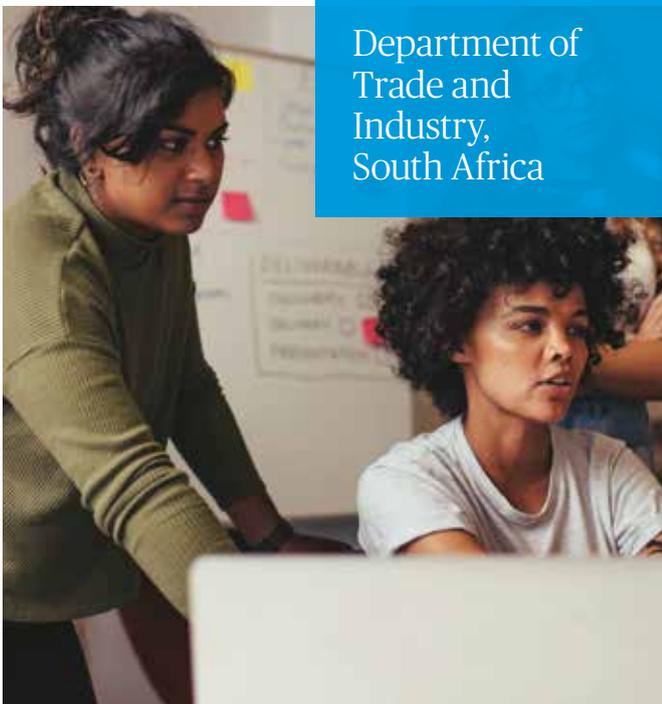
Making a ten-year commitment with the Department of Trade and Industry, we are supporting a range of small companies that provide services in areas where there is a skills shortage.

By upskilling business owners across South Africa, we have contributed to the creation of over 800 job opportunities in the past ten years – supporting the inclusion of people in rural areas, young people and women into the workforce. To date, 54 percent of suppliers through our programme are black female-owned businesses.

In a country with an official unemployment rate of 29 percent, we have taken almost 100 small businesses from basic business compliance to ISO 9001:2015 certification, helping them to bid for and win close to ZAR13m of work that required ISO certification.

SDG 5: Gender Equality

SDG 9: Industry, Innovation & Infrastructure





Managing mine closures across the globe, for a world-leading diamond company

We are supporting international diamond company De Beers to leave a positive legacy, helping create a sustainable, thriving future for the surrounding environments and local communities. As part of its mine closure rehabilitation programme, De Beers is in the process of closing three mines across Canada and South Africa, as well as continued closure planning across their wider portfolio, and commissioned us to set up a global closure programme management office to manage this.

The aim is to deliver a consistent approach to mine closure. By providing visibility of performance data, we are supporting this industry-leading company to drive cost efficiencies, reduce risk and improve mine closure standards.

SDG 11: Sustainable Cities & Communities

De Beers,
Global



PLASTIC ENERGY, The Netherlands

Diverting plastic waste away from landfill, incineration and our oceans

Leading chemical recycling company, PLASTIC ENERGY is building a new plant in the Netherlands to use its patented technology to convert end-of-life plastics into recycled oils to create clean recycled materials. The company's new operation in Geleen will contribute to the world's dependence on fossil fuels and supporting governments in reaching their recycling targets. By 2025, the company plans to convert at least 300,000 tonnes of low-value plastic waste into raw material for new plastic manufacturing. The facility, which is the largest of its size in the world, is due to be fully operational in 2022.

We were appointed to set up the project, including the programme, procurement strategy, value engineering, cost estimating, quantity surveying and project management.

SDG 9: Industry, Innovation & Infrastructure
SDG 11: Sustainable Cities & Communities

Transformational performance

To meet the continued global demand for construction development in a post COVID-19 world, the sector has to transform by increasing productivity and improving performance to deliver major projects and programmes in a more agile way.

As we move through the global COVID-19 crisis, governments across the developed and developing world continue to wrestle with the significant challenges of increasing urbanisation, digital disruption and the need to build a low-carbon emissions future.

While it is inevitable that global economies will be impacted by the pandemic, it is also clear that the need to drive growth, create employment and accelerate recovery will boost investment in both social and economic infrastructure.

A fragile, post COVID-19 global economy provides a vital incentive for a long-awaited transformation of the construction sector. It is critical we seize this moment to increase productivity and improve performance; to deliver complex projects and programmes in a more efficient way; to build a better built environment with sustainability at the core; to embrace digital technologies, modular design, and lean construction principles.

