



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ Group recorded profitable FY2020

- Strong organic growth in Oilfield Engineering, recorded profit of S\$6.7 million from continuing operations
- Loss from discontinued operations mainly due to accounting loss from disposal of Neptune segment
- Proposed final dividend of Singapore 0.5 cents per share

Singapore, 12 May 2020 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, repair and maintenance services group, reported today its results for the full year ended 31 March 2020 (“FY2020”).

Financial Highlights	FY2020	FY2019 (Restated)	Chg
	SGD'000	SGD'000	%
Revenue	74,302	47,506	56
Gross Profit	23,898	11,702	104
<i>Gross Profit Margin</i>	32.2%	24.6%	
Other Income	805	389	107
Staff Costs	(9,568)	(7,703)	24
Other Operating Expenses	(6,202)	(6,210)	-
Finance Costs	(1,496)	(1,524)	(2)
Share of Results of Joint Ventures and Associate	206	114	81
Profit/(loss) before tax from Continuing Operations	7,643	(3,232)	nm
Tax expense	(901)	(166)	443
Profit/(loss) from Continuing Operations, net of tax	6,742	(3,398)	nm
Loss from Discontinued Operation, net of tax	(2,508)	(2,167)	16
Profit/(loss) for the year	4,234	(5,565)	nm

Financial Review

The Group reported S\$74.3 million revenue for FY2020, an increase of 56% from FY2019 as activities continue to pick up within the Group. In particular, revenue from Bahrain increased by 67.8% to S\$31.4 million during the year. Correspondingly, gross profit margin improved to 32.2% from 24.6% as a result of higher utilisation and better job mix.

Other operating expenses remained relatively unchanged while staff costs increased in tandem with the higher revenue. Overall, the Group reported a net profit from continuing operations of S\$6.7 million in FY2020.

Loss from Discontinued Operation comprised the results of the Neptune segment that was disposed during the financial year and included the realisation of S\$2.4 million historical foreign currency translation loss residing in the reserves to profit or loss upon disposal.

Overall, the Group recorded a net profit of S\$4.2 million for FY2020, its first profitable year since FY2015. This is after tax expense of S\$0.9 million which consisted mainly of deferred tax expenses arising from the utilisation of prior years' tax losses.

Segmental Profit/(Loss) After Tax	FY2020	FY2019
	SGD'000	SGD'000
		(Restated)
Neptune¹	(2,508)	(2,167)
Oilfield Engineering	12,176	1,847
Investment Holding	(5,434)	(5,245)
Total	4,234	(5,565)

¹This segment was disposed during the financial year and presented as Discontinued Operation in the profit or loss of the Group.

The Board of Directors has proposed a final cash dividend of 0.5 Singapore cents per share, representing a payout ratio of approximately 24.4% of the Group's profit attributable to shareholders.

Cash flows	FY2020	FY2019 (Restated)
	SGD'000	SGD'000
Net cash from/(used in):		
- Operating activities (before changes in working capital)	15,843	6,741
- Operating activities (changes in working capital)	(17,279)	(356)
- Investing activities	5,672	(5,642)
- Financing activities	(2,668)	8,727
Net change in cash & cash equivalents (inclusive of exchange rate effects)	721	9,056
Cash and cash equivalents at end of financial year	20,536	19,815

The Group recorded net cash inflows of S\$15.8 million from operations before changes in working capital for the year. Working capital requirements, however, increased with higher activities during the year. Investing cash flows included the S\$5.5 million cash consideration, net of cash disposed, received from the disposal of Neptune segment. Including the quarterly repayments of bank borrowings and lease liabilities, the Group's ending cash and cash equivalents was S\$20.5 million.

Balance Sheet	31 Mar 2020	31 Mar 2019 (Restated)
	SGD'000	SGD'000
Net current assets	48,980	37,686
Net assets	69,670	71,151
Cash and cash equivalents	20,536	19,815
Bank borrowings and finance leases	21,156	22,030
Shareholder's funds	68,142	68,196
Net gearing¹	0.9%	3.0%
Net assets value per share²	32 cents	32 cents

¹ Net gearing ratio is calculated based on net debt divided by net capitalisation. 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 capitalisation refers to net debt plus total equity.

² 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 year.

The Group's financial position as at 31 March 2020 remained healthy with minimal net gearing. The increase in net current assets is in line with the improved results during the year. Net assets, on the other hand, showed a slight decrease after taking into account S\$7.8 million revaluation loss of the Group's interests in MMA Offshore through an equity reserve as its share price dropped in March 2020. Following the completion of refinancing exercises in March 2020, about S\$15.8 million of the Group's borrowings now mature in 2023.

Results & outlook

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

“The Group is pleased to report a profitable year and a strong fourth quarter from the Oilfield Engineering segment, which recorded net full year profits of S\$6.7 million. This is in line with previous quarters’ announcements. With the Neptune segment discontinued, our Oilfield Engineering operations in Bahrain and Singapore form the bulk of our Group activities. The Board is pleased to propose a modest dividend of 0.5 Singapore cents per share to thank shareholders for their support through these recent.

However, post FY2020, the Group is now grappling with both a weaker outlook for energy demand as well as disruptions caused by COVID-19 and this is likely to result in a challenging year ahead. We are working closely with customers to fulfil the orders on hand in the current situation. The Group is in a strong financial position and financial support from both governments in Singapore and Bahrain in the form of wage support and rebates has been helpful.

We will remain prudent and will keep shareholders updated on any material developments.”

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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 35 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. 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. Mid-Continent is an oilfield equipment and spares supplier distributing wide range of trusted oilfield manufacturer brands. In-Line Valve, headquartered in the United Kingdom, designs, engineers and supplies flow control valves focused in the upstream oil and gas industry.

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