



## 3rd Quarter 2020 Business Update

9 November 2020

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# Contents

- Operational Update for 3rd Quarter 2020
- Financial Update for 3rd Quarter 2020



# OPERATIONAL UPDATE FOR 3RD QUARTER 2020

# Operational Update for 3rd Quarter 2020

Singapore exited the Circuit Breaker on 2 June 2020 and thereafter the Government has put in a phase approach to open the economy gradually and cautiously.

## Vehicle Inspection Business

The vehicle inspection business is back to normal as :

- Inspection for private cars including those that were deferred in 2Q 2020 have resumed from 8 June 2020;
- Inspection and emission testing for new car registrations have resumed from the re-opening of the COE bidding from 6 July 2020.

# Operational Update for 3rd Quarter 2020

## Non-Vehicle Testing Business

- Business has improved in 3Q 2020 compared to 2Q 2020. However the improvement was uneven for the different sectors that we served, especially the Construction industry where work progress was being hampered by several start-stops as a result of resurgence of Covid-19 in the dormitories around the August-September period.
- Besides the tepid work progress, there are also additional requirements to fulfil for workers in the Construction, Process and Marine industries such as:
  - Workers are required to undergo routine rostered testing every fortnightly;
  - Staggered off-days instead of Sundays;
  - Dedicated and safe transport arrangement between worksites and dormitories, split teams at sites etc. All these has significant impact to both costs as well as productivity.
- As a result, the non-vehicle testing business is expected to continue to face challenges ahead.

# Operational Update for 3rd Quarter 2020

## Government Assistance

- Government Relief of \$2.1 million mainly from Jobs Support Scheme and waiver and rebates on Foreign Worker Levy was received by the Group.

## Way forward

- VICOM will continue to watch and respond to the evolving COVID-19 crisis.
- We will work with the authorities to decisively intervene and prevent any outbreak at our workplaces and facilities.
- Our top priority is the safety and well-being of our staff and our customers.

**FINANCIAL UPDATE  
FOR  
3RD QUARTER & YTD SEP 2020**



# Income Statement - 3rd Quarter & YTD Sep 2020

	3Q 2020	3Q 2019	Fav/(Adv)		9 months to	9 months to	Fav/(Adv)	
	\$'000	\$'000	\$'000	%	30 Sep 20	30 Sep 19	\$'000	%
Revenue	22,199	26,403	(4,204)	(16)	62,039	77,506	(15,467)	(20)
Operating Costs	(13,941)	(17,870)	3,929	22	(42,337)	(52,156)	9,819	19
Operating Profit	8,258	8,533	(275)	(3)	19,702	25,350	(5,648)	(22)
Profit After Tax	6,967	7,277	(310)	(4)	16,868	21,410	(4,542)	(21)
Profit after Tax and Minority Interest (PATMI)	6,823	7,153	(330)	(5)	16,522	21,052	(4,530)	(22)
EBITDA	10,066	10,367	(301)	(3)	25,152	30,960	(5,808)	(19)
Operating Profit before COVID-19 Government Reliefs	6,163	8,533	(2,370)	(28)	13,796	25,350	(11,554)	(46)
COVID-19 Government Reliefs	2,095	-	2,095	NM	5,906	-	5,906	NM
Operating Profit after COVID-19 Government Reliefs	8,258	8,533	(275)	(3)	19,702	25,350	(5,648)	(22)

*NM - Not Meaningful*



# Income Statement - 3rd Quarter & YTD Sept 2020

## 3Q 2020 versus 3Q19

- Revenue ↓\$4.2 million – Lower revenue mainly from lower business volumes affected by the impact of COVID-19.
- Operating Costs ↓\$3.9 million – Contributed by COVID-19 Government reliefs of \$2.1 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy and lower operating costs of \$1.9 million. The decrease in operating cost mainly from lower staff costs and other variable cost in tandem with lower revenue.
- Operating Profit ↓\$0.3 million – Lower revenue offset COVID-19 Government reliefs and lower operating cost.
- PATMI ↓\$0.3 million – As a result of the above and lower interest income offset by lower tax expenses.

## YTD Sep 2020 versus YTD Sep 2019

- Revenue ↓\$15.5 million – Lower revenue mainly from lower business volumes affected by the impact of COVID-19.
- Operating Costs ↓\$9.8 million – Contributed by COVID-19 Government reliefs of \$5.9 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy and lower operating costs of \$3.9 million. The decrease in operating cost mainly from lower staff costs and other variable cost in tandem with lower revenue.
- Operating Profit ↓\$5.6 million – Lower revenue offset by COVID-19 Government reliefs and lower operating cost.
- PATMI ↓\$4.5 million – As a result of the above and lower interest income offset by lower tax expenses.