Improving productivity

The construction sector needs to identify and take clear steps towards a simpler, faster and higher-quality approach to delivery. We work with our clients to redefine their delivery strategies and processes and have shown how adopting innovative design and construction techniques such as Modern Methods of Construction and offsite fabrication can reduce cost, improve delivery and safety performance, and increase quality.

In Ireland, we applied this thinking and helped complete the country's largest modular ward extension at South Tipperary General Hospital in just 12 months. In Germany, we were appointed by the city of Hamburg to deliver around 15 school buildings using prefabrication and modular components, with around 36 buildings envisaged to be built by 2023.

Through our lean construction advisory services, we have helped a range of organisations including Transport for London embed new thinking into processes to drive out waste and increase productivity.

Embracing technology

Globally, construction remains significantly behind almost every other industrial sector in the use of technology and embracing the power of data. This must change if we are to meet the imperative to increase productivity and generate greater economic and social value.

The use of technology-enabled delivery approaches such as Building Information Modelling (BIM) and digital twins are enabling more efficient delivery, raising quality and reducing capital and operational costs over the whole life of assets. We are working with organisations to accelerate their use of technology, helping to develop integrated digital delivery and operational strategies which transform the management of their assets.

Establishing and developing collaborative supply chain relationships is critical to effective project delivery.

We use a range of innovative digital tools that can help owners to build resilience into their supply chains, simplifying communication and driving deeper collaboration to help promote better performance and drive quality outcomes.

Establishing partnerships

We work closely with our clients to set up their projects for successful delivery; building the right capabilities and execution strategies to deliver better programme outcomes. These partnerships are fundamental to driving collaborative behaviour across our projects, helping knowledge and capability to be shared across single delivery teams.

This partnering approach has underpinned our work with clients such as De Beers, and been critical as we helped to establish best-in-class delivery approaches across its projects globally. For every client, our ambition is to help them to define a robust business case that optimises the return on their investment. We then work together to create the delivery strategy and programme of work required to meet that need.

Leading change

The global challenge of urbanisation, digital disruption and net zero-carbon emissions creates an imperative for change across the construction sector. The COVID-19 crisis has put pressure on global economies but the need for investment to deliver increasing demands for social and economic infrastructure remains high. Our aim is to be a leader in the industry as it embraces change; driving transformation to reduce cost, boost productivity and improve outcomes across the whole life of assets.





Inland Rail, Australia

Our deep and long-lasting client partnerships are key to helping them embrace the new ideas, techniques and technologies that drive programme delivery efficiency across their portfolios of activity.

We will continue to lead an acceleration in the adoption of digital solutions across the built environment, helping our clients to embrace modern methods of design, construction and operation, and encouraging collaboration across the supply chain to deliver better outcomes.

Our goal is to become the industry partner of choice, creating and executing strategies that secure investment through a consistent approach to decision-making and risk management. Our ambition is to establish and deliver programmes for clients that move beyond simply being on time and on budget to set new industry standards for project performance and outcome.

Building a fast freight backbone to transform how goods move around Australia

Inland Rail is a once-in-a-generation project that will enhance supply chains and complete the backbone of the national freight network to better connect regional Australia to urban markets by reducing transit times for freight trains between Melbourne and Brisbane. Comprising 13 individual projects and spanning more than 1,700km, Inland Rail is one of the world's most significant infrastructure projects. At the peak of construction, Inland Rail will create more than 16,000 direct and indirect jobs and will boost Australia's GDP by AU\$16bn during project delivery and the first 50 years of operation.

We were appointed by the Australian Rail Track Corporation as programme management office provider to enhance project and programme controls, governance processes and to support effective decision-making across the entire project.

SDG 9: Industry, Innovation & Infrastructure

 [Read the full case studies online:
turnerandtownsend.com/annualreview](https://turnerandtownsend.com/annualreview)



70,000
new jobs created

Red Sea Development, Saudi Arabia

Developing a new luxury destination
in Saudi Arabia

The Red Sea Development is one of the Middle East's most ambitious programmes, and a project which will play a vital part in establishing Saudi Arabia as a major international tourism destination. Comprising 28,000 square km of islands, beaches, desert, mountains and volcanic areas, this project not only requires the construction of new hotels, beach fronts and recreational sites, but also necessitates the full installation of all major infrastructure works and utilities.

In total, the scheme is expected to create 70,000 new jobs and attract a million visitors a year. It also aims to protect and enhance Saudi Arabia's most important cultural treasures, all while delivering a destination which aspires to set new standards in sustainable development.

