

2020

ANNUAL REPORT & ACCOUNTS

EXECUTIVE SUMMARY



Building a better future together

Forging future success together

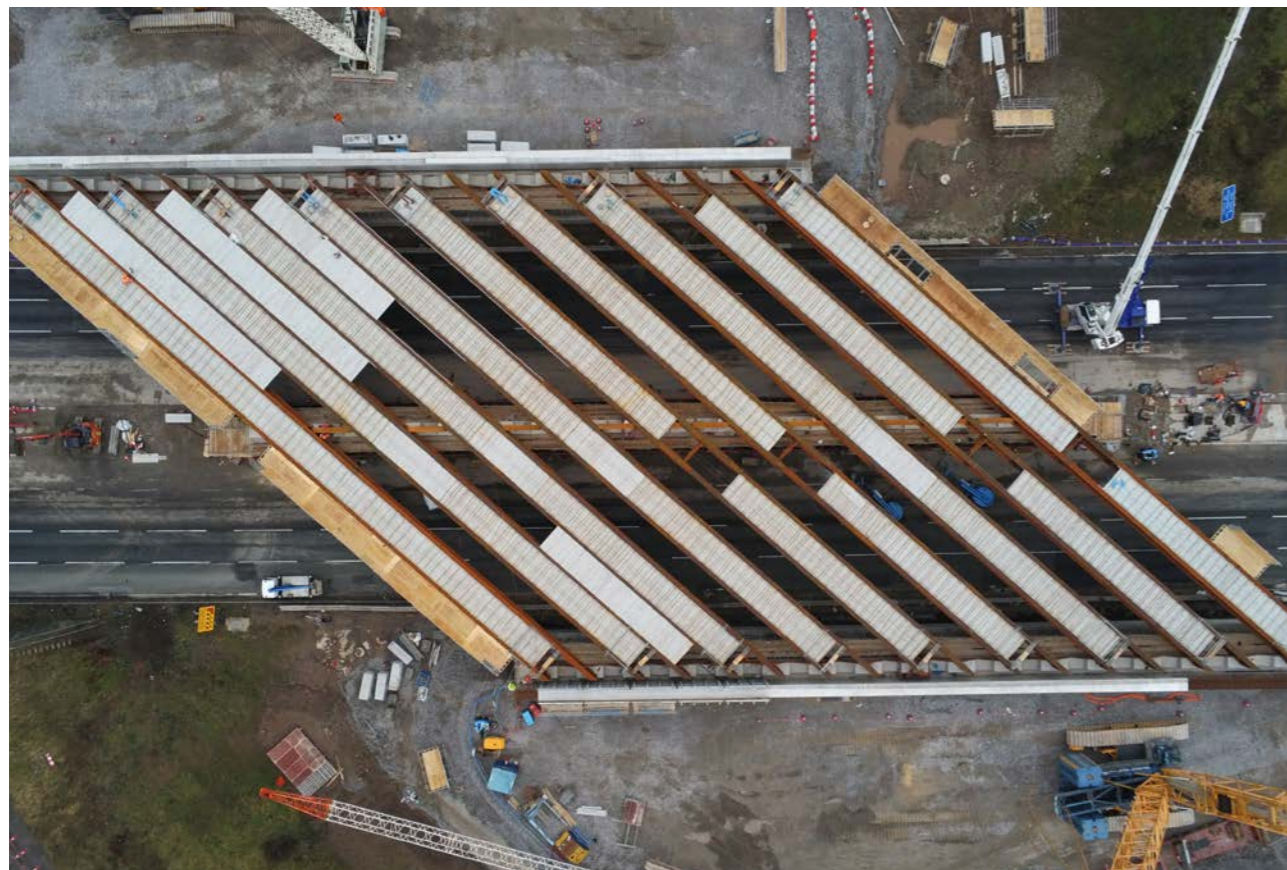
The five-year strategy we introduced in 2019 sets out a clear path to realising our vision of ‘proudly building Britain’s future heritage.’

We are instinctively a client-led business. We take the time and care necessary to understand them and adapt our offering to their evolving needs to help them achieve their ambitions.

