



## MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- **37% increase in revenue and improved margins lifted overall results**
- **Positive operating cash flows were recorded in 3QFY2019**

Singapore, 29 January 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 nine months ended 31 December 2018 (“3QFY2019” and “9MFY2019” respectively).

Financial Highlights	3QFY2019	3QFY2018	Chg	9MFY2019	9MFY2018	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	38,535	28,157	37	89,670	89,305	0
Gross Profit	8,400	4,601	83	19,218	13,935	38
Gross Profit Margin	21.8%	16.3%		21.4%	15.6%	
Other Income	197	92	114	643	1,069	(40)
Other Operating Expenses	(4,240)	(3,808)	11	(11,742)	(11,224)	5
Staff Costs	(4,228)	(5,083)	(17)	(13,077)	(15,625)	(16)
Finance Costs	(262)	(198)	32	(777)	(664)	17
Share of Results of Joint Ventures and Associate	(31)	(212)	(85)	(23)	(726)	(97)
Loss before tax	(164)	(4,608)	(96)	(5,758)	(13,235)	(56)

### Financial Review

The Group reported S\$38.5 million revenue for 3QFY2019, an increase of 37% from 3QFY2018 as activities picked up from all segments within the Group. Correspondingly, gross profit margin improved to 21.8% from 16.3% as a result of higher utilisation and better job mix.

The Group’s other operating expenses rose by 11% to S\$4.2 million in 3QFY2019 mainly due to higher professional fees and exchange losses incurred during the quarter. Staff costs, however, decreased by 17% year-on-year due to absence of redundancy costs recorded in the corresponding period a year ago.

Overall, the Group's recorded a slight loss before tax of S\$0.2 million, 96% lower than 3QFY2018 on the back of better performances across the Group.

Cash flows	3QFY2019	3QFY2018	9MFY2019	9MFY2018
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Net cash from/(used in):</b>				
- <b>Operating activities</b>	758	(1,196)	(1,254)	(5,800)
- <b>Investing activities</b>	(1,002)	(640)	(5,295)	6,161
- <b>Financing activities</b>	(316)	(280)	11,174	(18,075)
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	(789)	(2,359)	4,366	(18,134)
<b>Cash and cash equivalents at end of financial period</b>	15,125	13,274	15,125	13,274

The Group recorded net cash inflows of S\$0.8 million from operations for the quarter even though working capital requirements were higher quarter-on-quarter. Taking into account cash used in investing and financing activities, the Group's ending cash and cash equivalents was S\$15.1 million as at 31 December 2018. Net gearing remained healthy at 8.8%.

Balance Sheet	31 Dec 2018	31 Mar 2018
	SGD'000	SGD'000
<b>Net current assets</b>	39,146	32,950
<b>Net assets</b>	73,478	66,690
<b>Cash and cash equivalents</b>	15,125	10,759
<b>Bank borrowings and finance leases</b>	22,191	22,634
<b>Shareholder's funds</b>	70,447	63,186
<b>Net gearing<sup>1</sup></b>	8.8%	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 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,

*“It is encouraging to see higher revenue recorded from all segments in 3QFY2019. Improved sentiment in upstream development has led to higher levels of customer orders in all segments. In particular, the Neptune segment, which suffered from lower revenue in the first half of the financial year, registered good growth in this quarter. We continue to explore options to strengthen our businesses.*

*Barring any unforeseen circumstances, we remain cautiously optimistic that the current order levels will be sustainable. This will allow the Group to continue to make steady progress.”*

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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. 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. Mid-continent is an oilfield equipment and spares supplier distributing wide range of trusted oilfield manufacturer brands.

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

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