



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

3QFY2018 losses narrow amid challenging market

- Improvement in Oilfield Engineering segment but Subsea activities remain subdued

Singapore, 30 January 2018 – 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 2017 (“3QFY2018” and “9MFY2018” respectively).

Financial Highlights	3QFY2018	3QFY2017	Chg	9MFY2018	9MFY2017	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	28,157	31,214	(10)	89,305	90,677	(2)
Gross Profit	4,601	5,315	(13)	13,935	17,423	(20)
Gross Profit Margin	16.3%	17.0%		15.6%	19.2%	
Other Income	92	316	(71)	1,084	860	26
Other Operating Expenses	(3,808)	(4,372)	(13)	(11,640)	(13,539)	(14)
Staff Costs	(5,083)	(6,027)	(16)	(15,625)	(18,155)	(14)
Finance Costs	(198)	(337)	(41)	(664)	(1,021)	(35)
Share of Results of Joint Venture	(212)	180	nm	(726)	341	nm
Loss from Continuing Operations, net of tax	(4,140)	(4,793)	(14)	(12,637)	(12,980)	(3)

Financial Review

The Group reported S\$28.2 million revenue for 3QFY2018, a decrease of 10% year-on-year. The Group's gross profit margin for the quarter was 16.3% reflecting competitive pricing pressures.

The Group's efforts in cost cutting continue to yield positive results which saw the Group's other operating expenses and staff costs reduce as compared to the prior periods. Finance costs also declined due to the lower borrowings during the year. Share of joint venture results was weaker mainly due to certain tender processes taking longer than expected.

Overall, the Group's losses from continuing operations narrowed slightly on the back of better results from the Oilfield Engineering segment. The subsea businesses in Australia remained subdued.

Cash flows	3QFY2018	3QFY2017	9MFY2018	9MFY2017
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- Operating activities	(1,196)	(1,513)	(5,800)	4,912
- Investing activities	(640)	11,256	6,161	10,691
- Financing activities	(280)	(3,109)	(18,075)	(4,614)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	(2,116)	6,634	(17,714)	10,989
Cash and cash equivalents at end of financial period	13,274	36,225	13,274	36,225

The Group had a net cash outflow of S\$1.2 million from operations for the quarter. Financing wise, the Group had net repayments of bank borrowings of S\$17.5 million and S\$0.2 million during 9MFY2018 and 3QFY2018 respectively. Overall, the Group's ending cash and cash equivalents decreased by S\$2.1 million during the quarter to S\$13.3 million as at 31 December 2017.

Balance Sheet	31 Dec 2017	31 Mar 2017
	SGD'000	SGD'000
Net current assets	28,749	65,293
Net assets	85,419	99,972
Net tangible assets	75,049	89,419
Cash and cash equivalents	13,274	31,408
Bank borrowings and finance leases	23,144	41,741
Shareholder's funds	80,356	93,945
Net gearing ¹	10.4%	9.4%
Net assets value per share ²	52 cents	61 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,

“In our oilfield engineering segment, we recorded a modest improvement for the quarter and the level of inquiries is more encouraging. Our Subsea Service business recorded a weak quarter and while general sentiment is improving, regaining profitability will take more time. Our marketing efforts are focused on targeting the Middle East and Southeast Asia areas.

While our net debt gearing remains very modest, we are conscious that we have yet to return to profitability as a Group. That said, improving market sentiments will also generate opportunities. Thus the Group will look to further strengthen its financial position through 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. 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.

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