



**MTQ CORPORATION LIMITED**

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FOR IMMEDIATE RELEASE

# MTQ reports S\$8.0 million pre-tax profit for 3QFY2014 on strong revenue growth

- Contribution from Neptune Marine Services doubled revenue to S\$75.1 million year-on-year (‘y-o-y’), aided by organic growth from the Oilfield Engineering segment
- Financial position further strengthened by reduction in net gearing by 9.6% to 11.7%
- Acquisition of Binder Group to provide new growth opportunities

**Singapore, 10 February 2014** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported net profit attributable to shareholders of S\$6.4 million for the three months ended 31 December 2013 (“3QFY2014”).

Financial Highlights	3QFY2014	3QFY2013 (Restated)	Chg	9MFY2014	9MFY2013 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	75,143	36,554	106	234,444	115,062	104
Gross Profit	25,397	14,084	80	77,389	42,424	82
Gross Profit Margin	33.8%	38.5%	-	33.0%	36.9%	-
Other Operating Expenses	6,146	9,596	(36)	20,361	16,360	24
Staff Costs	11,098	5,009	122	33,476	15,008	123
Profit Before Taxation	8,009	(18)	n/m	22,888	11,960	91
Net Profit Attributable to Equity Holders (PATMI)	6,396	(998)	n/m	18,381	8,733	110

## **Financial Review**

The Group reported revenue of S\$75.1 million for 3QFY2014, a strong increase of 106% over S\$36.6 million recorded in 3QFY2013. The doubling of revenue was largely due to contribution from Neptune Marine Services (“Neptune”), which only became the Group’s subsidiary in late December 2012. The Oilfield Engineering business registered healthy incremental organic growth across its geographical locations, offset slightly by lower revenue from Engine Systems largely due to depreciation in the Australian Dollar.

Gross profit grew 80% yoy to S\$25.4 million as a consequence of the higher revenue. The Neptune segment contributed lower margins, pushing the overall gross profit margins down to 33.8% (3QFY2013: 38.5%). Staff costs rose 122% to S\$11.1 million in 3QFY2014 primarily due to the inclusion of Neptune’s results in this quarter. However, other operating expenses declined 36% to S\$6.1 million, due to the absence of an accounting loss of S\$4.8 million recognised as a result of the acquisition of Neptune in 3QFY2013. Excluding this loss, other operating expenses increased by 28% in line with the expanded business operations.

The enlarged business size of the MTQ Group led to a significant increase in revenues and profitability. For 3QFY2014, the Group recorded net profit attributable to equity holders amounting to S\$6.4 million. This is in comparison to a slight loss of S\$1.0 million in 3QFY2013. Excluding the accounting loss of S\$4.8 million, net profit attributable to equity holders was S\$3.8 million. This has resulted in basic earnings per share of 5.08 Singapore cents for 3QFY2014, against a loss per share of 0.86 Singapore cents for 3QFY2013 or earnings per share of 3.26 Singapore cents excluding the accounting loss.

The Oilfield Engineering business in Bahrain continues to make progress in achieving profitability on the back of encouraging market activities.

Year-to-date, net profit attributable to equity holders more than doubled to S\$18.4 million on the back of higher revenue from Neptune. This is equivalent to basic earnings per share of 14.63 Singapore cents (9MFY2013: 7.65 Singapore cents or 11.85 Singapore cents excluding the accounting loss of S\$4.8 million).

Balance Sheet	31 Dec 2013	31 Mar 2013 (Restated)
	SGD'000	SGD'000
Net current assets	56,356	85,888
Net assets	134,908	120,759
Cash and cash equivalents	46,173	40,911
Finance lease payable	1,127	916
Borrowings	62,977	72,659
Shareholder's funds	125,488	110,356
Net gearing <sup>1</sup>	11.7%	21.3%
Net assets value <sup>2</sup>	99.0 cents	88.0 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 as at the end of the financial period.

The Group generated S\$4.0 million in cash flows from operating activities in 3QFY2014, which boosted the Group's cash and cash equivalents to S\$46.2 million as at 31 December 2013. The balance sheet was further strengthened by reduction in net gearing by 9.6% to 11.7%.

## **Outlook**

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said, ***“The acquisition of Neptune has helped MTQ report a strong set of results in FY2014 thus far. Acquisition-related growth will taper off in the historical comparisons from next quarter. However, we remain very focused on improving results through cross selling, increasing efficiency, and streamlining our cost base further. Meanwhile, we are seeing healthy levels of activity overall and enquiries in Bahrain remain encouraging. Improving productivity remains critical to better results.*”**

***I would also like to welcome the Binder Group into the MTQ family. In addition to strengthening our presence in Australia, its facility in Indonesia will help MTQ break into an exciting new market.”***

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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 equipments, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. Through its wholly owned subsidiary MTQ Engine Systems (Aust) Pty Ltd, the Group is also the leading independent supplier of turbocharger and fuel injection parts and services in Australia with a nationwide network. 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. In 2014, MTQ expanded into the design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil & gas sector through Binder Group Pty Ltd, which has production facilities in Perth and Indonesia.

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

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