



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

Revenue improvement quarter-on-quarter but still lower than same period last year

- Higher activity levels in Bahrain and improved results from Binder
- Singapore continues to experience low levels of utilisation
- Reduced net gearing following disposal of Engine Systems division

Singapore, 24 January 2017 – 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 nine months ended 31 December 2016 (“3QFY2017” and “9MFY2017” respectively).

Financial Highlights	3QFY2017	2QFY2017	Chg	3QFY2017	3QFY2016	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	31,214	24,819	26	31,214	44,185	(29)
Gross Profit	5,315	4,222	26	5,315	9,626	(45)
Gross Profit Margin	17.0%	17.0%		17.0%	21.8%	
Other Income	477	368	30	477	1,623	(71)
Other Operating Expenses	(4,372)	(4,688)	7	(4,372)	(5,502)	21
Staff Costs	(6,027)	(5,863)	(3)	(6,027)	(6,884)	12
Finance Costs	(337)	(335)	1	(337)	(485)	31
Share of Results of Joint Venture	180	279	(35)	180	27	567
Loss from Continuing Operations, net of tax	(4,632)	(5,523)	16	(4,632)	(1,215)	(281)
Profit from Discontinued Operation, net of tax	203	817	(75)	203	263	(23)
Loss attributable to Owners of the Company	(4,061)	(4,325)	6	(4,061)	(850)	(378)

Financial Highlights	9MFY2017	9MFY2016	Chg
	SGD'000	SGD'000	%
Revenue	90,677	139,694	(35)
Gross Profit	17,423	32,617	(47)
<i>Gross Profit Margin</i>	19.2%	23.3%	
Other Income	1,021	4,063	(75)
Other Operating Expenses	(13,539)	(18,205)	26
Staff Costs	(18,155)	(22,256)	18
Finance Costs	(1,021)	(1,463)	30
Share of Results of Joint Venture	341	(302)	n/m
Loss From Continuing Operations, net of tax	(12,819)	(4,418)	(190)
Profit from discontinued operation, net of tax	1,549	888	74
Loss attributable to Owners of the Company	(10,570)	(3,682)	(187)

Financial Review

The Group reported S\$31.2 million revenue for 3QFY2017, an increase of 26% quarter-on-quarter (“qoq”) due to higher revenue from Bahrain and Binder. Activity level in Singapore remains muted. The Group’s gross profit margin for 3QFY2017 remained at 17% with continued pricing pressures.

On 4 November 2016, the Group disposed its Engine Systems division and received S\$12.6 million as part consideration. Payment of the remaining amount of S\$9.3 million is pending arbitration of a disputed amount of S\$1.3 million. The 3QFY2017 results included a modest gain from disposal of the Engine Systems division based on the undisputed sum.

Excluding the impact of foreign currency translation, operating and staff costs continued to taper off in this quarter.

Overall, the Group recorded S\$4.0 million loss attributable to shareholders for the quarter, a slight improvement qoq despite the cessation of contribution from Engine Systems division post October 2016.

Cash flows	3QFY2017	3QFY2016	9MFY2017	9MFY2016
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- Operating activities	(1,513)	11,476	4,912	16,623
- Investing activities	11,256	1,592	10,691	(4,710)
- Financing activities	(3,109)	(2,751)	(4,614)	(8,326)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	6,634	10,317	10,989	3,587
Cash and cash equivalents at end of financial period	36,225	47,846	36,225	47,846

The Group had a net cash outflow of S\$1.5 million from operations for the quarter. Investing cash flows included the part consideration received from disposing Engine System division. Financing wise, S\$3.1 million was used to repay bank borrowings.

Overall, the Group had a net cash inflow of S\$6.6 million and S\$11.0 million for 3QFY2017 and 9MFY2017 respectively, bringing the Group's cash and cash equivalents to S\$36.2 million as at 31 December 2016. Accordingly, net debt gearing has improved from 14.4% as at 31 March 2016 to 5.0% as at 31 December 2016.

Balance Sheet	31 December 2016	31 Mar 2016
	SGD'000	SGD'000
Net current assets	63,770	66,444
Net assets	105,830	113,374
Net tangible assets	95,410	97,738
Cash and cash equivalents	36,225	24,967
Bank borrowings and finance leases	41,815	44,087
Shareholder's funds	99,464	105,664
Net gearing¹	5.0%	14.4%
Net assets value per share²	64 cents	68 cents

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, less cash and cash equivalents. Net capitalization 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 period.

Results & outlook

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

“We recorded higher revenue from Bahrain, reflecting robust drilling activity in the Middle East. The fulfilment of some sizeable orders also boosted revenues from the Binder business. However, market sentiment elsewhere in the Group continued to be subdued.

While there were some improvements in the Group’s results, activity levels, particularly in Singapore, remained low. We remain focused on securing revenue opportunities, both in our existing markets and also in new areas of growth. In the meantime, our stronger financial position allows us to weather this prolonged downturn.”

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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. In 2014, MTQ expanded into the design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil & gas sector through Binder Group Pty Ltd, which has production facilities in Indonesia.

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