In summary, the results for 3Q 2020 and YTD Sep 2020 were impacted by the effects of COVID-19 but mitigated by the Government Reliefs mainly from the Jobs Support Scheme as well as waiver and rebates on Foreign Worker Levy and lower operating cost.

## Income Statement – Quarter on Quarter 2020

	1Q 2020	2Q 2020	3Q 2020
	\$'000	\$'000	\$'000
Revenue	25,304	14,536	22,199
Operating Costs	(16,373)	(12,023)	(13,941)
Operating Profit	8,931	2,513	8,258
Profit After Tax	7,446	2,455	6,967
Profit after Tax and Minority Interest (PATMI)	7,328	2,371	6,823
EBITDA	10,749	4,337	10,066

<b>Operating Profit/(Loss) before COVID-19 Government Reliefs</b>	<b>8,931</b>	<b>(1,298)</b>	<b>6,163</b>
COVID-19 Government Reliefs	-	3,811	2,095
<b>Operating Profit after COVID-19 Government Reliefs</b>	<b>8,931</b>	<b>2,513</b>	<b>8,258</b>

# Income Statement – Quarter on Quarter 2020

## Quarter on Quarter 2020

Q1 2020 – Performance normal and not impacted by COVID-19;

Q2 2020 – Performance impacted by effects of COVID-19 and Circuit Breaker.

The Group would have incurred an operating loss of \$1.3 million if Government Reliefs of \$3.8 million was excluded.

Q3 2020 - Performance improved after exiting from Circuit Breaker on 2 June 2020

The Group's operating profit was \$6.2 million if the Government Reliefs of \$2.1 million was excluded.

# Balance Sheet

	Sep 2020	Dec 2019	Fav/(Adv)	
	\$'000	\$'000	\$'000	%
Cash & Cash Equivalents	89,216	92,851	(3,635)	(3.9)
Other Current Assets	10,424	18,029	(7,605)	(42.2)
Non-Current Assets	100,196	94,164	6,032	6.4
<b>Total Assets</b>	<b>199,836</b>	<b>205,044</b>	<b>(5,208)</b>	<b>(2.5)</b>
Current Liabilities	39,153	38,902	251	0.6
Non-Current Liabilities	33,262	33,852	(590)	(1.7)
<b>Total Liabilities</b>	<b>72,415</b>	<b>72,754</b>	<b>(339)</b>	<b>(0.5)</b>
<b>Total Equity</b>	<b>127,421</b>	<b>132,290</b>	<b>(4,869)</b>	<b>(3.7)</b>

- Decrease in total assets mainly due to lower cash & cash equivalents and other current assets offset by increase in non-current assets.
- Decrease in total liabilities mainly due to decrease in lease liabilities offset by higher provision for taxation.

