BAKER TECHNOLOGY LIMITED
Company Registration No.: 198100637D

Media Release

Baker Tech 3Q 2018 net profit rose to $25.7 million on negative goodwill from acquisition of CH Offshore Ltd.

Y/E Dec ($ million)	**3Q 2018**	3Q 2017	***Chg %***	**9M 2018**	9M 2017	***Chg %***
Revenue	**11.0**	0.8	+1,233	**15.2**	3.2	+368
Cost of goods sold	**(6.9)**	(0.9)	+662	**(10.3)**	(1.2)	+780
Gross profit/(loss)	**4.1**	(0.1)	NM	**4.9**	2.1	+137
Administrative expenses	**(3.5)**	(2.8)	+26	**(11.7)**	(7.3)	+60
Provisional negative goodwill	**24.8**	-	NM	**24.8**	-	NM
Other operating income, net	**0.3**	0.2	+80	**0.7**	0.5	+29
Foreign exchange (loss)/gain	**(0.01)**	(0.8)	*-99*	**1.1**	(3.1)	NM
Finance cost	**(0.05)**	-	NM	**(0.05)**	-	NM
Share of results of associates	**0.02**	-	NM	**0.02**	-	NM
Profit/(loss) before taxation	**25.7**	(3.6)	NM	**19.8**	(7.8)	NM
Income tax credit	**-**	0.03	*-100*	**0.04**	0.3	*-85*
Net profit/(loss) for the period	**25.7**	(3.5)	NM	**19.8**	(7.5)	NM
Basic and Diluted EPS^ (cents)	**12.74**	(1.74)		**9.86**	(3.71)	

^ based on the weighted average number of ordinary shares in issue of 202,877,948.
NM – not meaningful

31 October 2018 – Baker Technology Limited (‘**Baker Tech’** or **‘the Group’)** 巴克科技有限公司**,** a leading manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry, reported a net profit of $25.7 million on revenue of $11.0 million for the three months ended 30 September 2018 (“3Q 2018”).

3Q 2018 Performance

On 26 July 2018, the Group acquired 371,646,150 shares (or 52.72%) in CH Offshore Ltd. (“CHO”) for approximately $45.5 million from two unrelated vendors. Subsequently, the Group acquired additional 15,889,150 shares in CHO (or 2.26%) for approximately $2.1 million under the mandatory unconditional cash offer in accordance with Rule 14.1 of the Singapore Code of Take-overs and Mergers. As a result, the Group commenced the consolidation of CHO as a 54.98%-owned subsidiary from end August 2018 onwards.

Revenue for the Group for 3Q 2018 was up at $11 million compared to $0.8 million a year ago, derived from charter income. Due to the acquisition of CHO, the Group recorded a provisional negative goodwill of $24.8 million in 3Q 2018. As a result, net profit for 3Q 2018 surged to $25.7 million.

9M 2018 Performance

The Group’s revenue was up to $15.2 million for the nine months ended 30 September 2018 (“9M 2018”) compared to $3.2 million in nine months ended 30 September 2017 (“9M 2017”). Net profit for 9M 2018 was up at $19.8 million, compared to a loss of $7.5 million in 9M 2017.

The Group recognised foreign exchange gains of $1.1 million for 9M 2018, arising from the strengthening of the U.S. dollar against Singapore dollar, especially during 2Q 2018.

The Group reported net operating cash outflow of $12.1 million for 9M 2018 to fund working capital required for operations.

Shareholders' funds increased to $281.8 million as at 30 September 2018, from $202.5 million as at 31 December 2017, primarily due to the net profit for the period and the non-controlling interest in relation to the acquisition of CHO. Cash and short-term deposits were at $28.7 million.

Outlook

Going forward, as a result of the Group's acquisition and consolidation of CHO, the Group's financials will be impacted by the performance of CHO.

With oil prices continuing to stabilise around US$70 per barrel, oil field activities appear to have increased. However, charter rates are expected to remain flat in the near term as a result of oversupply. In addition, new build activity has remained muted.

The Group will continue to be prudent to ensure long-term sustainability in its operations.

About Baker Technology Limited (Bloomberg: BTL SP, Reuters: BATE.SI)

Baker Technology Limited (Baker Tech) is a leading manufacturer and provider of specialised equipment and services for the oil and gas industry. Its core business is in the design and fabrication of a wide range of equipment and components for use in the offshore environment. These include offshore pedestal cranes, anchor winches, skidding systems, jacking systems and raw water tower structures. Its product offering features a state-of-the-art self-propelled multi-purpose jack-up liftboat. It also provides services such as project management, engineering services, quality assurance, and construction supervision. Baker Tech has market presence in China, the Middle East, Asia and USA.

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