



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Another profitable quarter
- Strong growth of revenue and profitability from continuing operations
- Shareholder approval for Neptune transaction received

**Singapore, 30 October 2019** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported today its results for the three months and six months ended 30 September 2019 (“2QFY2020” and “1HFY2020” respectively).

Financial Highlights	2QFY2020	2QFY2019 (Restated)	Chg	1HFY2020	1HFY2019 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	19,966	10,757	86	34,391	20,689	66
Gross Profit	6,216	2,909	114	10,526	5,047	109
<i>Gross Profit Margin</i>	31.1%	27.0%		30.6%	24.4%	
Other Income	117	141	(17)	447	204	119
Other Operating Expenses	(1,666)	(1,494)	12	(3,141)	(2,970)	6
Staff Costs	(2,836)	(1,968)	44	(5,125)	(4,109)	25
Finance Costs	(386)	(382)	1	(773)	(755)	2
Share of Results of Joint Venture	-	8	(100)	206	8	2,475
Profit/(loss) from Continuing Operations, net of tax	1,200	(865)	nm	1,680	(2,719)	nm
Profit/(loss) from Discontinued Operation, net of tax	692	(1,379)	nm	946	(3,325)	nm
Profit/(loss) attributable to Owners of the Company	1,892	(2,244)	nm	2,626	(6,044)	nm

## **Financial Review**

The Group reported S\$20.0 million revenue for 2QFY2020, an increase of 86% year-on-year (“yoy”) compared to S\$10.8 million in 2QFY2019 largely due to organic growth from all units. Gross profit margin also improved to 31.1% with higher utilisation and better job mix.

The Group’s other operating expenses rose 12% to S\$1.7 million in 2QFY2020 mainly due to a one-off make-good cost incurred at the end of a lease during the quarter. Staff costs increased with more resources being employed to support the increase in revenue.

Overall, the Group continued its recovery trend from a loss from continuing operations of S\$0.9 million in 2QFY2019 to a profit of S\$1.2 million in 2QFY2020, bringing the year-to-date profit to S\$1.7 million.

Within the “Discontinued Operation”, Neptune also recorded higher revenue and margins resulting in profit of S\$0.7 million in 2QFY2020.

<b>Cash flows</b>	<b>2QFY2020</b>	<b>2QFY2019 (Restated)</b>	<b>1HFY2020</b>	<b>1HFY2019 (Restated)</b>
	<b>SGD’000</b>	<b>SGD’000</b>	<b>SGD’000</b>	<b>SGD’000</b>
<b>Net cash from/(used in):</b>				
- <b>Operating activities</b>	(45)	792	(4,136)	(948)
- <b>Investing activities</b>	1,077	(1,537)	1,509	(4,293)
- <b>Financing activities</b>	(837)	(851)	(1,725)	10,427
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	22	(1,670)	(4,661)	5,156
<b>Cash and cash equivalents at end of financial period</b>	15,154	15,915	15,154	15,915

Overall cash and cash equivalents of the Group remained at about S\$15.2 million in 2QFY2020 despite the increase in profit mainly due to higher working capital requirements. The Group recorded net cash inflow of S\$4.9 million before changes in working capital in 2QFY2020. Working capital changes, however, resulted in overall negative operating cash flows for the Group for the quarter. Within investing activities, about S\$1.1 million from In-Line Group was included in the Group’s cash resulting from the step-up acquisition of the unit following the completion of the Tranche 3 Shares at no additional consideration.

Balance Sheet	30 Sept 2019	31 Mar 2019 (Restated)
	SGD'000	SGD'000
Net current assets	41,090	37,686
Net assets	73,763	71,151
Cash and cash equivalents	15,154	19,815
Bank borrowings and finance leases	21,402	22,030
Shareholder's funds	70,816	68,196
Net gearing <sup>1</sup>	7.8%	3.0%
Net assets value per share <sup>2</sup>	33 cents	32 cents

<sup>1</sup> Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings and finance lease payable excluding lease liabilities arising from the adoption of the new SFRS(I) 16 Leases, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.

<sup>2</sup> Net assets value is calculated based on the Group's net assets after deducting the non-controlling interest, divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

## **Outlook**

Commenting on the financial results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said,

***“We are pleased to report strong organic growth in both revenues and profits from all key units within the Oilfield Engineering segment.***

***The Neptune segment, while slated to be injected into MMA Offshore Limited, also recorded better results this quarter. The Group anticipates that completion of the disposal of Neptune's business to take place in early-mid November 2019 and will make further announcements in due course.***

***When the Neptune transaction is completed, the Group will emerge with a strong financial position. As we continue to maximise opportunities in the existing Oilfield Engineering segment, the Group will also start to look to expand its business scope as overall energy markets improve.”***

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### **About MTQ Corporation Limited (Bloomberg Code: MTQ.SP)**

Established in 1969, **MTQ Corporation Limited (“MTQ”)** specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations. Well-known for its broad experience for over 30 years and commitment to service quality, MTQ is the authorised working partner for some of the world’s largest OEMs in drilling equipment, and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards. The Premier group, in addition to repair and manufacture of oilfield equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. Neptune Marine Services Limited is located in Perth, Western Australia, and has operational presence in the UK and Asia. Neptune provides engineering services to offshore oil and gas, marine and renewable energy industries with a focus on subsea and topside services. The Binder group, based in Perth with a production facility in Indonesia, designs and manufactures proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas sector.

For more information, please log on [www.mtq.com.sg](http://www.mtq.com.sg)

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