

VICOM'S RESULTS
FOR THE HALF YEAR ENDED 30 JUNE 2023

- *Revenue for the first six months increased by 4.8% to \$55.9 million.*
- *Group operating profit increased by 0.3% to \$16.6 million.*
- *Net profit attributable to Shareholders increased by 6.3% to \$13.9 million.*
- *An interim dividend of 2.75 cents has been declared.*

Singapore, 11 August 2023 – VICOM Ltd today announced its unaudited results for the half year ended 30 June 2023.

Highlights:

	1H2023 (\$m)	1H2022 (\$m)	% change
Revenue	55.9	53.3	4.8
Operating Profit	16.6	16.5	0.3
Net Profit Attributable to Shareholders	13.9	13.1	6.3
EBITDA	20.3	20.1	0.1
EPS - cents	3.93	3.70	6.2

Group Performance:

Group revenue increased by 4.8% or \$2.6 million to \$55.9 million attributable largely to higher business volumes from the non-vehicle testing services. The demand in vehicle testing services also increased with the National Environment Agency's adoption of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) to determine fuel consumption and emission levels for light commercial vehicles from April 2023.

Group operating costs increased by 6.8% or \$2.5 million to \$39.3 million year-on-year due mainly to higher staff costs and lower write-back of allowance for expected credit losses.

Consequently, Group's operating profit grew by 0.3% to \$16.6 million for the period under review.

Net profit attributable to shareholders increased by 6.3% to \$13.9 million, contributed by the higher interest income earned for the period under review.

VICOM Chief Executive Officer Sim Wing Yew said: "The Group's top line increased in the first half of this year despite intense competition and high inflationary rates. The pressure on profit margin due to these factors remains a concern.

As part of our efforts to expand into new areas, we recently acquired An Security Pte Ltd. It is in the business of providing Information Technology security evaluation and testing services for cybersecurity products such as smart devices, as well as consultancy in this domain. With rising threats in our digital era, we expect this to be a new growth area."

Dividend:

A tax-exempt one-tier interim dividend of 2.75 cents per share has been declared representing a payout ratio of 70%.

In 2017, the Group raised its Dividend Payout Ratio ("DPR") from 50% to 90% with the objective of returning surplus cash to Shareholders. As a result, the Group's cash and cash equivalents decreased from \$108.5 million in 2017 to \$50.0 million in 1H2023.

In view of the capital expenditure required for the Group's expansion plans, which includes a major investment in a new testing and inspection centre at Jalan Papan, the Directors have approved a revision of the DPR from 90% to 70% of Net Profit attributable to Shareholders.

Commentary:

Demand for vehicle testing is expected to remain stable. While the inspection volume is expected to be lower due to the cyclical nature of periodic inspection, the demand for new car registration and emissions testing services is expected to be higher due to the increase in the Certificate of Entitlement quota.

Demand for non-vehicle testing is expected to slow down in tandem with the Singapore economy.

As such, the Group maintains a cautious outlook for the year.

Background

VICOM Ltd is Singapore's leading provider in inspection and technical testing services, offering a comprehensive range of inspection and testing services in vehicle and non-vehicle testing fields including mechanical, biochemical, civil engineering and non-destructive testing.

For further clarification, please call:

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