Our projects, and their successful delivery, stand at the core of everything we do. Underpinning our approach is our Build Sure commitment to technical and engineering excellence, and to delivering exemplary projects safely, sustainably, on time, on budget and to the highest quality. Build Sure guides and informs our decisions as a business and we seize on every opportunity to leverage the quality and reputation afforded by our 152 years of experience.

As a values-led business it is not just what we do that matters, but how we do it, who it impacts and what positive legacy we can leave behind. These questions are considered from the first conversation about a project until we hand it over on completion.

In the midst of uncertain and unpredictable market conditions, resilience and cash management are critical to the ongoing future of the business. We have seen too many peers crack under the increasing pressure of this volatile environment, which is why we are meticulous in our planning and approach to protect the long-term viability of Sir Robert M^cAlpine, for our people and our clients.



New bridge construction over the M6 at junction 19, near Knutsford

“More than ever, we remain committed to becoming the Best Place to Work, placing Sir Robert M^cAlpine as a flexible, agile and inclusive business that welcomes everyone. I am resolute that these testing times, and the temporary financial impact of Covid-19, should not deter us from progress but galvanise us to strive for true change in the critical areas of climate change, equality and the digital transformation of construction.”

Paul Hamer, Chief Executive

Our financing strategy, which ensures we remain debt-free with no restrictive covenants and significant cash on the balance sheet, creates a robust, long-term foundation on which the business can confidently build.

In 2019, we conducted a strategic review to ensure that we maintain the robust financial position of the business for the long term and are best placed to serve our clients. This led to the decision to deepen our focus on projects in key sectors where we have proven expertise and experience.

The quality of our people and our commitment to technical and engineering excellence set us apart and with their support, we have an ambition to be the Best Place To Work. As a family business, we treat each other like family, and we want everyone joining us to feel welcome, whoever they are and whatever their background. We recognise that our diversity makes us a stronger, healthier, more resilient organisation which is why we are committed to inclusion and to inspiring industry-wide change.

Our people have been exemplary ambassadors of our values



As a family business, establishing trust and long-term relationships is a key part of how we operate, whether with our supply chain partners, our consultants or our clients. Half of our revenues are derived from working with our key clients, with whom we have been building relationships for decades. We regard such clients as part of our heritage and part of our wider family.

In order to sustain our success into the future, we will be investing in appropriate digital technology and harvesting our project and business data to seize on opportunities to help drive productivity and efficiency gains across all of our future projects.

With a clear strategy and a robust financial position, our business, which is underpinned by our strong heritage, a truly inclusive culture and enduring relationships with our clients, consultants and supply chain partners, clearly has the fundamentals in place to build a better future together.

Cover image: Sunrise over our Battersea Phase 3A project in London
Photograph courtesy of Nick Redman

Financial highlights

Building positive momentum and resilience for post Covid-19 recovery

Despite the adverse temporary impact of Covid-19 on profits, the company showed strong underlying performance, bolstered by the five-year strategy we started implementing in 2019.

