



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- Revenue increased by 59% year-on-year
- Profit of S\$0.8 million recorded in 1QFY2020
- Repositioning Neptune to unlock some values of the segment

Singapore, 24 July 2019 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, today reported its results for the three months ended 30 June 2019 (“1QFY2020”).

Financial Highlights	1QFY2020	1QFY2019 (Restated)	Chg
	SGD'000	SGD'000	%
Revenue	38,542	24,283	59
Gross Profit	8,847	4,574	93
Gross Profit Margin	23.0%	18.8%	
Other Income	430	254	69
Other Operating Expenses	(3,489)	(3,662)	(5)
Staff Costs	(4,505)	(4,298)	5
Finance Costs	(508)	(497)	2
Share of Results of Associate and Joint Ventures	206	-	100
Profit/(Loss) Before Tax	981	(3,629)	n.m.
Income Tax Expense	(218)	(171)	(27)
Profit/(Loss) After Tax	763	(3,800)	n.m.

Financial Review

The Group reported revenue of S\$38.5 million in 1QFY2020, an increase of 59% year-on-year as it continues its recovery and achieves its second consecutive profitable quarter. Activities across all segments within the Group were higher than that a year ago and led to better gross margins overall.

The increase in other income was mainly due to one-off gains arising from disposal of some under-deployed assets.

While overall operational costs remain relatively unchanged, staff costs increased slightly as the Group employs more resources to support the growth in activities.

Overall, the Group reported a net profit of S\$0.8 million for 1QFY2020, contributed mainly by the Oilfield Engineering segment. The Neptune segment, despite recording higher revenue, posted a small loss for the quarter.

Balance Sheet	30 June 2019	31 Mar 2019
	SGD'000	SGD'000 (Restated)
Net current assets	23,320	37,686
Net assets	71,533	71,217
Cash and cash equivalents	15,132	19,815
Bank borrowings and finance leases	22,429	22,030
Shareholder's funds	68,629	68,262
Net gearing¹	9.3%	3.0%
Net assets value per share²	0.32	0.32

¹ 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.

² Net assets value per share 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.

The Group recorded an operating cash inflow of S\$3.3 million before changes in working capital, in line with the profit before tax. Working capital requirements, however, increased together with the increase in activities during the period which resulted in negative operating cash flows for the Group for the period. Including the routine repayment of a bank borrowing, the Group cash as at 30 June 2019 stood at S\$15.1 million. Net gearing remained healthy at 9.3%.

Approximately S\$15.6 million of bank borrowings have been reclassified from non-current to current liabilities as the bank facilities now mature within one year from reporting date. The Group is currently in discussion with its principal bankers on the renewal of the facilities.

Outlook

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

“The Oilfield Engineering segment continued to make steady progress towards improving profitability. The orders we have on hand and general level of enquiries are encouraging for the rest of the year even as the overall macro economy weakens.

The Neptune segment recorded positive EBITDA for the quarter with a small overall loss. The outlook for the segment is strengthening but overall profitability requires better margins and higher activity levels. The Group has been in discussions re strengthening this segment. Accordingly, the Group has decided to unlock the value of the Neptune segment by partnering with an established subsea vessel operator which will bring synergies into our investment in this subsea space.

Meanwhile, operational execution will be our near term focus in improving overall performance.”

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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.

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