



YOUR CONNECTION TO THE RIGHT MACHINE



ENGINEERED FOR
RESILIENCE

1QFY2019 Presentation

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Presentation Outline

 Financial Highlights Outlook, Strategies
& Recent
Developments



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Financial Highlights



Financial Summary

Intense competition coupled with supplier delays weighed down performance for the quarter but signs of recovery are starting to show with the Group securing several new order wins

Financial Highlights	1QFY2019 S\$'000	1QFY2018 S\$'000	% Change
Revenue	14,573	18,897	(22.9)
Gross Profit	4,398	5,015	(12.3)
Gross Profit Margin	30.2%	26.5%	3.7 pp
EBITDA	1,520	1,945	(21.9)
Other Income	507	491	3.3
Operating Expenses*	5,262	5,239	0.4
Net (Loss) / Profit Attributable to Owners of the Company	(229)	113	NM
Basic (LPS) / EPS (cents)#	(0.21)	0.10	NM

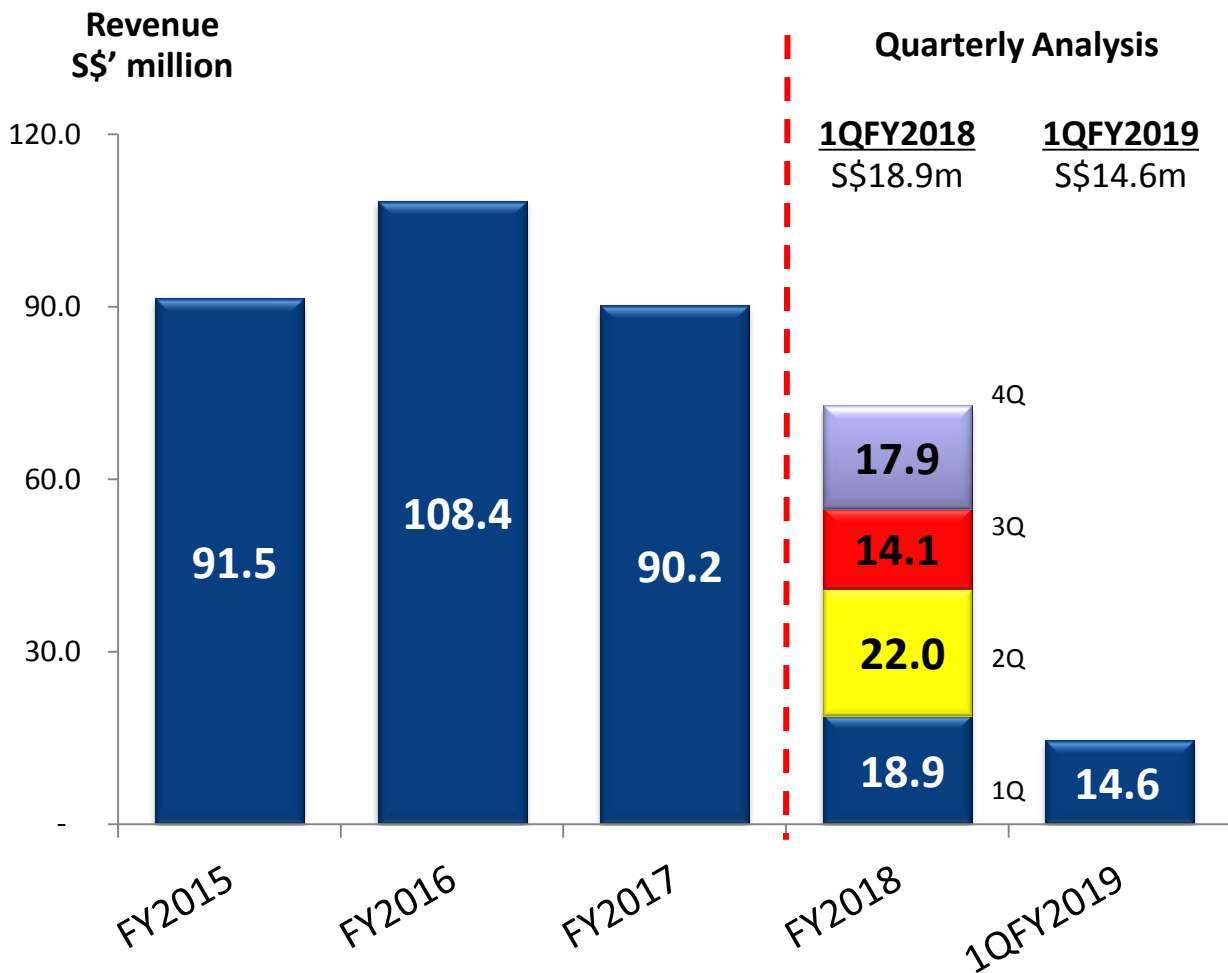
*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on weighted average number of shares of 111,030,555 for 1QFY2019 (1QFY2018: 111,281,821).

