



## BAKER TECHNOLOGY LIMITED

Company Registration No.: 198100637D

### Media Release

#### **Baker Tech's FY09 net profit up 105% to a record S\$38.6 m**

**- proposes final dividend per share of 2.25 cts; dividend yield of 7.5% -**

S\$ million Y/E Dec	4Q FY09	4Q FY08	Chg	FY09	FY08	Chg
Revenue	15.6	31.5	-51%	79.2	74.4	+7%
Cost of goods sold	(1.6)	(19.7)	-92%	(27.9)	(52.4)	-47%
Gross Profit	13.9	11.8	+18%	51.3	21.9	+134%
Profit before tax	10.3	9.0	+15%	46.1	22.5	+105%
Net Profit	8.4	6.9	+23%	38.6	18.8	+105%
Basic EPS* (cents)	1.28	1.09	+17%	6.03	2.98	+102%
Diluted EPS* (cents)	1.28	1.05	+22%	6.03	2.87	+110%
NTA per share (cents)				15.2	9.6	+58%

\* based on a weighted average number of 639,287,313 ordinary shares for the financial period ended 31 December 2009 (31 December 2008—631,324,221)

+ based on the number of ordinary shares in issue during the financial period ended 31 December 2009 adjusted for dilutive effect of 731,802 W110613 warrants (31 December 2008—24,121,243 W110613 warrants)

- **FY09 net profit more than doubled to S\$38.6 million, boosted by high value fabrication projects of specialised steel structures**
- **Available cash and cash equivalents of S\$76.4 million as at 31 Dec 2009 or approximately 40% of market capitalisation**
- **Robust Return on Equity of 39.0%.**
- **Proposed dividend payout of 2.25 cts per share (FY08: 0.5 cts) translates to 7.5% dividend yield (based on closing share price of S\$0.30).**
- **Group expects new projects in the pipeline and to remain profitable in FY2010**

**26 February 2010 – Baker Technology Limited** ('Baker Tech' or 'the Group') 巴克技术有限公司, a SGX-ST mainboard-listed manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry, has reported record earnings for the year ended 31 December 2009 (FY09).

***“2009 was a remarkable year for Baker Tech. I am pleased to report that we have achieved record profits of S\$38.6 million and increased our net cash holdings substantially to S\$76.4 million. ”***

***- Chairman, Mr. Lim Ho Seng (林穆升)***

#### **Fourth Quarter FY09 Performance (4Q FY09)**

4Q FY09 revenue fell by 51% to S\$15.6 million compared to a year ago. This was due to the slowdown in the marine offshore industry as many projects were postponed due to the global credit crunch. Gross profit, however, rose 18% to S\$13.9 million as a number of higher value contracts, for the fabrication of specialised steel structures, were in the final stages of completion.

4Q FY09 pretax profit increased 15% to S\$10.3 million; boosted by a profit turnaround at its 49%-owned associate York Transport Equipment Asia ("York"). Contribution from York reversed from a share of losses of S\$0.9 million to a share of profits of S\$0.3 million. Due to the weaker US\$ against the S\$, the group also reported a foreign exchange loss of S\$1.6 million. Net profit improved 23% to S\$8.4 million.

#### **Full Year FY09 Performance (FY09)**

Although FY09 benefitted from a full 12-month contribution by core operating subsidiary - Sea Deep Shipyard ('Sea Deep') - compared to just eight months in FY08, group revenue only rose marginally from S\$74.4 million to S\$79.2 million. This was due to significantly lower new orders in FY09.

Gross profit surged 134% to S\$51.3 million on the back of the recognition of higher number of specialised steel fabrication contracts which were completed or near completion during the year. Profitability was boosted by the receipt of one-tier tax-exempt interim dividends of S\$5.4 million (FY08: S\$5.3 million) from its 15% stake in PPL Shipyard, but this was partly offset by foreign exchange losses of S\$3.0 million and share of losses of S\$0.25 million from associate York. Pretax profit was up 105% to S\$46.1 million while net profit was also up 105% to S\$38.6 million. Earnings per share were 6.03 cents (FY08: 2.98 cents).

The Group strengthened its financial position further during the year. It generated net operating cash flows of S\$39.7 million in FY09, compared to S\$27.4 million in FY08. As at 31 December 2009, available cash and cash equivalents stood at S\$76.4 million, more than double the S\$31.1 million recorded as at 31 December 2008. The group has zero bank borrowings. Shareholders' fund increased from \$60.5 million to S\$99.5 million as at 31 December 2009. Net asset value per share was 15.2 cents (FY 08: 9.6 cents).

## **Outlook**

Due to the slowdown in activities and the postponement of projects, the Group's order book stood at US\$7 million as at 31 December 2009, down from US\$19 million three months ago. These orders will be completed within the next 12 months.

In 2009, global upstream, oil and gas budgets were reportedly cut by 15-20% with more than 20 planned large projects being postponed. This year, global upstream spending is expected to rise again by 11% from US\$395 billion to US\$495 billion according to a study by Barclays Capital (*The Original E&P Spending Survey, Dec 2009*). Most of the increase will be driven by national oil companies.

***“We expect to remain profitable in FY10. Although the global economic recovery is expected to remain volatile, we are encouraged by new orders in the pipeline and the rise in enquiries in recent months from our traditional markets.”***

***“Furthermore, we have been increasing our R&D and marketing efforts and actively pursuing new opportunities during this slow period. Besides developing new and innovative products, we also want to build a portfolio of value accretive businesses in the oil and gas sector. The acquisition of Sea Deep in 2008, which has added significant value to shareholders, represents the first outworking of our strategic vision.”***

**- Chairman Mr. Lim Ho Seng (林穆升)**

**- END -**

## **About Baker Technology Limited**

Listed on SGX-ST mainboard, Baker Technology Limited (Baker Tech) is a leading manufacturer and provider of specialised equipment and services for the oil & gas industry. Its core business is in the design and construction 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. It also provides services such as project management, engineering services, quality assurance, and construction supervision.

Baker Tech has a 49% interest in York Transport Equipment (Asia) Pte Ltd, a manufacturer and distributor of trailer axles and related components. It also holds a 15% stake in PPL Shipyard which designs and constructs offshore rigs. PPL's Pacific Class 375 jack-up rigs are well accepted in the market as rigs of choice. Baker Tech has market presence in China, the Middle East, Asia and USA. Please visit us at [www.bakertech.com.sg](http://www.bakertech.com.sg)

## **Media/IR Contact:**

Juliet Ang, NRA Capital

Tel: 6236 6895/9839 9016 email: [juliet.ang@nracapital.com](mailto:juliet.ang@nracapital.com)