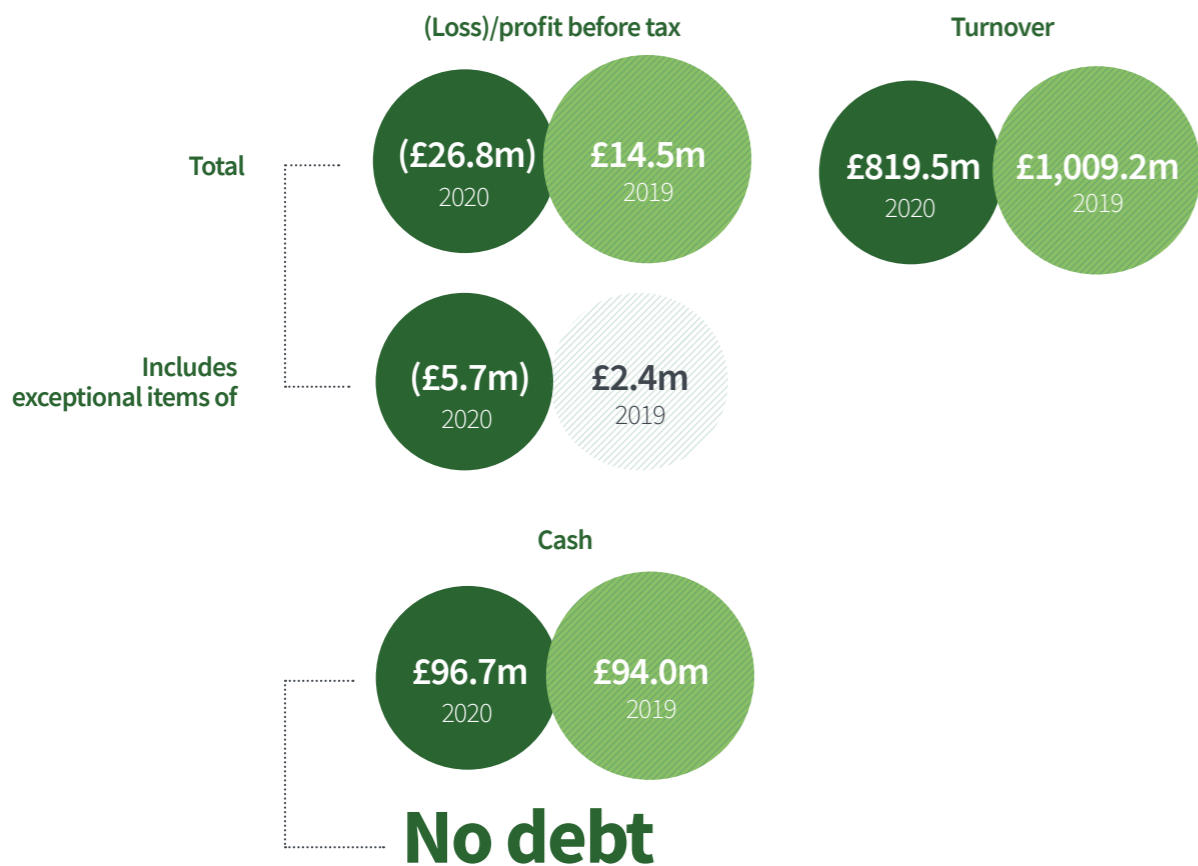
- The annual turnover was £819.5m in 2020, compared to 1,009.2m in 2019.
- The exceptional items for the year include a £5.1m charge for Covid-19 related restructuring (2019: £nil).
- Loss before tax is £26.8m in 2020, compared to a profit of £14.5m in 2019.
- Cash balances were ahead of the prior year at £96.7m in 2020, compared to £94.0m in 2019.

Our agility and flexibility enabled us to react quickly to mitigate the effects of the pandemic.

In addition, the strategic review we undertook at the start of the financial year led to a restructure, which aimed to reinforce our resilience amidst unpredictable market conditions and the long-term sustainability of the business.

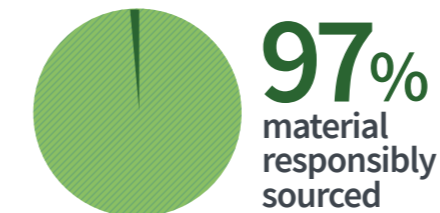
As a result of these measures, productivity levels have gradually increased during the course of the year and we have secured a healthy pipeline of work.

This positive outlook, combined with our robust cash position and the evidence that our strategy is delivering the desired outcome, fills us with the confidence that we are on the right path, building strong momentum towards recovery.



Non-financial performance indicators

Sustainability



500+
social value activities across the business

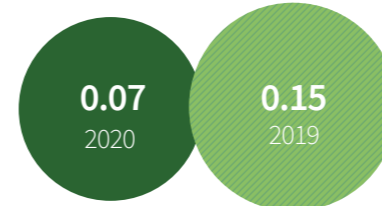
(Apprenticeships, school visits, jobs created, community events, charitable giving, volunteering etc)

4%
reduction in waste

(Measured in tonnes construction waste generated per £m turnover)

Health, safety and wellbeing

12 month rolling Accident Frequency Ratio (AFR)



We are working with industry peers to support Covid-19 safe construction guidance in England and Wales through Build UK, the Construction Leadership Council (CLC) and the Scottish Construction Groups in Scotland.

