



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- Re-emerging from COVID-19 disruptions
- Generated S\$6.6 million¹ EBITDA and ended the year with net cash position of S\$7.8 million
- Recorded non-cash impairments and provisions totaling S\$9.2 million
- Proposed final dividend of Singapore 0.5 cents per share

Singapore, 11 May 2021 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, repair and maintenance services group, reported today its results for the full year ended 31 March 2021 (“FY2021”).

Financial Highlights	FY2021	FY2021 ¹	FY2020	Chg ²
	SGD'000	SGD'000	SGD'000	%
Revenue	49,052	49,052	74,302	(34)
Gross Profit	12,439	12,439	23,898	(48)
Gross Profit Margin	25.4%	25.4%	32.2%	
Other Income	3,714	3,714	805	361
Staff Costs	(8,463)	(8,463)	(9,568)	(12)
Other Operating Expenses	(14,572)	(5,358)	(6,202)	(14)
Finance Costs	(966)	(966)	(1,496)	(35)
Share of Results of Joint Ventures and Associate	-	-	206	(100)
(Loss)/profit before tax from Continuing Operations	(7,848)	1,366	7,643	(82)
Tax credit/(expense)	211	211	(901)	nm
(Loss)/profit from Continuing Operations, net of tax	(7,637)	1,577	6,742	(77)
Loss from Discontinued Operation, net of tax	-	-	(2,508)	(100)
(Loss)/profit for the year	(7,637)	1,577	4,234	(63)

¹ Excluding S\$9.2 million non-cash impairments and provisions (made up of i) S\$2.6 million provision on loans due from a joint venture; ii) S\$5.1 million impairment in goodwill and intangible assets; as well as iii) S\$1.5 million provision for inventory obsolescence mainly with respect to the Premier Group cash-generating unit (“CGU”).

² % change between FY2021 (excluding the above S\$9.2 million non-cash impairments and provisions) and FY2020.

Financial Review

The Group reported S\$49.1 million revenue for FY2021, a decrease of 34% year-on-year (“yoy”) compared to S\$74.3 million in FY2020. Correspondingly, the Group’s gross profit margin dropped to 25.4% from 32.2% due to lower utilization during the period. The decrease was mainly due to continuation of the general weakened economy caused by COVID-19 into the second half of the financial year (“2HFY2021”).

Revenue by geographical segment	FY2021	FY2020	Chg
	SGD’000	SGD’000	%
Singapore	17,925	37,217	(52)
Bahrain	25,076	31,408	(20)
Australia & United Kingdom	6,051	5,677	7
Total	49,052	74,302	(34)

The Group’s operations in Singapore contracted the most, recording 52% lower in revenue compared to FY2020 and resulting in Bahrain becoming the top revenue contributor of the Group in FY2021.

Singapore’s contraction included Premier’s businesses where demand for new capital equipment is at the lowest level the Group has seen since its acquisition in 2011. Accordingly, the Group took a prudent approach, after taking into account the prevailing market conditions that the business unit operates in, and recognized one-off impairments and provisions relating to the Premier Group CGU totaling S\$6.6 million.

The Group also recognized a S\$2.6 million provision on loans due from a joint venture. Excluding all the non-cash impairments and provisions above, the Group recorded S\$1.6 million profit for FY2021 with about S\$3.4 million government grants support received during the year. This translated to EBITDA of about S\$6.6 million.

The Board of Directors has proposed a final cash dividend of 0.5 Singapore cents per share, bringing the total dividends with respect to FY2021 to 1.0 Singapore cents per share, higher than FY2020’s.

Cash flows	FY2021	FY2020
	SGD'000	SGD'000
Net cash from/(used in):		
- Operating activities	11,050	(1,436)
- Investing activities	(721)	5,672
- Financing activities	(9,604)	(2,668)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	1,932	721
Cash and cash equivalents at end of financial year	22,468	20,536

The Group recorded solid net cash inflows of S\$11.1 million from operations in FY2021. Within financing activities, the Group deployed some of its cash resources to reduce interest expense and repaid about S\$5.8 million bank borrowings, net. Overall, the Group had cash and cash equivalents of S\$22.5 million as at 31 March 2021 and was in a net cash position of S\$7.8 million (compared to net debt of S\$0.6 million as at 31 March 2020).

Balance Sheet	31 Mar 2021	31 Mar 2020
	SGD'000	SGD'000
Net current assets	41,052	48,980
Net assets	55,530	69,670
Cash and cash equivalents	22,468	20,536
Bank borrowings	14,643	21,156
Shareholder's funds	55,464	68,142
Net gearing³	N.A. ⁵	0.9%
Net tangible assets value per share⁴	24 cents	27 cents

³ Net gearing ratio is calculated based on net debt divided by net capitalisation. The Group includes within its net debt, bank borrowings, less cash and cash equivalents. Net capitalisation refers to net debt plus total equity.

⁴ Net tangible assets value is calculated based on the Group's net tangible 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 year.

⁵ As at 31 March 2021, the Group was in a net cash position of S\$7.8 million.

Results & outlook

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

“The Group’s 2HFY2021’s revenue suffered from the overhang of weak demand as well as disruptions caused by COVID-19 although we are starting to see increased enquiries particularly towards the end of FY2021 signaling gradual demand recovery.

Despite a difficult year grappling with the COVID-19 situation, we are encouraged by the fact that we managed to record strong EBITDA and operating cash inflows, resulting in a S\$7.8 million net cash position as at the end of the financial year.

The Group remains committed to serving customers in its current markets and will look for opportunities for growth to better support them moving ahead.”

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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. 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.

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