



3rd Quarter 2021 Business Update

9 November 2021

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COVID-19 UPDATE FOR 3RD QUARTER 2021

COVID-19 Update for 3rd Quarter 2021

- With Singapore's shift in strategy to endemicity, the Ministry of Health (MOH) announced a set of simplified Health Protocols for better management of COVID-19 cases and to reduce disruption to business.
- Vaccination drive has progressed well, VICOM has achieved 99% vaccination rate of staff by end Q3 2021.
- Jobs Support Scheme is much reduced in 2021 as announced in Budget 2021 and extension of JSS is only for selected industries.
- Singapore economy is expected to recover progressively but with significant disparity in performance across industries.
- Resurgence of COVID-19 remains a lingering threat.

OPERATIONAL UPDATE FOR 3RD QUARTER 2021

Operational Update for 3rd Quarter 2021

Vehicle Inspection Business

- The vehicle inspection business is stable and operating at pre-COVID-19 level.

Non-Vehicle Testing Business

- Business continued to improve in 3Q 2021.
- However, the improvement was uneven for the different sectors that we served, especially the Construction, Marine and Process industries where some activities at the work sites have slowed down as a result of rising COVID-19 cases. In addition, work activities of these industries continued to be affected by supply chain disruptions and shortage of labour due to border restrictions.
- As a result, the non-vehicle testing business is expected to continue to face challenges ahead.

**FINANCIAL UPDATE
FOR
3RD QUARTER & YTD SEP 2021**

Income Statement - 3rd Quarter & YTD Sep 2021

	3Q 2021	3Q 2020	Fav/(Adv)		9 mths to 30 Sep 21	9 mths to 30 Sep 20	Fav/(Adv)	
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Revenue	26,280	22,199	4,081	18	75,440	62,039	13,401	22
Operating Costs	(18,332)	(13,941)	(4,391)	(31)	(52,552)	(42,337)	(10,215)	(24)
Operating Profit	7,948	8,258	(310)	(4)	22,888	19,702	3,186	16
Profit After Tax	6,465	6,967	(502)	(7)	18,706	16,868	1,838	11
Profit after Tax and Minority Interest (PATMI)	6,333	6,823	(490)	(7)	18,334	16,522	1,812	11
EBITDA	9,754	10,066	(312)	(3)	28,129	25,152	2,977	12
Operating Profit before COVID-19 Government Reliefs	7,464	6,163	1,301	21	21,183	13,796	7,387	54
COVID-19 Government Reliefs	484	2,095	(1,611)	(77)	1,705	5,906	(4,201)	(71)
Operating Profit after COVID-19 Government Reliefs	7,948	8,258	(310)	(4)	22,888	19,702	3,186	16

Income Statement - 3rd Quarter & YTD Sep 2021

3Q 2021 versus 3Q 2020

- Revenue ↑\$4.1 million – Higher revenue mainly from the recovery of the Singapore economy and the lower base after Circuit Breaker in 2Q 2020.
- Operating Costs ↑ \$4.4 million – Higher operating costs of \$2.8 million in tandem with higher business volume and the lower COVID-19 Government reliefs of \$1.6 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy .
- Operating Profit ↓\$0.3 million – Higher Operating profit before COVID-19 Government relief of \$1.3 million offset by lower COVID-19 Government relief of \$1.6 million.
- PATMI ↓\$0.5 million – Lower Operating Profit after COVID-19 Government reliefs, lower interest income and higher tax expenses. The higher tax expenses was due to a lower effective tax rate last year from higher Job Support Scheme which were not taxable.

Income Statement - 3rd Quarter & YTD Sep 2021

YTD Sep 2021 versus YTD Sep 2020

- Revenue ↑ \$13.4 million – This was largely due to a stronger 2Q 2021 by \$10.6 million which benefitted from the absence of a complete lockdown which was in effect in the corresponding period in 2Q 2020.
- Operating Costs ↑ \$10.2 million – Higher operating costs by \$6.0m in tandem with higher business volume coupled with lower COVID-19 Government reliefs of \$4.2 million in Jobs Support Scheme, waiver and rebates of Foreign Worker Levy.
- Operating Profit ↑ \$3.2 million – Higher Operating Profit before COVID-19 Government reliefs of \$7.4 million offset by lower COVID-19 Government relief of \$4.2 million.
- PATMI ↑ \$1.8 million – Higher Operating Profit after COVID-19 Government reliefs, lower interest income and higher tax expenses due to a lower effective tax rate last year from higher Job Support Scheme which were not taxable.