Using our expertise in both real estate and infrastructure, we have been able to provide the client with the assurance needed to undertake financial planning.

SDG 9: Industry, Innovation & Infrastructure



Changing the face of car showrooms to meet new consumer buying habits

Multinational automobile manufacturer, Nissan wanted to move from simply branding its buildings to developing a design that was adaptable to regional variations in customer expectations and buying habits. Technology is central to the Nissan customer experience. The design focuses on transitioning dealerships to a completely paper-free environment in the showroom by incorporating car configurator and design bars with touch screens. To date more than 2,000 dealerships have been upgraded in over 70 countries.

Stemming from a 30-year relationship, we have worked in partnership with Nissan to develop a multi-tiered delivery model with global and regional Project Management Offices, supported by a framework of local delivery project managers to deliver consistency across the global programme.

SDG 9: Industry, Innovation & Infrastructure



Nissan,
Global



Freeport LNG,
USA

Taking US gas global for Freeport LNG

In 2012, Freeport LNG launched a multibillion-dollar natural gas liquefaction project in Texas to deliver the most environmentally friendly gas liquefaction facility in the world. A crucial project for the region, Freeport LNG's economic investment will result in the creation of 24,000 to 30,000 direct and indirect jobs across the US. Furthermore, the facility is the first of its kind to operate with all-electric motor-driven compression which reduces emissions by 90 percent.

Providing an end-to-end service, we delivered a comprehensive, fully integrated project controls and cost management service. The managed service approach was to support crucial aspects of the project with the overall aim of reducing the risk and potential impact of cost and schedule overruns, while optimising investment for the project.

SDG 11: Sustainable Cities & Communities



Innovation and technology

The global construction sector is ready for a fundamental and long-overdue step change in the adoption of technology and its use of data. Embracing innovation is key to meeting growing client demands for more efficient solutions, faster delivery and better social and economic outcomes.

Every progressive, successful project is adopting a digital way of working. This includes embracing digital solutions and innovative ways to increase collaboration and the exchange of ideas; intelligent procurement to streamline contract management; blockchain to secure payment and delivery; BIM and digital twins to boost efficiency and accuracy of asset design, construction and operation.

The COVID-19 global crisis has shifted client thinking towards these digital solutions and increased demand for and reliance on communications technology. The pandemic has accelerated a trajectory we were already on towards the greater use of data and digitally enabled workflows.

Asset owners want high-quality outputs, delivered quickly and solutions that go beyond simply cutting costs. They demand solutions that boost the economy, drive growth, support society and help it to flourish. Finding the right business case to support investment in technology to secure smarter built environment solutions is vital.

Digital system transformation

This year has seen a step change in productivity following development of our own suite of digital tools as part of our project delivery. But they have also started to transform the wider industry's thinking and approach to smarter digital solutions. Our cost management suite of Apps is now being demanded by our global clients as they also seek to embrace digital thinking, arming them with more insight and intelligence to deliver better outcomes.

We have been partnering with some of the world's biggest companies to help drive forward innovative new products

and find the right solutions to problems. Most recently, we are helping AstraZeneca to enhance their digital initiatives, and our new real estate programme management platform, PACE, supports lean delivery processes with real-time project data analytics. We are working with clients such as Johnson Matthey towards driving efficiencies in the delivery of their capital programmes.

Our natural resources clients benefit from our QuantTum service, providing a fast, consistent and accurate means of developing, measuring and managing the quantity, weight and cost of their engineered facilities through design development and project delivery. This supports the creation of a true digital asset.

Driving efficiency and accuracy

Technology is already transforming construction project management, with tools such as Building Information Modelling (BIM) underpinning designs. We are currently supporting one of the UK's largest active BIM projects in the public sector for HM Revenue and Customs. This project demonstrates how small improvements across the design and construction process can accelerate delivery, bring assets into service to start generating revenue more quickly, and boost through-life performance.

Our digital transformation includes a range of tools that, in response to the global climate emergency, help our clients to meet their critical net zero-carbon emissions target. Our digital team has worked in partnership with our sustainability experts to build a carbon calculator that not only identifies embodied carbon within project cost plans, but also helps clients to

“ We have been partnering with some of the world's biggest companies to help drive forward innovative new products and find the right solutions to problems.”

understand the wider impact of their project and plan more sustainable design and procurement solutions.

Embedding technology

Using technology to help clients make investment decisions is critical; we use parametric modelling to help decide how business cases stack up, to speed up and improve decision-making.

