

Regulatory Story

[Go to market news section](#)



Petards Group PLC - PEG Trading Update
Released 07:00 04-Feb-2020



RNS Number : 8264B
Petards Group PLC
04 February 2020

4 February 2020

PETARDS GROUP PLC ("Petards" or the "Group") Trading Update

Petards, the AIM quoted developer of advanced security and surveillance systems, provides an update on trading following the end of its financial year on 31 December 2019.

The Group's result to be reported for the year ended 31 December 2019, while not yet finalised, is expected to be a loss before tax. This is primarily due to a customer, late in the year, re-scheduling *eyeTrain* system deliveries into 2020, coupled with much lower than forecast profitability on two unrelated rail projects.

The Group expects to report 2019 revenues of £15.8 million compared with a market expectation of £17.3 million, and net debt of £0.5 million (including additional lease liabilities recognised under IFRS 16 of £0.4 million) compared with £0.7 million net debt reported at 30 June 2019. The Group's order book at 31 December 2019 remains in the region of £15 million.

During the process of completing its year end project reviews, issues have been identified on two projects. Both projects are in their final phases and as they are near completion, most of their related revenues have already been recognised. While these issues result in significant reductions in project profitability and provisions against contract work-in-progress held, both projects remain profitable. Furthermore, as most of the project costs have already been incurred, these are not expected to have a material on-going cash impact. Importantly, both projects differ from those usually undertaken by the Group and these issues have no impact on any other projects in its order book or pipeline.

The first project relates to an *eyeTrain* system supply and installation contract, whereas the Group usually only contracts on a system supply-only basis. This project is the only *eyeTrain* installation the Group has contracted to undertake in over ten years. It is now evident that the costs relating to the installation element of this contract, which was subcontracted by Petards, will be significantly higher than was previously anticipated and only a small element of the cost overrun is expected to be recoverable from the customer.

The second affected project has experienced delays in the train commissioning programme that falls outside of Petards' control. Consequently, additional project and engineering costs have been and continue to be incurred by the Group and

the overall forecast project outcome has been re-assessed on the assumption that these costs are unlikely to be recoverable.

Raschid Abdullah, Chairman of Petards Group plc said:

"While it is disappointing to report on the lower than expected 2019 revenues due to customer re-scheduling and on the impact this and the higher project costs have had on profitability, the Group remains in good shape.

"Following the Group's significant investment in recent years, and with little further investment in product development anticipated to be required in 2020, the Group expects to be net cash generative in the coming year and the Board remains confident of the Group's future prospects."

Contacts:

Petards Group plc

Raschid Abdullah, Chairman

www.petards.com

Mb: 07768 905 004

WH Ireland Limited, Nomad and Joint Broker

Mike Coe / Chris Savidge

www.whirelandplc.com

Tel: 0117 945 3470

Hybridan LLP, Joint Broker

Claire Louise Noyce

www.hybridan.com

Tel: 020 3764 2341

claire.noyce@hybridan.com

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

TSTUORARROURUR

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.

©2014 London Stock Exchange plc. All rights reserved

Update - RNS