



## MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- **Steady revenue growth but costs pressures persist**
- **1HFY2024 profit boosted by S\$6.4 million gain on disposal of Pandan Property**
- **Interim dividend of Singapore 0.5 cents per share**

**Singapore, 25 Oct 2023** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, repair and maintenance services group, reported today its results for the six months ended 30 September 2023 (“1HFY2024”).

Financial Highlights	1HFY2024	1HFY2023 (Restated)	Chg
	SGD'000	SGD'000	%
Revenue	37,667	34,902	8
Gross Profit	11,434	10,741	6
<i>Gross Profit Margin</i>	30.4%	30.8%	
Other Income	6,682	453	1,375
Other Operating Expenses	(5,039)	(4,020)	25
Staff Costs	(4,541)	(4,595)	(1)
Finance Costs	(937)	(714)	31
Underlying Profit Before Tax	7,599	1,865	307
Non-Cash Provisions <sup>2</sup>	105	-	100
Government Grants	10	63	(84)
Overall Profit Before Tax	7,714	1,928	300
Tax Expense	(81)	(202)	(60)
Profit After Tax	7,633	1,726	342

<sup>2</sup>Non-cash provisions mainly relate to the reversal of allowance for inventory obsolescence.

## **Financial Review**

The Group reported S\$37.7 million revenue for 1HFY2024, an increase of 8% year-on-year (“yoy”) compared to S\$34.9 million in 1HFY2023. Within the Group’s revenue, Bahrain increased by 32.4% to S\$18.4 million during the period. Our operations in Singapore, however, experienced a decrease for the period. This was partly affected by the final stages of our relocation process (from Pandan Property), while the remainder can be ascribed to the natural ebb and flow of order conversion. Inquiries remain robust and the Group are committed to optimizing utilization wherever possible.

<b>Revenue by geographical segment</b>	<b>1HFY2024</b>	<b>1HFY2023</b>
	<b>SGD’000</b>	<b>SGD’000</b>
<b>Singapore</b>	16,662	18,570
<b>Bahrain</b>	18,418	13,910
<b>Australia &amp; United Kingdom</b>	2,587	2,422
<b>Total</b>	<b>37,667</b>	<b>34,902</b>

On 13 July 2023, the Group completed the disposal of Pandan Property resulting in S\$6.4 million gain on disposal of Pandan Property (recognized within Other Income). Other operating expenses included S\$0.3 million relocation costs and lower FOREX gain (by S\$0.2 million). Excluding these, the Group’s operating costs increased by about 12% during the period. Finance costs were also higher than in the corresponding period a year ago.

Overall, the Group recorded a net profit of S\$7.6 million in 1HFY2024, an increase of 342% yoy mainly due to the gain on disposal of Pandan Property. Excluding this, the net profit would have been S\$1.2 million, showing a yoy decrease attributable to an elevated cost environment despite modest growth in the topline. Nonetheless, the Board of Directors approved an interim dividend of Singapore 0.5 cents per share due to the overall increase in profit for the period.

<b>Cash flows</b>	<b>1HFY2024</b>	<b>1HFY2023</b>
	<b>SGD’000</b>	<b>SGD’000</b>
<b>Net cash from/(used in):</b>		
- <b>Operating activities (before changes in working capital)</b>	4,333	4,632
- <b>Changes in working capital</b>	(7,313)	(8,243)
- <b>Investing activities</b>	4,038	(1,608)
- <b>Financing activities</b>	(6,178)	5,130
<b>Net decrease in cash and cash equivalents (inclusive of exchange rate effects)</b>	(4,986)	(32)

Cash wise, the Group recorded net cash inflows of S\$4.3 million from operations, while working capital changes was negative S\$7.3 million. Within investing activities, the Group received the balance consideration of S\$5.7 million following the completion of disposal of Pandan Property. The Group also made a voluntary repayment of bank borrowings totaling S\$4.9 million during the period to reduce finance costs. Overall cash and cash equivalents stood at about S\$8.6 million as at 30 September 2023 (31 March 2023: S\$13.6 million).

Balance Sheet	30 Sept 2023	31 Mar 2023 (Restated)
	SGD'000	SGD'000
Net current assets	40,725	37,701
Net assets	72,840	63,041
Cash and cash equivalents	8,582	13,568
Bank borrowings	14,677	20,219
Shareholder's funds	72,840	63,041
Net gearing <sup>2</sup>	7.7%	9.5%
Net assets value per share <sup>3</sup>	32 cents	29 cents

<sup>2</sup> Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.

<sup>3</sup> Net assets value is calculated based on the Group's net assets, divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

## **Results & outlook**

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

*“The Group is pleased to report another profitable period. Drilling activities continue to increase especially in the Middle East, inquiries remain healthy but conversion into revenues in Singapore was slower in the period.*

*We are pleased to have finally disposed of our Pandan Property. The gain on disposal of S\$6.4 million helped boosted the Group’s financials and provides us bandwidth to undertake more growth initiatives as well as to manage finance costs in the face of rising interest rates.*

*Costs have also risen due to inflationary economic conditions. Nonetheless, we anticipate the cost environment to stabilize moving forward.”*

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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 authorized 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.

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

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