NM: not meaningful

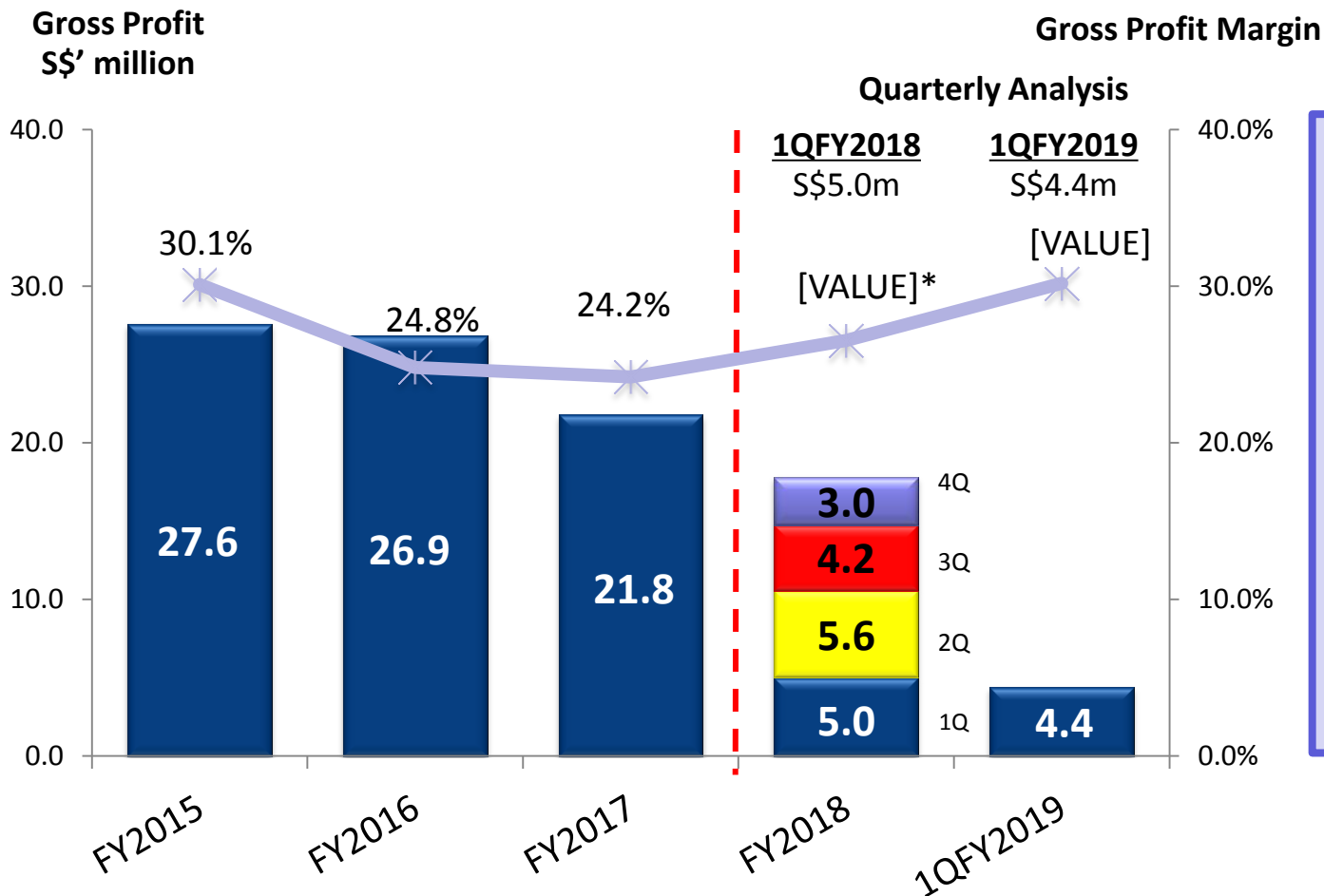
Revenue



Decrease in Revenue

- Project and Distribution business segments affected by customer delays and longer lead time from supplier