This shift from judgement-based processes towards the use of data is key to enhancing outcomes for clients. Development of our Hive platform over the last two years has helped our clients to uncover vast amounts of insight and value from their stored capital project data. This has enabled us to help our clients to accelerate cost estimation and option planning throughout the design of repeatable assets such as data centres. Having piloted the tool with teams across UK business, it will soon be rolled out globally.

Technology and digital systems are not separated from the core business. We embed digital tools and processes into

all our project management services, radically transforming the way we deliver projects for our clients, creating clear market differentiation.

Creating future success

Our ambition is to be the stand-out provider of digital solutions, leading the way and building our own capability for the benefit of our industry. We are on a journey with our clients to demystify the benefits of technology investment; changing it from a leap of faith to become something that they do because it works and delivers measurable returns.

The future will start to see an acceleration in the link between the human side of technology and the machine side; redefining how the workplace is set up and helping the industry to reap the wider benefits of digital systems through greater collaboration and increased project efficiency, productivity, predictability and transparency.

We know that the use of data and digital technology are vital to securing the future of the sector, but understand that the first steps towards this new world are always the hardest. Our goal is to help clients embrace innovative solutions and technology so as to focus on investment decisions that transform their projects, their businesses and the whole industry.

Middle East Consultant Awards, UAE

Promoting innovative technology in the Middle East

Awarded the 'woman of the year' accolade at the Middle East Consultant Awards 2020, Associate Director Kaarin Kalavus has diverse experience delivering innovative technology solutions on some of the region's highest profile projects.

“We have been supporting clients to maximise the value BIM can provide, including developing virtual environments and animations to help decision-making processes on security protocols and facility operations.

“It's great to be recognised for the efforts and achievements in BIM and asset data, and see technology and data being acknowledged in the construction sector.

SDG 5: Gender Equality

SDG 9: Industry, Innovation & Infrastructure



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Driving cultural change through digital innovation

With BIM Level 2 mandated for all government-procured projects, delivering HM Revenue and Custom's (HMRC) largest estates transformation programme, of its scale and complexity, provides a unique opportunity to use BIM to drive innovative solutions in helping to achieve its ambition. Associate Director Sharon Osei is helping deliver the ambitious programme.

“ We have helped develop pioneering standards for government estates - creating a digital twin to align data between the design and operational stages of a building's lifecycle, and created an industry-led digital forum to facilitate supply chain innovation and collaboration. I am really proud to be part of this transformation programme, leading HMRC's innovation imperative for a modern, digitally connected estate that inspires its people.”

SDG 9: Industry, Innovation & Infrastructure



HM Revenue & Customs, UK

Trinity College Dublin, Ireland

Creating a modern, energy-efficient building in an historic setting

Trinity College Dublin undertook one of its largest capital projects to provide modern facilities to accommodate the growth of its business school. The university's plans spanned nearly 12,000 square metres, including a 600-seat auditorium, 140-seat lecture theatre and 200-seat café. As well as being a functional academic space, the building meets BIM Level 2.

We worked with Trinity College Dublin to manage the design and planning phase of the project to ensure it was delivered on time and budget. The building has been future-proofed by ensuring its energy performance complies with 'Nearly Zero Energy Building' standards, and it has a target reduction for primary energy and carbon emissions of over 60 percent.

SDG 9: Industry, Innovation & Infrastructure

SDG 11: Sustainable Cities & Communities



MTR Corporation, Hong Kong

5.9m

passengers on an average weekday

Improving the way the MTR Corporation manages its railway infrastructure projects

Carrying around 5.9 million passengers on an average weekday, Hong Kong's railway system is considered as one of the world's best urban railway systems in view of its cleanliness, ease of use, safety and reliability.

We were initially appointed to carry out an independent review into the works on the Shatin to Central Link project and to make recommendations about technological solutions which it could adopt in future projects. Our work has also supported MTR Corporation to set a clear framework for improvements to transform how its programme of works will be delivered in order to achieve better time, cost and quality results.

SDG 9: Industry, Innovation & Infrastructure



People: capacity and skills

In post COVID-19 markets, investment in major construction programmes as a means to stimulate growth will be more prevalent than ever before. Collectively, our industry will need to step up to deliver this unprecedented volume of work, build a highly skilled workforce that is more diverse and more productive, inspire and appeal to a new generation and keep the climate emergency at the forefront of our thinking.



Our global team of nearly 7,000 people draws on diverse thought, skills and experience to help our clients address their challenges.

