



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- **Strong organic growth in Oilfield Engineering, recorded profit of S\$2.7 million from continuing operations in 3QFY2020**
- **Loss from discontinued operations mainly due to accounting loss from disposal of Neptune segment and related redundancy costs**

Singapore, 6 February 2020 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, repair and maintenance services group, reported today its results for the three months and nine months ended 31 December 2019 (“3QFY2020” and “9MFY2020” respectively).

Financial Highlights	3QFY2020	3QFY2019 (Restated)	Chg	9MFY2020	9MFY2019 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	20,680	12,455	66	55,071	33,144	66
Gross Profit	6,853	3,004	128	17,379	8,051	116
<i>Gross Profit Margin</i>	33.1%	24.1%		31.6%	24.3%	
Other Income	114	74	54	511	278	84
Other Operating Expenses	(1,672)	(1,934)	(14)	(4,776)	(4,903)	(3)
Staff Costs	(2,162)	(1,771)	22	(7,006)	(5,606)	25
Finance Costs	(365)	(380)	(4)	(1,138)	(1,135)	0
Share of Results of Joint Ventures and Associate	-	(31)	(100)	206	(23)	nm
Profit/(loss) from Continuing Operations, net of tax	2,656	(1,042)	nm	4,604	(3,486)	nm
(Loss)/profit from Discontinued Operation, net of tax	(2,459)	704	nm	(1,781)	(2,908)	(39)
Profit/(loss) for the period	197	(338)	nm	2,823	(6,394)	nm

Financial Review

The Group reported S\$20.7 million revenue for 3QFY2020, an increase of 66% from 3QFY2019 as activities continue to pick up within the Group. Correspondingly, gross profit margin improved to 33.1% from 24.1% as a result of higher utilisation and better job mix during the quarter.

Other operating expenses remained manageable during the quarter while staff costs increased in tandem with the higher revenue. Overall, the Group reported a net profit from continuing operations of S\$2.7 million in 3QFY2020, bringing the year-to-date profit to S\$4.6 million.

Within the “Discontinued Operation”, the Group recognised S\$1.3 million loss on disposal of the Neptune segment mainly due to the realisation of S\$2.4 million historical foreign currency translation loss residing in the reserves to profit or loss (this has no impact to the net assets of the Group). Following the disposal, the Group made the remaining key personnel of this segment redundant and recorded S\$0.7 million redundancy provision as a result. Excluding these, the segment recorded a slight loss in 3QFY2020 prior to the completion of disposal. The residual entity is now known as Blossomvale Holdings Limited.

Cash flows	3QFY2020	3QFY2019 (Restated)	9MFY2020	9MFY2019 (Restated)
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- Operating activities	4,680	1,290	544	345
- Investing activities	3,116	(1,002)	4,625	(5,295)
- Financing activities	(507)	(849)	(2,232)	9,575
Net change in cash & cash equivalents (inclusive of exchange rate effects)	7,399	(790)	2,738	4,366
Cash and cash equivalents at end of financial period	22,553	15,125	22,553	15,125

The Group recorded net cash inflows of S\$4.7 million from operations for the quarter. Investing cash flows included the initial S\$4.7 million (A\$5.0 million) cash consideration received from the disposal of Neptune segment. Including the quarterly repayments of bank borrowings and lease liabilities, the Group's ending cash and cash equivalents was S\$22.6 million, bringing the Group to a net cash position of S\$1.6 million as at 31 December 2019.

Balance Sheet	31 Dec 2019	31 Mar 2019 (Restated)
	SGD'000	SGD'000
Net current assets	31,000	37,686
Net assets	74,689	71,151
Cash and cash equivalents	22,553	19,815
Bank borrowings and finance leases	20,913	22,030
Shareholder's funds	71,922	68,196
Net gearing ¹	N.A.	3.0%
Net assets value per share ²	33 cents	32 cents

¹ 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, excluding lease liabilities arising from the adoption of the new SFRS(I) 16 Leases, less cash and cash equivalents. Net capitalisation refers to net debt plus total equity.

² 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.

Results & outlook

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

“We are delighted to present another quarter of organic growth in the Oilfield Engineering segment which has resulted in a profit of S\$2.7 million for the quarter. Barring any unforeseen circumstances, we are confident that our businesses will continue to do well and the Group is on track to record a profitable financial year.

The injection of the Neptune segment into MMA Offshore Limited was completed during the quarter.

The healthier cash and financial position will put us in a stronger position to secure revenue opportunities in both our existing markets and also in new areas of growth.”

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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 35 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. 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. Mid-Continent is an oilfield equipment and spares supplier distributing wide range of trusted oilfield manufacturer brands. In-Line Valve, headquartered in the United Kingdom, designs, engineers and supplies flow control valves focused in the upstream oil and gas industry.

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