New performance metrics are being developed based around competence, process, culture, compliance and learning.

Diversity

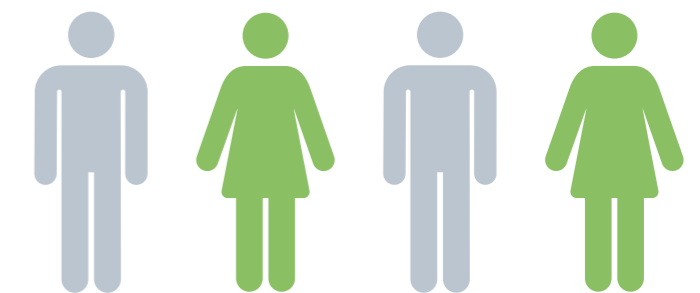


2 out of 6
Sir Robert M^cAlpine Board members are women



Mean gender pay gap 27.2%

Median gender pay gap 30.9%



This shows the mean and median difference in the fixed hourly earnings between men and women who work for Sir Robert M^cAlpine Ltd as at April 5th 2020.

One extraordinary year One extraordinary team

On 23rd March 2020, the country went into its first lockdown in response to Covid-19.

As a values-led family business, we were determined to put the safety and wellbeing of our people and those we work with first, whatever the cost. We were also determined to support the nation's effort to overcome Covid-19 and to do what we could to help those on the NHS front line.

This supported our Health and Safety team to produce a set of Covid-19 Specific Control Plans to reflect the Construction Leadership Council's Site Operating Procedures and Government guidance.

With safety an absolute priority, within days of lockdown the vast majority of our sites were closed to all but essential colleagues and security staff.

A Covid-19 Operations Group made up of senior leaders within the business was quickly established to ensure agile and decisive leadership. The group met daily throughout the crisis, keeping our people informed.

We constructed the Jersey Nightingale Hospital in just four weeks



Our heartfelt thanks go to all those who have given up their time to support our #NHSheroes



Where we could continue to work safely, whilst abiding by Public Health England and Government Guidance, we did so.

By the start of April, it was evident that the situation was not going to improve quickly and, in order to safeguard the long term future of our business and our people, we had to make the difficult decision to place many of our colleagues on furlough. Our people reacted with dignity and professionalism, despite the added pressures this brought to bear on both them and the skeleton staff who remained active in the business.

With many of our teams' working lives on hold, numerous colleagues showed their true colours, volunteering to help with NHS teams around the country.

The expertise and collaborative instincts of our healthcare team found their greatest expression in the Nightingale Hospitals they helped establish in Manchester and Jersey, as well as through operations in Preston and Bangor, projects and teams the company is extremely proud of.

During a time where everyone had to remain apart, bringing our people together was never more important. We introduced a series of virtual Call & Connect sessions which were instrumental in sharing knowledge, best practice and innovative ideas within the business.

By May, all but 15 of our sites were back up and running as our remobilisation operation got into full swing. As the summer went on, our people steadily returned from furlough as more and more of our sites were able to return safely to operation, so that by August some 98 per cent of projects were up and running with productivity back to pre Covid-19 levels, all thanks to the amazing efforts of our people and our supply chain.

With many of our people working from home, Covid-19 has brought to a head an issue we have been championing for some time as part of our drive to become the Best Place to Work: flexible working. We believe that flexible working can be an agent of building back better after the pandemic, and we are committed to finding sustainable flexible working solutions for everyone.

The Covid-19 pandemic has taught us a lot about who we are and where we are going as a business but perhaps more importantly it has reminded us of what a repository of skill, expertise and passion we have in our people.

Our family culture has played a vital role with our people recognising the need to look out for each other as well as themselves and working to accommodate the needs of team members when the demands get too much.

Proudly building Britain's future heritage

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