



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Revenue and operating results affected by COVID-19
- Recorded S\$2.5m profit for 1HFY2021 with support from government grants
- Strong set of operational cash flows, resulting in net cash position

**Singapore, 29 October 2020** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported today its results for the six months ended 30 September 2020 (“1HFY2021”).

Financial Highlights	1HFY2021	1HFY2020	Chg
	SGD'000	SGD'000	%
Revenue	25,964	34,391	(25)
Gross Profit	7,351	10,526	(30)
Gross Profit Margin	28.3%	30.6%	
Other Income	2,681	397	575
Other Operating Expenses	(3,080)	(3,104)	(1)
Staff Costs	(3,987)	(4,844)	(18)
Finance Costs	(540)	(773)	(30)
Share of Results of Joint Venture	-	206	(100)
Profit from Continuing Operations, net of tax	2,493	1,948	28
Profit from Discontinued Operation, net of tax	-	678	(100)
Profit for the period	2,493	2,626	(5)

## **Financial Review**

The Group reported S\$26.0 million revenue for 1HFY2021, a decrease of 25% year-on-year (“yoy”) compared to S\$34.4 million in 1HFY2020. Correspondingly, gross profit margin dropped to 28.3% from 30.6% mainly due to lower utilisation during the period. The decrease was mainly due to the broad weakened economy caused by COVID-19. Our operations particularly in Singapore, suffered the biggest decline as the Group continued to see slow response time from customers and disrupted supply chain. The Bahrain’s operation, however, reported steady revenue for the period.

Other income for 1HFY2021 included S\$2.5 million governments’ support under the COVID-19 relief measures. Other operating expenses remained relatively unchanged while staff costs decreased with reduced activities. Finance costs also decreased with lower borrowings and lower interest rates during the period.

Overall, the Group recorded a net profit of S\$2.5 million in 1HFY2021.

<b>Cash flows</b>	<b>1HFY2021</b>	<b>1HFY2020</b>
	<b>SGD’000</b>	<b>SGD’000</b>
<b>Net cash from/(used in):</b>		
- <b>Operating activities</b>	7,852	(4,136)
- <b>Investing activities</b>	(1,072)	1,509
- <b>Financing activities</b>	(9,051)	(1,725)
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	(1,385)	(4,661)
<b>Cash and cash equivalents at end of financial period</b>	19,151	15,154

The Group recorded solid net cash inflows of S\$7.9 million from operations in 1HFY2021. Within financing activities, the Group deployed some of its cash resources to reduce interest expense and repaid about S\$6.7 million bank borrowings, net. Overall, the Group had cash and cash equivalents of S\$19.2 million as at 30 September 2020 and was in a net cash position of S\$5.1 million (compared to net debt of S\$0.6 million as at 31 March 2020).

Balance Sheet	30 Sept 2020	31 Mar 2020
	SGD'000	SGD'000
Net current assets	43,252	48,980
Net assets	68,573	69,670
Cash and cash equivalents	19,151	20,536
Bank borrowings	14,045	21,156
Shareholder's funds	68,477	68,142
Net gearing <sup>1</sup>	N.A. <sup>3</sup>	0.9%
Net assets value per share <sup>2</sup>	32 cents	32 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, 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.

<sup>3</sup> As at 30 September 2020, the Group is in the net cash position of S\$5.1 million.

## **Outlook**

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

*“The sluggish general activity level in the first half of the financial year has impacted the Group’s operations especially in Singapore. Government grants, however, have helped to defray a significant portion of the costs during the period although these will slowly taper off in the second half of the year.*

*Our current focus is to work closely with our core customers in maintaining a base load of activity, at the same time, we will look to broaden our reach where we can.*

*Financially, the Group’s balance sheet is healthy. Whereas we do not expect recovery anytime soon, we are in a good position to weather the downturn.”*

- 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 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.

For more information, please log on [www.mtq.com.sg](http://www.mtq.com.sg)

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