



## MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

# MTQ's 1Q Performance Impacted by Industry Slowdown

- Lower revenue and margins reflected weaker customer demand
- Operating cash inflow of S\$3.4 million was recorded
- Balance sheet remained strong with S\$41.2 million cash as cash equivalents and a net gearing of 11.4%

**Singapore, 28 July 2015** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported a pre-tax loss of S\$2.2 million for the three months ended 30 June 2015 (“1QFY2016”).

Financial Highlights	1QFY2016	1QFY2015	Chg
	SGD'000	SGD'000	%
Revenue	60,012	76,694	(22)
Gross Profit	15,621	26,103	(40)
Gross Profit Margin	26.0%	34.0%	-
Other Operating Expenses	7,273	7,745	(6)
Staff Costs	10,194	12,206	(16)
Profit Before Taxation	(2,249)	5,631	n/m
Net Profit Attributable to Equity Holders (PATMI)	(2,331)	4,123	n/m

*n/m: Not meaningful*

## **Financial Review**

The Group reported S\$60.0 million revenue for 1QFY2016, a decrease of 22% year-on-year (“yoy”). The lower revenue was primarily due to the weak demand for oilfield engineering business, across all segments. Bahrain continued to see a healthy level of activities that generated higher revenue yoy. Engine Systems’ performance was stable, despite the impact of a weaker Australian dollar for the quarter compared to a year ago. Neptune’s revenue declined moderately in a weak market for subsea business.

The challenging market environment has put downward pressure on gross margin. Gross profit decreased by 40% yoy to S\$15.6 million for 1QFY2016. Gross profit margin declined to 26.0% for the quarter, compared to 34% a year ago.

Following the Group’s cost rationalisation efforts, operating expenses and staff costs have both decreased during the quarter. However, net profit attributable to shareholders turned to a negative S\$2.2 million, which translated to a diluted loss per share of 1.50 Singapore cents for the quarter.

<b>Balance Sheet</b>	<b>30 Jun 2015</b>	<b>31 Mar 2015</b>
	<b>SGD’000</b>	<b>SGD’000</b>
<b>Net current assets</b>	78,877	82,389
<b>Net assets</b>	134,638	138,350
<b>Cash and cash equivalents</b>	41,160	44,135
<b>Finance lease payable</b>	684	797
<b>Borrowings</b>	57,806	59,635
<b>Shareholder’s funds</b>	125,321	128,960
<b>Net gearing<sup>1</sup></b>	11.4%	10.5%
<b>Net assets value per share<sup>2</sup></b>	81 cents	83 cents

<sup>1</sup> 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.

<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.

The Group generated S\$3.4 million cash from operating activities for 1QFY2016 and reduced its borrowings during the period. The Group’s financial position remained strong with net gearing ratio of 11.4% as at 30 June 2015.

## **Outlook**

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

*“The industry has been on a contraction mode for the last few quarters, following the decline in oil prices and the corresponding capital expenditure reduction in the upstream segment. Competition has led to lower margins and the market environment is expected to remain challenging. Our Singapore oilfield engineering and Binder businesses, in particular, have suffered from low demand. On a positive note, in Bahrain, activity level is still healthy.*

*The Group remains financially strong, our businesses are focused on securing market opportunities and markets while continuing to reduce overheads and improve utilisation. The Middle East remains an area of opportunity where we hope to do more as a Group.”*

- 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 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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