As a result, our people and our work has been recognised by numerous project awards including the prestigious RICS social impact awards across the UK. We have also received several individual awards, including at the Middle East Consultant Awards and at the Indian Business Women Conference and Awards 2020.

While digital tools and new technologies are being embraced to boost productivity, it is our talent and the way we work that creates our difference.

We ask; we listen; we act

We value our amazing blend of people. Ensuring we do the right thing by them starts with an open dialogue, particularly as our business continues to grow at pace.

This year, our new quarterly Peakon employee survey provided another channel to help give our people a voice. We achieved an average score of 8.1 out of 10 for treating people from all backgrounds fairly and we were voted one of the best places to work in the Glassdoor Employees' Choice Awards.

“ We value our amazing blend of people. Ensuring we do the right thing by them starts with an open dialogue, particularly as our business continues to grow at pace.”

This feedback is encouraging, but we can always do more. Our ability to respond quickly to changing employee needs is critical and led to the recent launch of our “let’s talk...” employee round table events on diversity in response to the issues highlighted by the Black Lives Matter movement around the world.

A diverse business

In 2018, we committed to reaching 60:40 gender split across our business by 2025. Two years on, we are on track to meet this target. We are proud of the programmes we have put in place to support women in our business and

within our communities, particularly our career returners programme in the UK and The Bridge initiative in the USA.

Supporting indigenous communities continues to be a focus in response to the unacceptable inequality that exists around the world. Our Black Empowerment initiative in South Africa goes from strength to strength and in Australia our reconciliation journey has seen us take positive action to support first nation communities through our commercial projects, community outreach and talent pipelines.

We recognise the intrinsic link between diversity and wellbeing. In 2019, we grew our mental health first aider network and we became a premium supporter of the charitable programme, Mates in Mind, to drive the conversation about mental health in our industry. Our internal health, safety and well-being strategy has secured us ISO 45001 accreditations in Australia, Ireland, the UK and Singapore.

We were also acknowledged as Health & Safety Team of the Year at the UK Safety and Health Excellence Awards in 2019.



TT5000 futures,
Global

Addressing inequality in our communities

Our #TT5000futures campaign, which launched in June 2018, has reached over 15,000 lives worldwide through a range of education and employment programmes to help lift young people out of poverty.

When the COVID-19 lockdown took hold across the globe, we continued to work alongside our charity partnerships to support home learning. In the USA, our mentoring schemes moved online and in the UK, we worked with the National Literacy Trust to ensure each child in our programmes had a book of their own before schools closed. We also pivoted our Action for Children Education Fund to provide children with other vital home-learning supplies.

In Indonesia, we continued to support the building of school infrastructure and raised funds to build accommodation for key workers with our partner Habitat for Humanity.

After several years of intervention, results have shown that our work is helping to drive social mobility, inspire the next generation to join the construction industry and address the growing skills gap.

Addressing inequality and the industry skills gap through education and employment

Our education and employment programmes address inequality in our communities and tackle the growing skills gap in our industry. In June 2018, we launched our #TT5000futures campaign with the aim of reaching over 5,000 vulnerable children and young people around the world annually.

Our programmes are designed to broaden young people's understanding of STEM subjects, raise career aspirations and encourage people to pursue fulfilling careers within our industry. When schools closed in many of our markets this year, we quickly adapted our initiatives. Many teams globally were able to continue mentoring young people online, or reallocate donations to support home learning. Thanks to the dedication of our people we have reached over 15,000 lives in this way since 2018. Together we will continue to grow our education and employment programmes across the globe.

SDG 4: Quality Education

 Read the full case studies online:
turnerandtownsend.com/annualreview

Promoting gender parity in our industry

The Bridge initiative was established in North America to engage diverse communities with the aim of promoting gender equality in the workplace, influence change in our organisation and lead the way for industry change. Through enhancing networks, engaging with external organisations, hosting events, public speaking and much more, The Bridge has helped to increase the representation of women across our business. Louise Curran, Senior Cost Consultant at our Toronto office, leads The Bridge committee in Canada.

“Since the inception of The Bridge in 2018, our North American business has seen a five percent increase in the proportion of women in our workforce. The Bridge has raised the level of understanding of the importance of gender parity and enabled our business to foster a more inclusive workplace, bringing us one step closer to equality by supporting the best talent in our business and industry to thrive.”

SDG 5: Gender Equality



The Bridge,
Canada and
USA

Mental health first aiders network, Global

Promoting better mental health

The wellbeing of our people has always been at the forefront of our people strategy. Our established network of mental health first aiders is one way we are addressing this. Based in our offices, these volunteers provide support to people who might be struggling. Mark Boorman, a project director in the UK, is one of the volunteers.

