



## MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

### MTQ Group recorded profitable 4QFY2019

- Quarterly and full-year revenue increased by 83% and 17% respectively
- Profit of S\$0.9 million recorded in 4QFY2019
- Stronger operating cash flows further strengthens financial position

**Singapore, 13 May 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 twelve months ended 31 March 2019 (“4QFY2019” and “FY2019” respectively).

Financial Highlights <sup>1</sup>	4QFY2019	4QFY2018	Chg	FY2019	FY2018	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
					(Restated)	
<b>Revenue</b>	41,226	22,561	83	130,896	111,866	17
<b>Gross Profit</b>	8,935	3,300	171	28,153	17,235	63
<b>Gross Profit Margin</b>	21.7%	14.6%		21.5%	15.4 %	
<b>Other Income</b>	184	271	(32)	827	1,340	(38)
<b>Other Operating Expenses<sup>1</sup></b>	(3,517)	(4,571)	(23)	(15,259)	(15,795)	(3)
<b>Staff Costs</b>	(4,516)	(4,351)	4	(17,593)	(19,976)	(12)
<b>Finance Costs</b>	(266)	(176)	51	(1,043)	(840)	24
<b>Share of Results of Associate and Joint Ventures</b>	137	(241)	n.m.	114	(967)	n.m.
<b>Profit/(Loss) Before Tax<sup>1</sup></b>	957	(5,768)	n.m.	(4,801)	(19,003)	(75)
<b>Income Tax (Expense)/ Credit<sup>1</sup></b>	(61)	220	n.m.	(470)	1,219	n.m.
<b>Profit/(Loss) After Tax<sup>1</sup></b>	896	(5,548)	n.m.	(5,271)	(17,784)	(70)

<sup>1</sup>The comparative figures exclude impairments of goodwill and write-off of deferred tax assets amounting to S\$5.5 million and S\$6.3 million recognised in 4QFY2018 respectively.

## **Financial Review**

The Group reported revenue of S\$41.2 million in 4QFY2019, an increase of 83% year-on-year (“yoy”) on the back of an improvement in activities across all segments within the Group. This brings the full-year revenue to S\$130.9 million, 17% higher than a year ago. Correspondingly, the Group’s gross margins improved from 15% to 22%.

Included in operating expenses were S\$0.3 million of allowances made for slow moving inventories. Excluding this, overall staff and operating expenses declined slightly mainly due to the cost rationalisation measures taken a year ago. The reduction in these costs should taper off as activities pick up.

Overall, the Group recovered from a loss after tax of S\$5.5 million in 4QFY2018 to a profit of S\$0.9 million in 4QFY2019. This narrowed the year-to-date loss after tax from S\$17.8 million a year ago to S\$5.3 million in FY2019.

<b>Segmental Profit/(Loss) After Tax<sup>1</sup></b>	<b>FY2019</b>	<b>FY2018</b>	<b>FY2017</b>
	<b>SGD’000</b>	<b>SGD’000</b>	<b>SGD’000</b>
		(Restated)	
<b>Neptune<sup>1</sup></b>	(2,900)	(11,451)	(9,235)
<b>Oilfield Engineering</b>	1,937	(1,760)	(6,109)
<b>Investment Holding</b>	(4,308)	(4,577)	(3,812)
<b>Others</b>	-	4	(48)
<b>Total<sup>1</sup></b>	<b>(5,271)</b>	<b>(17,784)</b>	<b>(19,204)</b>

<sup>1</sup>The comparative figures exclude impairments of goodwill and write-off of deferred tax assets recognised in 4QFY2018.

In line with better revenues, all segments showed improvements for the year as a whole. In particular, Oilfield Engineering recorded a profit after tax for the first time in 3 years.

Cash flows	4QFY2019	4QFY2018	FY2019	FY2018
	SGD'000	SGD'000	SGD'000	SGD'000
				(Restated)
<b>Net cash from/(used in):</b>				
- <b>Operating activities</b>	5,480	(1,471)	4,226	(7,271)
- <b>Investing activities</b>	(347)	(470)	(5,642)	5,691
- <b>Financing activities</b>	(288)	(300)	10,886	(18,375)
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	4,845	(2,241)	9,470	(19,955)
<b>Cash and cash equivalents at end of financial period/year</b>	19,815	10,759	19,815	10,759

The Group recorded net cash inflows of S\$5.5 million and S\$4.2 million from operating activities for the quarter and the year respectively. FY2019 cash flows comprised a payment of S\$1.8 million for the acquisition of Tranche 2 Shares of In-Line Group and an investment of S\$1.2 million for the acquisition of the trading, oilfield equipment and spares business from Mid-Continent Equipment Group Pte Ltd during the year. Together with the S\$12.1 million proceeds from the Rights cum Warrants Issue as well as the quarterly repayment of a loan facility, the Group's overall cash position increased S\$9.5 million to S\$19.8 million as at 31 March 2019 resulting in net gearing of 2.9%.

Balance Sheet	31 Mar 2019	31 Mar 2018
	SGD'000	SGD'000
<b>Net current assets</b>	39,608	32,950
<b>Net assets</b>	73,770	66,690
<b>Net tangible assets</b>	67,979	61,750
<b>Cash and cash equivalents</b>	19,815	10,759
<b>Bank borrowings and finance leases</b>	22,030	22,634
<b>Shareholder's funds</b>	70,700	63,186
<b>Net gearing<sup>1</sup></b>	2.9%	15.1%
<b>Net assets value per share<sup>2</sup></b>	33 cents	41 cents

<sup>1</sup> 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, less cash and cash equivalents. Net capitalisation refers to net debt plus total equity.

<sup>2</sup> Net assets value is calculated based on the Group's shareholders' funds divided by the total number of issued shares excluding treasury shares and subsidiary holding.

## **Results & outlook**

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

*“We are delighted to present a good quarter of revenue and to be profitable in 4QFY2019. We are encouraged by the progress that we have made so far. Oilfield Engineering continued to build on the positive trend from a year ago and recorded its first profit for the segment in a while now. While having a slow start to the financial year, the Neptune segment caught up to a certain extent in the second half and narrowed its overall loss for the year.*

*While the results trend positively and enquiry levels remain healthy, much remains to be done as uncertainties persist in our business environment. Some of our asset owner customers still face refinancing woes. The Group is continuing its efforts in strengthening the Neptune segment for the long term, exploring new partnerships.*

*Meanwhile, we need to continue to be prudent in our expenditure although reinvestments in certain area will be required in the near-to-mid-term.”*

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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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