



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Revenue of **S\$37.1 million** in 2HFY2024, bringing full-year revenue to **S\$73.7 million**
- FY profit of **S\$9.4 million** lifted by gain from sale of property assets, underlying performance remains steady
- Proposed final dividend of **SGD 0.5 cents per share**

Singapore, 10 May 2024 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, repair and maintenance services group, reported today its results for the six months and twelve months ended 31 March 2024 (“2HFY2024” and “FY2024” respectively).

Financial Highlights	2HFY2024	2HFY2023 (Restated)	Chg	FY2024	FY2023 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	37,062	47,875	(23)	73,746	81,432	(9)
Gross Profit	12,064	15,849	(24)	23,016	25,975	(11)
Gross Profit Margin	32.6%	33.1%		31.2%	31.9%	
Other Income	243	289	(16)	6,924	713	871
Other Operating Expenses	(4,397)	(6,116)	(28)	(9,341)	(10,026)	(7)
Staff Costs	(4,268)	(4,531)	(6)	(8,252)	(8,491)	(3)
Finance Costs	(920)	(1,040)	(12)	(1,857)	(1,754)	6
Underlying Profit Before Tax	<b>2,722</b>	<b>4,451</b>	<b>(39)</b>	<b>10,490</b>	<b>6,417</b>	<b>63</b>
Non-cash impairments/provisions <sup>1</sup>	(119)	(1,169)	(90)	(14)	(1,169)	(99)
Loss on liquidation of a subsidiary	-	(1,003)	(100)	-	(1,003)	(100)
Government Grants	42	79	(47)	52	142	(63)
Overall Profit Before Tax	<b>2,645</b>	<b>2,358</b>	<b>12</b>	<b>10,528</b>	<b>4,387</b>	<b>140</b>
Tax Expense	(744)	(12)	6100	(825)	(214)	286
Profit After Tax, from Continuing Operations	<b>1,901</b>	<b>2,346</b>	<b>(19)</b>	<b>9,703</b>	<b>4,173</b>	<b>133</b>
Loss from Discontinued operation, net of tax	<b>(119)</b>	<b>(274)</b>	<b>(57)</b>	<b>(288)</b>	<b>(375)</b>	<b>(23)</b>
Profit After Tax	<b>1,782</b>	<b>2,072</b>	<b>(14)</b>	<b>9,415</b>	<b>3,798</b>	<b>148</b>

<sup>1</sup>Non-cash impairments/provisions relate to allowance for inventory obsolescence and stock written-off.

## **Financial Review**

The Group reported S\$37.1 million revenue for 2HFY2024, a decrease of 23% year-on-year (“yoy”) compared to S\$47.9 million in 2HFY2023. The decrease primarily stemmed from the exceptional performance during the same period last year, fueled by the rapid expansion of drilling rigs in the Middle East. Additionally, the Group also had an irregular opportunity to retrofit certain rigs constructed in Singapore for deployment to the Middle East. While this bolstered the revenues for both Singapore and Bahrain in 2HFY2023, it has since normalised in FY2024. Despite the absence of this extraordinary circumstance, the Group delivered stable growth while improving profitability.

Revenue by geographical segment	1HFY2023	2HFY2023	1HFY2024	2HFY2024
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Singapore</b>	18,570	20,137	16,662	<b>17,719</b>
<b>Bahrain</b>	13,910	26,427	18,418	<b>16,108</b>
<b>United Kingdom</b>	1,077	1,311	1,604	<b>3,235</b>
<b>Total</b>	<b>33,557</b>	<b>47,875</b>	<b>36,684</b>	<b>37,062</b>

2HFY2024’s other operating expenses have stabilized (from S\$4.9 million in 1HFY2024). Compared to 2HFY2023, there was a considerable reduction arising from the absence of Pandan Property related costs and relocation costs in 2HFY2024. Staff costs and finance costs did not vary significantly year-on-year.

2HFY2024 also saw minimal “exceptional” non-cash provisions and/or loss on liquidation of a subsidiary, resulting in slightly better overall PBT compared to the corresponding period a year ago.

During the period, the Group divested its loss-making Australian pipe-support business resulting in a modest gain on disposal of S\$0.3 million. This gain, along with the results of the business, were presented within Loss from Discontinued Operation.

Overall, the Group recorded a full-year net profit of S\$9.4 million, boosted by the S\$5.4 million gain on disposal of Pandan Property, net of tax.

Cash flows	2HFY2024	2HFY2023	FY2024	FY2023
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Net cash from/(used in):</b>				
- Operating activities	7,266	6,909	4,393	3,298
- Investing activities	(988)	(4,062)	2,943	(5,670)
- Financing activities	(2,531)	2,785	(8,709)	7,915
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	<b>3,709</b>	<b>5,271</b>	<b>(1,277)</b>	<b>5,239</b>
<b>Cash and cash equivalents at end of financial period/year</b>	<b>12,291</b>	<b>13,568</b>	<b>12,291</b>	<b>13,568</b>

The Group recorded net cash inflows of S\$7.3 million from operations for 2HFY2024, turning around the 1HFY2024's cash flows from operating activities to positive S\$4.4 million year-to-date. Within investing cash flows, the Group spent about S\$5.7 million (year-to-date: S\$7.5 million) on capital expenditure mainly relating to the expansion into the UAE. This was partially offset by the net proceeds of S\$4.0 million from the partial disposal of the MMA Shares as announced on 25 March 2024. Overall, cash and cash equivalents stood at about S\$12.3 million as at 31 March 2024 (31 March 2023: S\$13.6 million). Subsequent to the financial year end, the Group made a voluntary repayment of its revolving facilities amounting to S\$4.5 million to further reduce interest expense.

Balance Sheet	31 Mar 2024	31 Mar 2023 (Restated)
	SGD'000	SGD'000
<b>Net current assets</b>	42,034	37,701
<b>Net assets</b>	78,770	63,041
<b>Cash and cash equivalents</b>	12,291	13,568
<b>Bank borrowings</b>	13,869	20,219
<b>Shareholder's funds</b>	78,770	63,041
<b>Net gearing<sup>2</sup></b>	2.0%	9.5%
<b>Net assets value per share<sup>3</sup></b>	35 cents	29 cents

<sup>2</sup> Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.

<sup>3</sup> Net assets value is calculated based on the Group's net assets, divided by the total number of issued shares excluding treasury shares as at the end of the financial year.

In line with the previous year, the Board is proposing a final one-tier dividend of SGD 0.5 cents per share. Subject to shareholders' approval at the Annual General Meeting, this will result in a total dividend for FY2024 of SGD 1.0 cents per share, doubling that of FY2023.

## **Results & outlook**

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

*“The Group is delighted to announce another profitable year, with contributions from operations in both Bahrain and Singapore. Singapore recorded a strong finish and we are cautiously optimistic that this recovery will continue. Current overall utilization levels remain healthy and the general level of inquiries remains encouraging.*

*The recent divestment of the Group’s loss-making Australian pipe-support business is part of the overall Group’s wider strategy to streamline its operations allowing a more concentrated focus on growing its core businesses supporting drilling-related activities in the Middle East and Singapore.*

*The expansion into the UAE is progressing – the Group has commenced the construction of the facility and is currently expected to be completed next year. Meanwhile, the Group will look to initiate preparatory measures to minimize delays to full operation in the UAE.”*

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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 50 years and commitment to service quality, MTQ is the authorized 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. 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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