



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- Better utilisation and job mix from Oilfield Engineering lifted margins resulting in decreased losses
- Positive operating cash flows recorded in 2QFY2019
- In detailed discussions to reposition Neptune segment

Singapore, 31 October 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 six months ended 30 September 2018 (“2QFY2019” and “1HFY2019” respectively).

Financial Highlights	2QFY2019	2QFY2018	Chg	1HFY2019	1HFY2018	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	26,852	30,619	(12)	51,135	61,148	(16)
Gross Profit	6,256	3,808	64	10,818	9,334	16
<i>Gross Profit Margin</i>	23.3%	12.4%		21.2%	15.3%	
Other Income	192	415	(54)	446	992	(55)
Other Operating Expenses	(3,647)	(3,759)	(3)	(7,502)	(7,431)	1
Staff Costs	(4,551)	(5,133)	(11)	(8,849)	(10,542)	(16)
Finance Costs	(271)	(206)	32	(515)	(466)	11
Share of Results of Joint Venture	8	(257)	nm	8	(514)	nm
Loss before tax	(2,013)	(5,132)	(61)	(5,594)	(8,627)	(35)

Financial Review

The Group reported S\$26.9 million overall revenue for 2QFY2019, a decrease of 12% year-on-year (“yoy”) largely due to lower revenue from Neptune segment. Oilfield Engineering segment, on the other hand, continued to experience growth with higher utilisation and better job mix. These boosted the Group’s gross profit margin for 2QFY2019 to 23.3% from 12.4% in the corresponding quarter a year ago.

Together with a lower operation and staff cost base, the Group's overall loss before tax narrowed from S\$5.1 million in 2QFY2018 to S\$2.0 million in 2QFY2019.

Cash flows	2QFY2019	2QFY2018	1HFY2019	1HFY2018
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- Operating activities	393	(1,647)	(1,877)	(4,678)
- Investing activities	(1,671)	(2,147)	(4,427)	6,801
- Financing activities	(318)	(659)	11,490	(17,721)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	(1,670)	(4,149)	5,156	(15,775)
Cash and cash equivalents at end of financial period	15,915	15,633	15,915	15,633

The Group recorded positive net cash flows of S\$0.4 million from operations on the back of improved results in 2QFY2019. Within investing activities, the Group invested S\$1.2 million in taking over Mid-Continent Equipment Group Pte Ltd ("MEG")'s business in trading of oilfield equipment and spares as announced on SGXNET. Together with the quarterly repayment of a loan facility, the Group's overall cash position was S\$15.9 million as at 30 September 2018.

Balance Sheet	30 Sept 2018	31 Mar 2018
	SGD'000	SGD'000
Net current assets	38,593	32,950
Net assets	74,043	66,690
Cash and cash equivalents	15,915	10,759
Bank borrowings and finance leases	23,066	22,634
Shareholder's funds	71,038	63,186
Net gearing¹	8.8%	15.1%
Net assets value per share²	33 cents	41 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.

Outlook

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

“In 2QFY2019, we recorded our first positive operating cash flows in several quarters now. The outlook for recovery is encouraging and steady progress is expected. We will remain patient and continue to be focused on enhancing our business fundamentals to drive further operating improvements.

At the same time, the Group is in continuous talks with potential stakeholders to explore opportunities to reposition the Neptune segment. We will look to provide more updates as it progresses at appropriate junctures.”

- End -

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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