

Regulatory Story

[Go to market news section](#)



Petards Group PLC - PEG COVID-19 Update
Released 07:00 24-Apr-2020



RNS Number : 7203K
Petards Group PLC
24 April 2020

24 April 2020

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

COVID-19 Update

Petards, the AIM quoted developer of advanced security and surveillance systems, issues the following COVID-19 update.

Business Operations

The priority of the Group remains the health and wellbeing of its staff, customers and their families during these unprecedented times and the Group is following government guidance on working practices to ensure their safety.

The Group's offices and facilities remain open and are operating effectively with a variety of safety measures to ensure social distancing and enhanced cleaning regimes. All members of staff who can work from home have been doing so since mid-March. For those staff who are unable to work from home the Group has extended the opening hours of its main facilities, thereby enabling overall on-site daily activity levels to be maintained.

Petards is a critical supplier to many of its customers and supports the UK's police and armed forces as well as the safe operation of the railways. The demands on those customers to deliver services to the public at the present time mean that in most cases they themselves are still operating at their pre COVID-19 activity levels. However, this does vary from customer to customer.

One of the Group's larger train building customers paused production at the end of March for just over two weeks, but has since recommenced production activities. While this will have a short-term impact, present indications are that this will be recovered over the course of the year.

RTS, which provides software solutions and services to support the UK rail network, is actively negotiating a new contract with an existing customer to extend support services for a further four years, which if successful, will result in its budgeted revenue for the year being achieved.

Activity levels at QRO, which supplies the Group's Traffic products, were higher than expected in the first quarter of 2020, with March's order intake from UK Police forces being particularly strong. In order that QRO can support them during the pandemic, its field service engineers have been designated as critical workers by its police customers in support of their operational activities.

The Group's Defence activities in 2020 have so far performed to management expectations, although there is a risk that usual engineering services provided to the

MOD may reduce in the short term, with MOD project managers being redeployed to the MOD's COVID Support Force. Petards has been a long-standing supplier of communication equipment and related services to the MOD and was pleased its recent offer of support was accepted by the MOD. In conjunction with one of the Group's radio equipment partners, Petards is providing the free loan and technical support of 500 radios for 3 months to assist the COVID Support Force. These will be used by military personnel in their work, including supporting the new NHS Nightingale Hospitals and delivering supplies around the UK.

The Group's supply chain is being closely monitored and has not experienced any significant issues to date. However, there is evidence that a few suppliers are switching some of their production to support the supply of medical products for the UK Government's COVID-19 response and while this is not presently proving to be an issue, this may well change in what is a fluid situation.

Financial Position

Cash and cost management is always a key area of focus for the Board and is particularly so in the present environment. The Group's cash balances at 31 March 2020 were £0.6m and included R&D tax credits received in the first quarter of 2020. A further R&D tax credit of £0.5m is anticipated to be received before the end of April. In addition to its cash resources, the Board is pleased that the Group's bankers have recently confirmed that the expiring facilities of £0.75m, which were undrawn at the year end, will be renewed for a further two years at the same level and terms. The Group's net debt at 31 March 2020 was £0.3m (excluding IFRS 16 lease liabilities of £0.4m).

The Group is fortunate that its customer base comprises blue chip companies, the UK Government and its agencies. Petards' customers are continuing to pay to terms and its exposure to credit risk is low.

The Board welcomes the UK Government initiatives to support businesses in these exceptional times and the Group has now utilised the Coronavirus Job Retention Scheme for some of its employees who are currently unable to carry out their usual duties due to COVID-19 interruption.

Results for the year ended 31 December 2019

With the COVID-19 pandemic worsening, the Board is mindful of the Financial Reporting Council's most recent guidance recognising that additional time may be required to complete financial reporting and related audit activity. The Board has therefore decided to reschedule the announcement of the Company's full audited results for 2019, the timing of which is now expected to be towards the end of May.

The Board anticipates that the full results will be consistent with the Group's Trading Update of 4 February 2020.

Outlook

The Company is unable to provide forward guidance in the present challenging circumstances, with the main uncertainty presently concerning the risk that, in the short term, contract awards that the Group was expecting to secure for revenue in 2020 may be re-phased or delayed. With the Department for Transport, the MOD and train operating companies focusing their efforts on dealing with COVID-19, the timing of these may not become clearer until the pandemic within the UK has abated. The Board is keeping this under close review and intends to provide a further update when it announces the Group's final audited results for 2019.

The UK Government has stated its commitment to further investment in the railways, law enforcement and security, areas in which the Group enjoys long-standing customer relationships. This together with the Group's current order book (31 March 2020: £13.2m), provide the Board with confidence for the Group's future prospects.

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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.wh-ireland.co.uk
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@lse.com or visit www.rns.com.

END

UPDKKNBKFBKDOQB

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

9 Update - RNS