Income Statement – Quarter on Quarter 2021

	1Q 2021	2Q 2021	3Q 2021
	\$'000	\$'000	\$'000
Revenue	24,074	25,086	26,280
Operating Costs	(16,438)	(17,782)	(18,332)
Operating Profit	7,636	7,304	7,948
Profit After Tax	6,273	5,968	6,465
Profit after Tax and Minority Interest (PATMI)	6,158	5,843	6,333
EBITDA	9,376	8,999	9,754

Operating Profit before COVID-19 Government Reliefs	7,050	6,669	7,464
COVID-19 Government Reliefs	586	635	484
Operating Profit after COVID-19 Government Reliefs	7,636	7,304	7,948

- Quarter to Quarter growth in Revenue averaging 4.5%.
- Operating Profit margin remains stable at around 30%.

Balance Sheet

	Sept 2021	Dec 2020	Fav/(Adv)	
	\$'000	\$'000	\$'000	%
Cash & Cash Equivalents	69,669	93,196	(23,527)	(25.2)
Other Current Assets	13,278	12,271	1,007	8.2
Non-Current Assets	111,488	102,431	9,057	8.8
Total Assets	194,435	207,898	(13,463)	(6.5)
Current Liabilities	41,683	39,213	2,470	6.3
Non-Current Liabilities	32,075	33,233	(1,158)	(3.5)
Total Liabilities	73,758	72,446	1,312	1.8
Total Equity	120,677	135,452	(14,775)	(10.9)

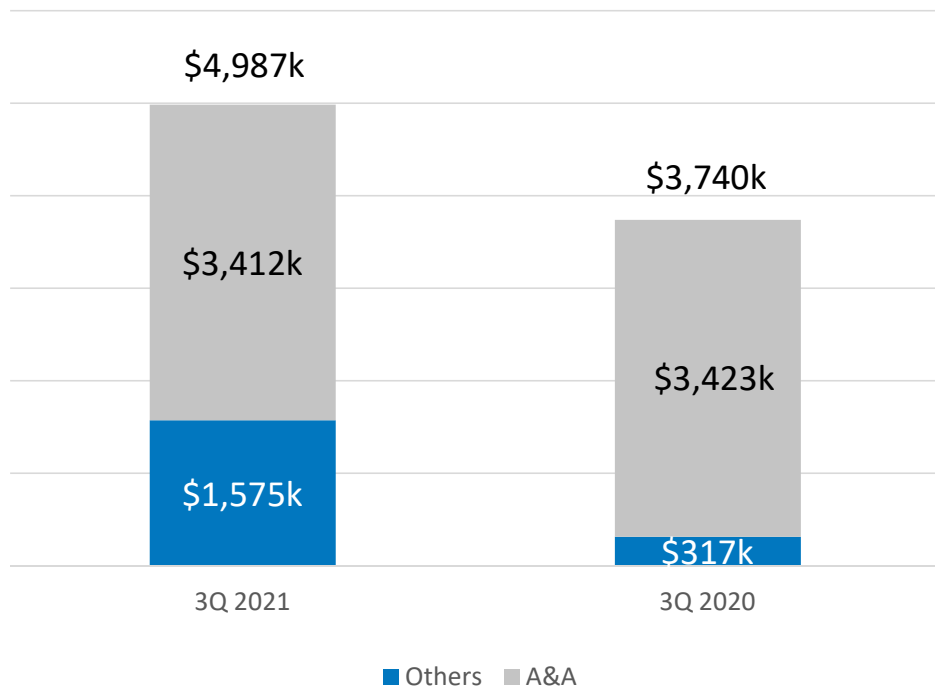
- Decrease in cash & cash equivalents of \$23.5 million mainly from dividend payments and CAPEX offset by cash generated from operations.
- Increase in non-current assets of \$9.1 million mainly from additions in CAPEX offset by depreciation.
- Increase in total liabilities of \$1.3 million mainly from the increase in trade and other payables offset by decrease in provision for taxation and lease liabilities.

