



## MTQ CORPORATION LIMITED

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# MTQ reports S\$5.7 million pre-tax profit for 1QFY2015

- Profit declined as revenue was lower largely due to absence of vessel campaign for Neptune, which had previously boosted revenue
- Revenue declined 19% to S\$76.7 million, however gross profit margin improved from 29.7% to 34.0%
- Notwithstanding the effect of Binder acquisition, the Group recorded marginally higher staff costs and other operating expenses

**Singapore, 25 July 2014** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported pre-tax profit amounting to S\$5.7 million for the three months ended 30 June 2014 (“1QFY2015”).

Financial Highlights	1QFY2015	1QFY2014	Chg
	SGD'000	SGD'000	%
Revenue	76,694	94,390	(19)
Gross Profit	26,103	28,034	(7)
Gross Profit Margin	34.0%	29.7%	-
Other Operating Expenses	7,683	7,759	-1
Staff Costs	12,205	12,087	1
Profit Before Taxation	5,694	7,933	(28)
Net Profit Attributable to Equity Holders (PATMI)	4,186	6,483	(35)

## Financial Review

The Group recorded S\$76.7 million in revenue for 1QFY2015, a decrease of 19% year-on-year (y-o-y) largely due to the absence of vessel campaign at Neptune Marine Services (“Neptune”) which had previously boosted revenue. Within the Oilfield Engineering segment, the Singapore business recorded lower sales while the Group had a quiet start from the Binder Group.

Notwithstanding this, the Group managed to improve operating margins, notably in Neptune and in Bahrain. Overall gross profit margin increased to 34.0% in 1QFY2015 compared to 29.7% a year ago. In addition, the Group continues to make progress in overhead reduction in Neptune which improved the overall results. Despite the enlarged business size of the MTQ Group, the staff costs and other operating expenses remained relatively stable in 1QFY2015. Redundancy costs in Indonesia, however, have resulted in a share of losses from the joint venture of S\$0.3 million.

In line with the decrease in revenue which is partially offset by higher gross profit margins, the profit before tax declined by 28% to S\$5.7 million y-o-y compared to S\$7.9 million in 1QFY2014. Net profit attributable to shareholders declined from S\$6.5 million to S\$4.2 million, translating into basic earnings per share of 2.75 Singapore cents for 1QFY2015.

<b>Balance Sheet</b>	<b>30 June 2014</b>	<b>31 Mar 2014</b>
	<b>SGD'000</b>	<b>SGD'000</b>
<b>Net current assets</b>	82,595	83,631
<b>Net assets</b>	145,838	140,606
<b>Cash and cash equivalents</b>	38,669	37,432
<b>Finance lease payable</b>	1,200	1,360
<b>Borrowings</b>	63,766	64,517
<b>Shareholder's funds</b>	135,875	130,951
<b>Net gearing<sup>1</sup></b>	15.3%	16.8%
<b>Net assets value per share<sup>2</sup></b>	89 cents	86 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, adjusted for the effect of bonus issue.

The Group's balance sheet remained strong subsequent to the acquisition of Binder Group with a cash balance of S\$38.7 million (at end of FY2014: S\$37.4 million) and a net gearing of 15.3%<sup>1</sup> as at 30 June 2014 (at end of FY2014: 16.8%). The Group continued to report positive operating cash flow of S\$6.3 million for 1QFY2015.

## **Outlook**

Looking ahead, Mr Kuah Boon Wee, Group Chief Executive Officer said, ***“The immediate outlook for the oil and gas industry still remains positive in the markets we operate in, notably the Middle East. We are confident that our businesses will continue to do well. Higher sales activity in Bahrain, Singapore and the Binder Group are key for growth within Oilfield Engineering moving ahead and we will stay focused on securing orders in those areas. We are also conscious of the need to continue to improve the operating performance of the Neptune division.*”**

***The Group remains committed to growing its oilfield engineering and subsea services businesses and remains well poised to capitalise on opportunities 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 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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**Issued for and on behalf of MTQ Corporation Limited  
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