



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- Weaker results mainly arising from lower subsea activities at Neptune
- Reduced finance costs following repayment of bank borrowings
- Improved net debt gearing

Singapore, 25 July 2017 – 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 2017 (“1QFY2018”).

Financial Highlights	1QFY2018	1QFY2017	Chg
	SGD'000	SGD'000	%
Revenue	30,529	34,644	(12)
Gross Profit	5,526	7,886	(30)
<i>Gross Profit Margin</i>	18.1%	22.8%	
Other Income	577	176	228
Other Operating Expenses	(3,672)	(4,479)	18
Staff Costs	(5,409)	(6,265)	14
Finance Costs	(260)	(349)	26
Share of Results of Joint Venture	(257)	(118)	(118)
Loss before tax from Continuing Operations	(3,495)	(3,149)	(11)
Profit from Discontinued Operation, net of tax	-	529	(100)
Loss attributable to Owners of the Company	(3,002)	(2,184)	(37)

Financial Review

The Group reported S\$30.5 million revenue for 1QFY2018, a decrease of 12% quarter-on-quarter (“qoq”) due to lower activity in the Neptune segment. Coupled with the continued pricing pressure, gross profit reduced by 30% to S\$5.5 million.

Continuing cost rationalization measures have led to a reduction in operating and staff costs by 15% as compared to 1QFY2017. Finance costs also declined by 26% as the Group repaid S\$17.0 million of borrowings in 1QFY2018. Overall, the Group reported a net loss attributable to shareholders of S\$3.0 million for 1QFY2018.

Cash flows	1QFY2018	1QFY2017
	SGD'000	SGD'000
Net cash from/(used in):		
- Operating activities	(3,031)	5,456
- Investing activities	8,948	(233)
- Financing activities	(17,062)	(399)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	(11,626)	4,374
Cash and cash equivalents at end of financial period	19,782	29,341

The Group had a net cash outflow of S\$3.0 million from operations for the quarter due to the loss recorded and negative working capital changes for the period. Within investing activities, the Group received the final part consideration of S\$9.5 million during the quarter from the disposal of Engine Systems.

Despite a lower cash and cash equivalents balance, the Group's net debt gearing improved from 9.4% to 4.6%.

Balance Sheet	30 June 2017	31 Mar 2017
	SGD'000	SGD'000
Net current assets	46,606	65,293
Net assets	95,917	99,972
Cash and cash equivalents	19,782	31,408
Bank borrowings and finance leases	24,414	41,741
Shareholder's funds	90,167	93,945
Net gearing¹	4.6%	9.4%
Net assets value per share²	58 cents	61 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 per share 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,

“Our Neptune segment recorded a slow start to the year on the back of reduced activity in Australia, reflecting the generally challenging business environment there. This has effected overall results. Notwithstanding this, most of the other businesses recorded slight improvements with the Middle East’s activity being the most robust.

During the quarter we revisited our financing needs and took a strategic view to fully repay all our Australian dollar borrowings to reduce finance costs. Our financial position remains strong.

The road to recovery remains a challenging one and we remain focused on broadening our markets in this competitive environment as well as enhancing efficiency and utilization.”

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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 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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