Cashflow

	3Q 2021	YTD Sept 2021
	(\$'000)	(\$'000)
Cash from Operating Activities	12,340	24,853
Utilisation of Cash:		
Dividends to Shareholders and non-controlling interests	(10,999)	(33,533)
CAPEX	(4,987)	(13,370)
Purchases of unquoted equity instruments held at FVTOCI	(925)	(925)
Payments under lease liability	(269)	(826)
Total Utilisation of Cash	(17,180)	(48,654)
Interest Received	41	216
Proceeds from disposal of vehicles, premises & equipment	14	31
Net effect of exchange rate changes in consolidating subsidiaries	32	27
Net Cash Used	(4,753)	(23,527)

CAPEX

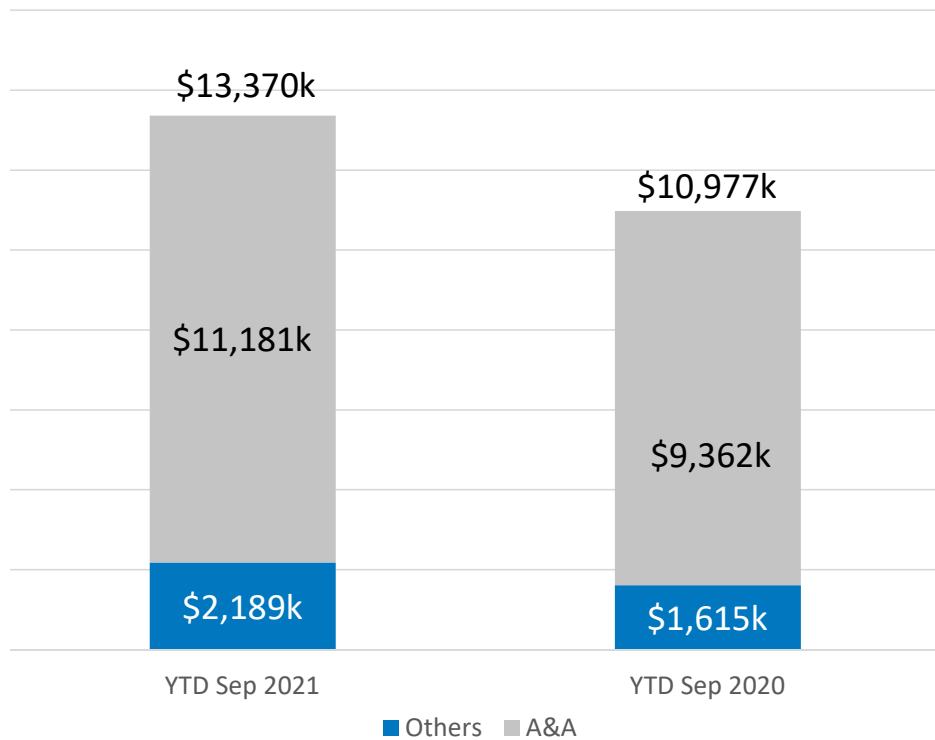
CAPEX 3Q 2021 vs 3Q 2020



- CAPEX ↑ \$1,247k mainly from the purchases of machinery & equipment for new capabilities as well as for replacement.

CAPEX

CAPEX YTD Sep 2021 vs YTD Sep 2020



- CAPEX ↑ \$2,393k due to higher progress payments of \$1.8m for Addition & Alteration works (A&A) at the new premise in Bukit Batok and other CAPEX of \$0.6m.

Financial Summary

Financial Performance

- Revenue continued to improve for 3Q 2021 which was higher by \$4.1m or 18% against 3Q 2020.
- Operating profit before Government relief was higher by \$1.3m or 21% against 3Q 2020.
- PATMI for 3Q 2021 was lower by \$0.5m or 7%. This was due to lower COVID-19 Government relief of \$1.6m offset by the higher profits generated in 3Q 2021.

Financial Position

- Strong and resilient balance sheet.
- Healthy cash balance of \$69.7m to weather prevailing uncertainties.

Cash Flow

- Net cash of \$4.8m used during 3Q 2021.

THANK YOU