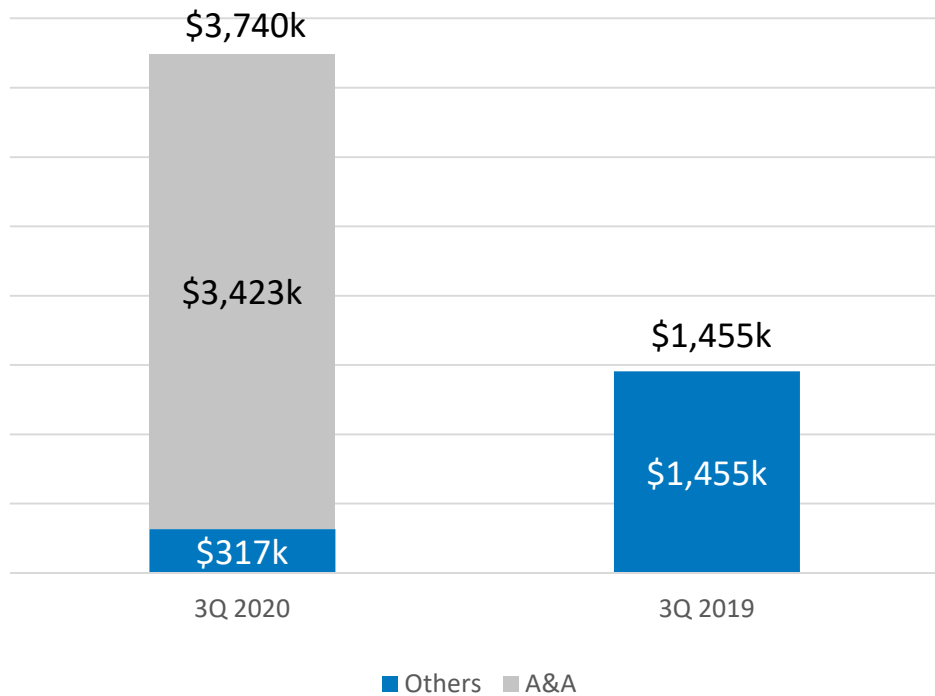


# Cashflow

	3Q 2020	YTD Sept 2020
	(\$'000)	(\$'000)
Cash from Operating Activities	12,143	28,461
<u>Utilisation of Cash:</u>		
CAPEX	(3,740)	(10,977)
Payments under lease liability	(336)	(1,007)
Dividends to Shareholders and non-controlling interests	-	(21,777)
Total Utilisation of Cash	(4,076)	(33,761)
Interest Received	305	1,608
Proceeds from disposal of vehicles, premises & equipment	27	37
Net effect of exchange rate changes in consolidating	(16)	20
<b>Net Cash Generated</b>	<b>8,383</b>	<b>(3,635)</b>

# CAPEX

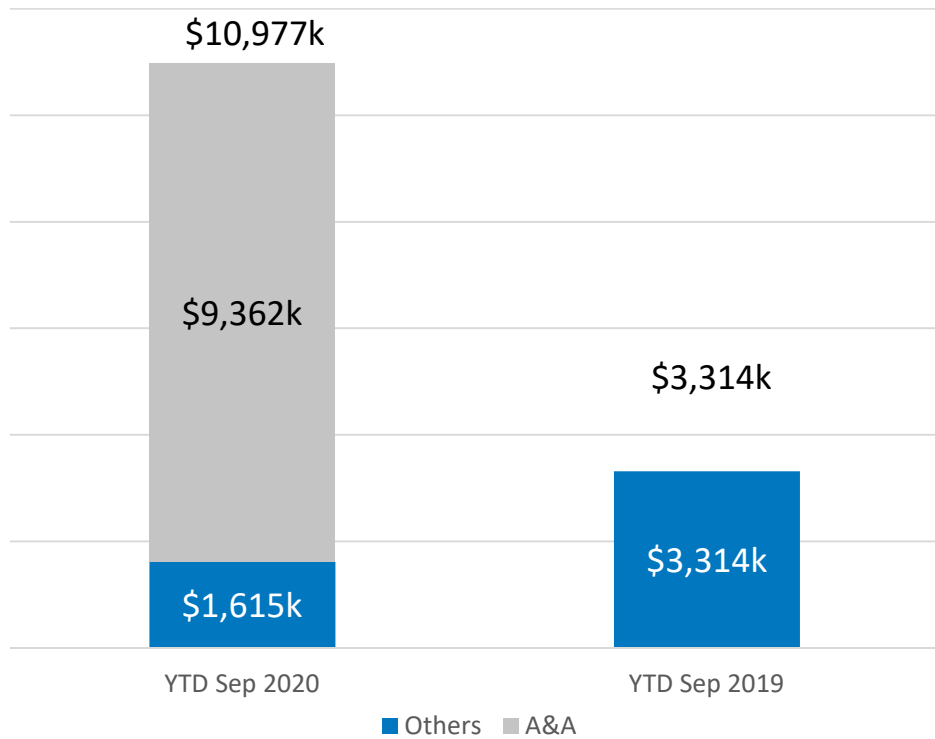
## CAPEX 3Q 2020 vs 3Q 2019



- CAPEX ↑ \$2,285k –
- Progressive payments for Addition & Alteration works (A&A) at the new premise in Bukit Batok of \$3,423k offset by decrease in other CAPEX of \$1,138k.

# CAPEX

## CAPEX YTD Sep 2020 vs YTD Sep 2019



- CAPEX ↑ \$7,663k –
- Progressive payments for Addition & Alteration works (A&A) at the new premise in Bukit Batok of \$9,362k offset by decrease in other CAPEX of \$1,699k.



# Financial Summary

## Financial Performance

- The 3Q 2020 results were still impacted by the effects of COVID-19 but have gradually improved in the post Circuit Breaker period and were also mitigated by the Government Reliefs.
- The Group has returned to profitability in 3Q 2020 as compared to a loss in 2Q 2020 before Government Reliefs.

## Financial Position

- Strong and resilient balance sheet
- Healthy cash balance of \$89.2 million

## Cash Flow

- CAPEX incurred mainly on the progressive payments for “Additions & Alterations” works at the new premise in Bukit Batok with deferring of non-essential CAPEX to conserve cash
- Net cash generated of \$8.4 million during 3Q 2020

**THANK YOU**