“Our role is as a point of contact for employees who are experiencing poor mental health. We will make time to provide support and listen to them if they want to discuss how they are feeling confidentially.

“I believe that the more we encourage discussion to raise awareness, the better. The fact that we now have a network of mental health first aiders and that senior leadership are so engaged demonstrates that the mental health of our people is at the top of the agenda.”

SDG 3: Good Health & Wellbeing



Supporting the national reconciliation movement in Australia

As part of our commitment to being a responsible business, we are seeking to improve the social and economic status of Aboriginal and Torres Strait Islander communities and other Australians. Through our engagement with communities, work with partners and increased efforts to welcome indigenous communities into our industry, we hope to lead a lasting change – breaking down barriers and enabling the community to thrive.

Our initiatives include delivering a STEAM (science, technology, engineering, arts and mathematics) workshop with Transport for New South Wales, inspiring high school students to broaden their understanding of STEAM careers. We were also commissioned by the Department of Infrastructure Planning and Logistics to provide project management services to deliver a housing programme across remote Northern Territory indigenous communities. So far, 80 new homes were constructed, with a further 175 homes currently under construction.

SDG 4: Quality Education



Reconciliation
Action Plan,
Australia

Health and safety, Global

Improving health and safety outcomes

Our global health and safety team work in partnership with our clients to implement the latest strategies across health, safety and wellbeing, while supporting our HR teams to protect our people. Kome Adeosun, Health and Safety Officer, shares insight on some of our initiatives.

“Throughout COVID-19, we’ve worked with clients on fire risk assessments for high-risk residential properties, supported clients with their return to work strategies and trained individuals on the Institution of Occupational Safety and Health (IOSH) leading safely, as well as our unique accredited IOSH CDM ‘The Essentials Training’ virtually. We also partnered with Mates in Mind in the UK and rolled-out automatic external defibrillators with all necessary training worldwide.

“It’s amazing that our work has been recognised internationally. We achieved the ISO 45001 standard across multiple regions, which highlights the effectiveness of our steps to improve health and safety.”

SDG 3: Good Health & Wellbeing



Delivering strong results

Jeremy Lathom-Sharp
Finance Director

The financial performance in the year to 30 April 2020 has once again been very strong, with the results showing significant revenue growth, margin improvement and cash generation.



Basis of preparation

The financial results are extracted from financial statements prepared under International Financial Reporting Standards. Prudent accounting policies continue to be applied on a basis consistent with prior years, with the exception of the introduction of the new accounting standard, IFRS 16 Leases.

The Board has prepared a working capital forecast using assumptions as to future trading. These forecasts include the assessment of the impact of the recent global outbreak of COVID-19. While the duration and spread of the outbreak and the resultant economic impact is uncertain, various sensitivity analyses have been performed to assess the impact to future trading. The analyses show that in all scenarios considered, the Group continues to have a positive cash balance, a fully unutilised borrowing facility and meets the performance covenants within the borrowing facility. Based upon these projections and its cash balances, the directors have concluded that the Group has adequate working capital and therefore it is appropriate to use the going concern basis of preparation.

Revenue and profit

Our primary measure of revenue, net revenue, was £680.7m (2019: £580.2m), representing 17.3 percent growth over the prior year. Our turnover

(which includes sub-contract revenue) was £744.3m (2019: £639.9m). Revenue growth was strong across all segments – real estate (18.6 percent), infrastructure (15.4 percent) and natural resources (15.9 percent).

Net revenue growth was particularly strong in the Middle East (36.1 percent), the Americas (27.5 percent), and Europe (27.5 percent). Non-UK revenue represents 58.4 percent of consolidated revenue.

EBITA of £87.6m compares with £67.9m for the prior year, and EBITA margin was 12.9 percent (2019: 11.7 percent).

Taxation

The taxation charge for the financial year was £18.6m (2019: £14.3m), representing an effective rate of 21.5 percent (2019: 21.2 percent). The effective rate reflects the global nature of our business and the impact of varying tax rates across different jurisdictions.

Cash flow and working capital

Strong cash generation has continued through the financial year, reflecting the good cash management principles adopted throughout our business. This resulted in free cash flow of £65.0m (2019: £49.5m), and cash generation – defined as operating cash flow as a percentage of EBITDA – of 99 percent (2019: 97 percent). Cash conversion

over the last five financial years is 98 percent. Debtor days at the year-end were 55 (2019: 56), and our average debtor days across the financial year was 60 (2019: 60).

