



## MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

### 1QFY17 losses narrowed, but depressed market conditions remain

- Prevalent weakness in the oilfield and subsea sectors
- Continual cost reduction in line with lower revenue
- Focus on utilisation, operational efficiencies and cash conservation

**Singapore, 27 July 2016** – 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 ended 30 June 2016 (“1QFY2017”).

Financial Highlights	1QFY2017	1QFY2016	Chg	1QFY2017	4QFY2016 <sup>1</sup>	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	45,775	60,012	(24)	45,775	49,344	(7)
Gross Profit	11,945	15,621	(24)	11,945	10,900	10
Gross Profit Margin	26.1%	26.0%		26.1%	22.1%	
Other Operating Expenses	(5,883)	(7,273)	19	(5,883)	(7,707)	24
Staff Costs	(8,213)	(10,194)	19	(8,213)	(8,639)	5
Loss Before Taxation	(2,466)	(2,249)	(10)	(2,466)	(5,344)	54
Net Loss Attributable to Equity Holders	(2,184)	(2,331)	6	(2,184)	(3,037)	28

<sup>1</sup> Excluding impairment charges recognised in 4QFY2016.

## Financial Review

The Group reported S\$45.8 million revenue for 1QFY2017, a decrease of 24% year-on-year (“yoy”) due to lower activity in the oilfield and subsea divisions. In Bahrain, revenues remained steady in line with activity in the Middle East. The Group’s gross profit margin remained firm yoy, and improved compared to the immediately preceding quarter as the Group continues to focus on improving utilisation and operational efficiencies.

Compared to 1QFY2016, operating expenses and staff costs declined by 19%. Such costs remain on a downward trend. Overall, the Group reported a net loss attributable to shareholders of S\$2.2 million for 1QFY2017.

<b>Balance Sheet</b>	<b>30 June 2016</b>	<b>31 Mar 2016</b>
	<b>SGD’000</b>	<b>SGD’000</b>
<b>Net current assets</b>	63,855	66,444
<b>Net assets</b>	109,037	113,374
<b>Cash and cash equivalents</b>	29,341	24,967
<b>Bank borrowings and finance leases</b>	43,169	44,087
<b>Shareholder’s funds</b>	101,555	105,664
<b>Net gearing<sup>1</sup></b>	11.3%	14.4%
<b>Net assets value per share<sup>2</sup></b>	66 cents	68 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 positive cash flows from operations before working capital. Working capital changes further boosted the operational cash flows to S\$5.5 million. Investing cash flows were minimal during the period, and cash used in financing activities have decreased as a result of the debt restructuring initiatives taken late FY2016. Overall, the Group’s cash increased from S\$25.0 million as at 31 March 2016 to S\$29.3 million as at 30 June 2016. Consequently, the Group’s net gearing has decreased from 14.4% to 11.3% as at 30 June 2016.

## **Outlook**

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

*“The market is in the process of rebalancing but recovery will take time. Financial performance over the rest of the year is expected to remain challenging.*

*The Group has been operating with a cost-conscious mindset. Savings from costs control initiatives have enabled us to compensate for the decline in activity compared to the immediate preceding quarter and a year ago.*

*Our financial position remains healthy. We will remain focused on cash conservation and resource utilisation. However, a return to profitability requires growing revenues and that remains a challenging goal for this financial year.”*

- 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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