Working capital management continues to be a key discipline across our business. As our geographic reach has extended, significant attention continues to be placed on establishing appropriate working capital management behaviour in all territories, and this has been key to maintaining our strong cash flow performance.

Funding

Cash, net of overdrafts and bank loans, was £94.8m at 30 April 2020 (2019: £69.7m). Net funds, including long-dated loans due to former shareholders and excluding IFRS 16 lease liabilities, were £90.8m at the year-end date (2019: £63.2m).

Bank facilities established in November 2015, and extended in June 2020, provide Turner & Townsend with committed facilities of £80m until May 2022 to finance future operational cash requirements and selective acquisitions in line with our strategic aims. The facilities remain unutilised.



Pensions

Turner & Townsend operates a number of pension schemes across the global business. Additionally, the business maintains one closed defined benefit scheme arising from the UK business. This scheme was closed to new members in 1992 and to future accrual in 2006.

At 30 April 2020 the IAS19 deficit had decreased to £2.1m (2019: £3.9m), due primarily to contributions paid into the scheme.

Treasury

The treasury risks faced by Turner & Townsend include interest rate risk, foreign exchange risk, credit risk and liquidity risk. Instruments such as interest rate swaps have not been entered into to mitigate risk as these risks are considered to be low. A two percent increase to the cost of external finance would not have a material impact to profit before taxation. Contracts are mostly undertaken in the currency of local subsidiaries, and therefore foreign currency revenue streams are matched by the currency of the relevant cost base.

Financial highlights

Consolidated income statement

Year ended 30 April	2020 £000	2019 £000
Continuing operations		
Turnover	744,329	639,910
Sub-contract revenue	(63,619)	(59,712)
Net revenue	680,710	580,198
Staff costs	(491,862)	(414,773)
Other direct expenses	(34,245)	(33,368)
Depreciation	(14,857)	(6,159)
Other operating charges	(52,622)	(58,468)
Operating profit	87,124	67,430
Analysed as:		
Operating profit before amortisation	87,626	67,915
Amortisation	(502)	(485)
Operating profit	87,124	67,430
Finance income	663	254
Finance expenses	(1,444)	(457)
Net finance expenses	(781)	(203)
Share of profit of joint ventures, net of tax	274	207
Profit before taxation	86,617	67,434
Corporation tax expense	(18,632)	(14,309)
Retained profit for the financial year	67,985	53,125
Profit attributable to:		
Owners of the Company	67,365	52,977
Non-controlling interests	620	148
	67,985	53,125

Global footprint

111
Offices

45
Countries

98
Nationalities

11,991
Projects



The Americas

Net revenue
£159.1m

People
1,126

- | | | |
|---------------|---------------|----------------|
| Atlanta | New Jersey | Bogota |
| Boston | New York | Buenos Aires |
| Calgary | Ottawa | Lima |
| Chicago | Phoenix | Mexico City |
| Denver | Portland | Rio de Janeiro |
| Edmonton | San Francisco | Santiago |
| Houston | Seattle | São Paulo |
| Los Angeles | Tampa | |
| Minneapolis | Toronto | |
| Mountain View | Vancouver | |
| Nashville | Washington DC | |



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This document shares highlights of our story this year.



[Read the full case studies online: turnerandtownsend.com/annualreview](https://turnerandtownsend.com/annualreview)

UK

Net revenue
£283.3m

People
2,992

- Aberdeen
- Belfast
- Birmingham
- Bristol
- Cambridge
- Cardiff
- Edinburgh
- Glasgow
- Leeds
- London
- Manchester
- Newcastle
- Nottingham
- Reading
- Sheffield
- Teesside

Europe

Net revenue
£48.9m

People
450

- Amsterdam
- Atyrau
- Basel
- Berlin
- Dublin
- Frankfurt
- Hamburg
- Krakow
- Madrid
- Milan
- Moscow
- Munich
- Paris
- Rome
- Stavanger
- Stockholm
- Vienna
- Warsaw
- Zurich

Asia

Net revenue
£37.8m

People
712

- Bangalore
- Beijing
- Hanoi
- Ho Chi Minh City
- Hong Kong
- Jakarta
- Kuala Lumpur
- Macau
- Manila
- Mumbai
- New Delhi
- Seoul
- Shanghai
- Shenzhen
- Singapore
- Taipei
- Tianjin
- Tokyo

Middle East

Net revenue
£67.3m

People
555

- Abu Dhabi
- Al Khobar
- Doha
- Dubai
- Muscat
- Riyadh

Africa

Net revenue
£14.8m

People
308

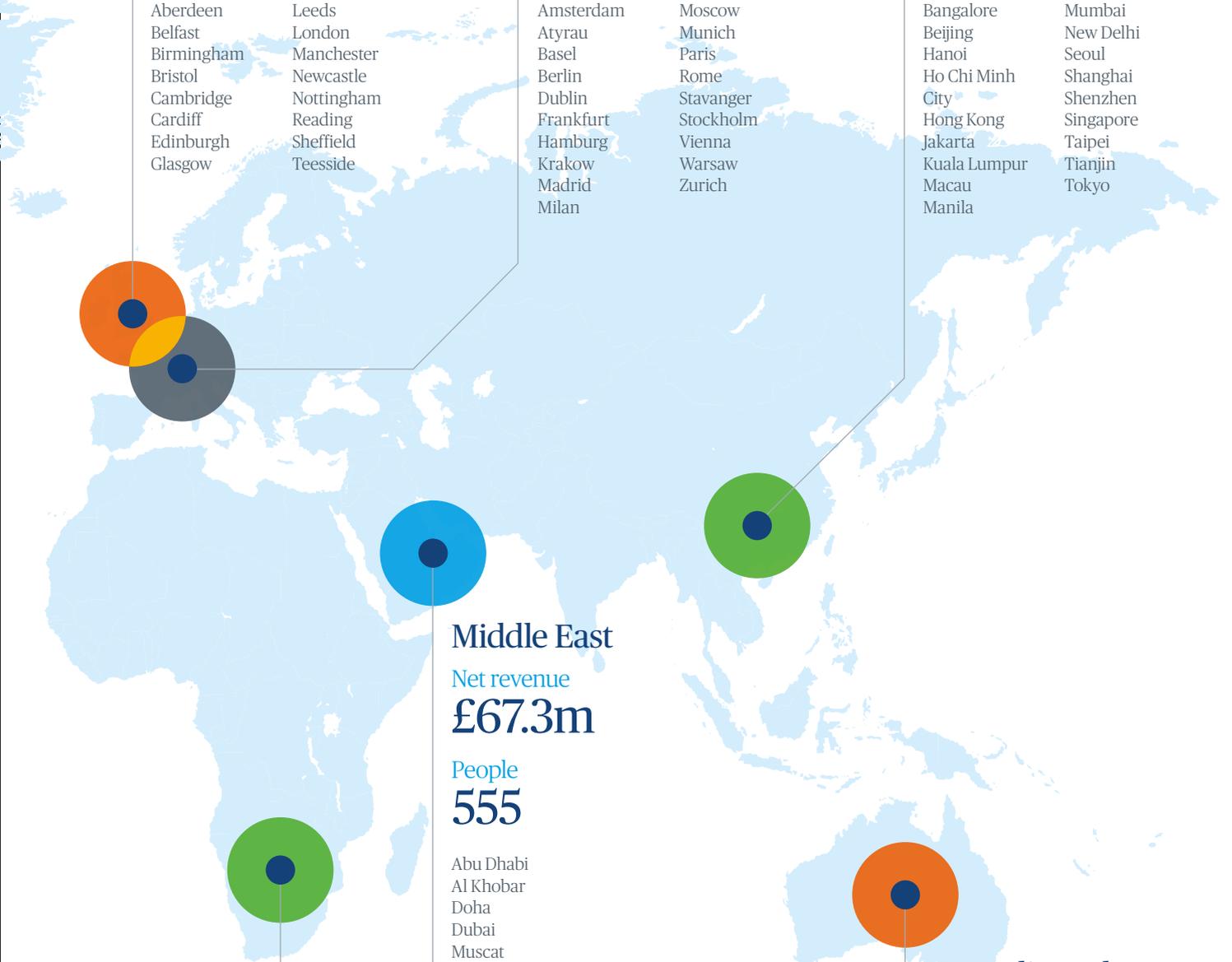
- Cape Town
- Dar es Salaam
- Durban
- Gaborone
- Harare
- Johannesburg
- Kampala
- Lagos
- Maputo
- Nairobi

Australia and New Zealand

Net revenue
£69.5m

People
646

- Adelaide
- Auckland
- Brisbane
- Cairns
- Canberra
- Christchurch
- Darwin
- Gold Coast
- Melbourne
- Nadi
- Perth
- Sydney
- Townsville



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