Profitability Trend (Gross Profit / Gross Profit Margin)



Gross Profit and GPM

Gross Profit affected by lower sales with a GPM improving due to better margin achieved from Distribution segment on sales to certain customers and Project segment on completion of certain projects with better margins

Net Profit/(Loss)
S\$' million

Net Profit/(loss) Margin

10.0%

8.0%

6.0%

4.0%

2.0%

0.0%

-2.0%

-4.0%

-6.0%

-8.0%

-10.0%

Quarterly Analysis

1QFY2018

\$0.1m

1QFY2019

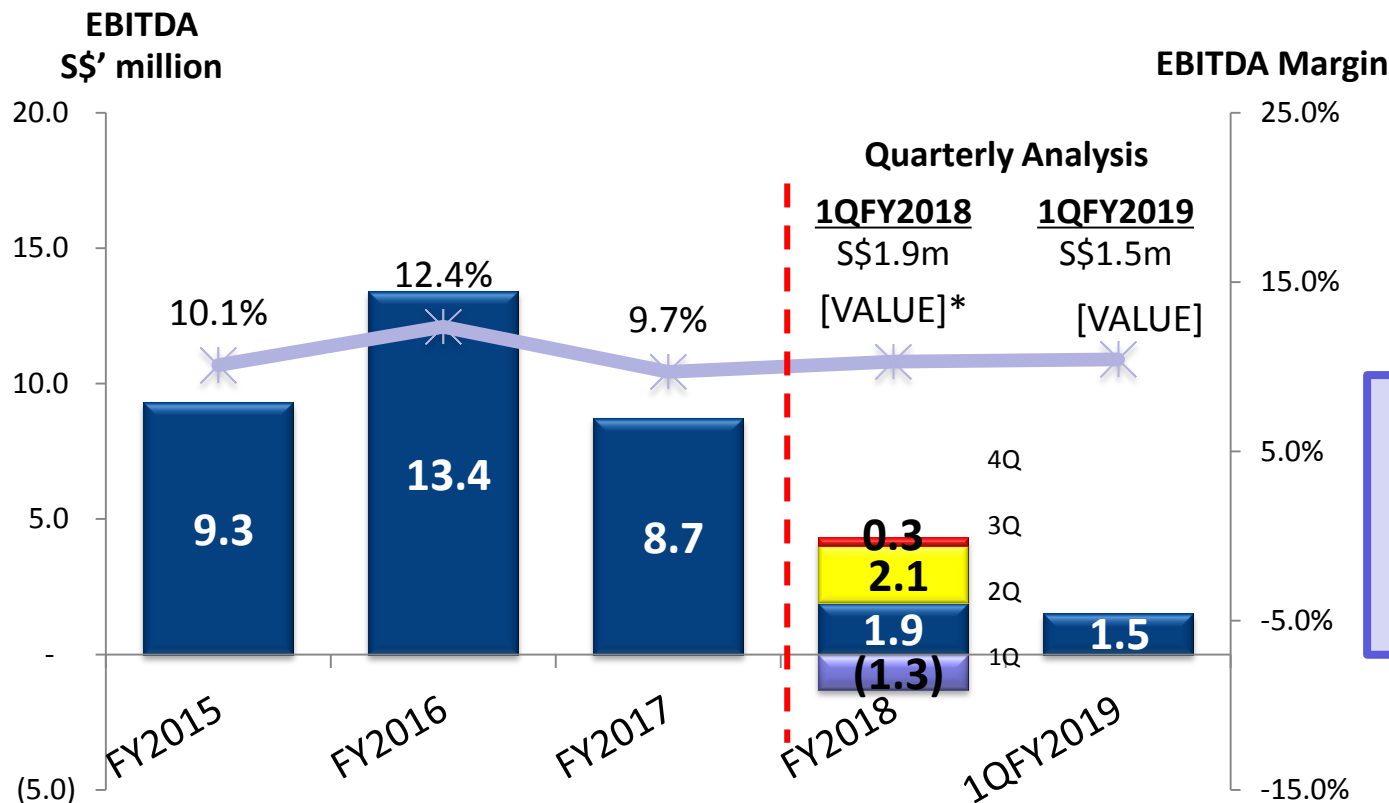
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Net Loss and NPM

- Weak revenue and lower gross profit resulted in a net loss

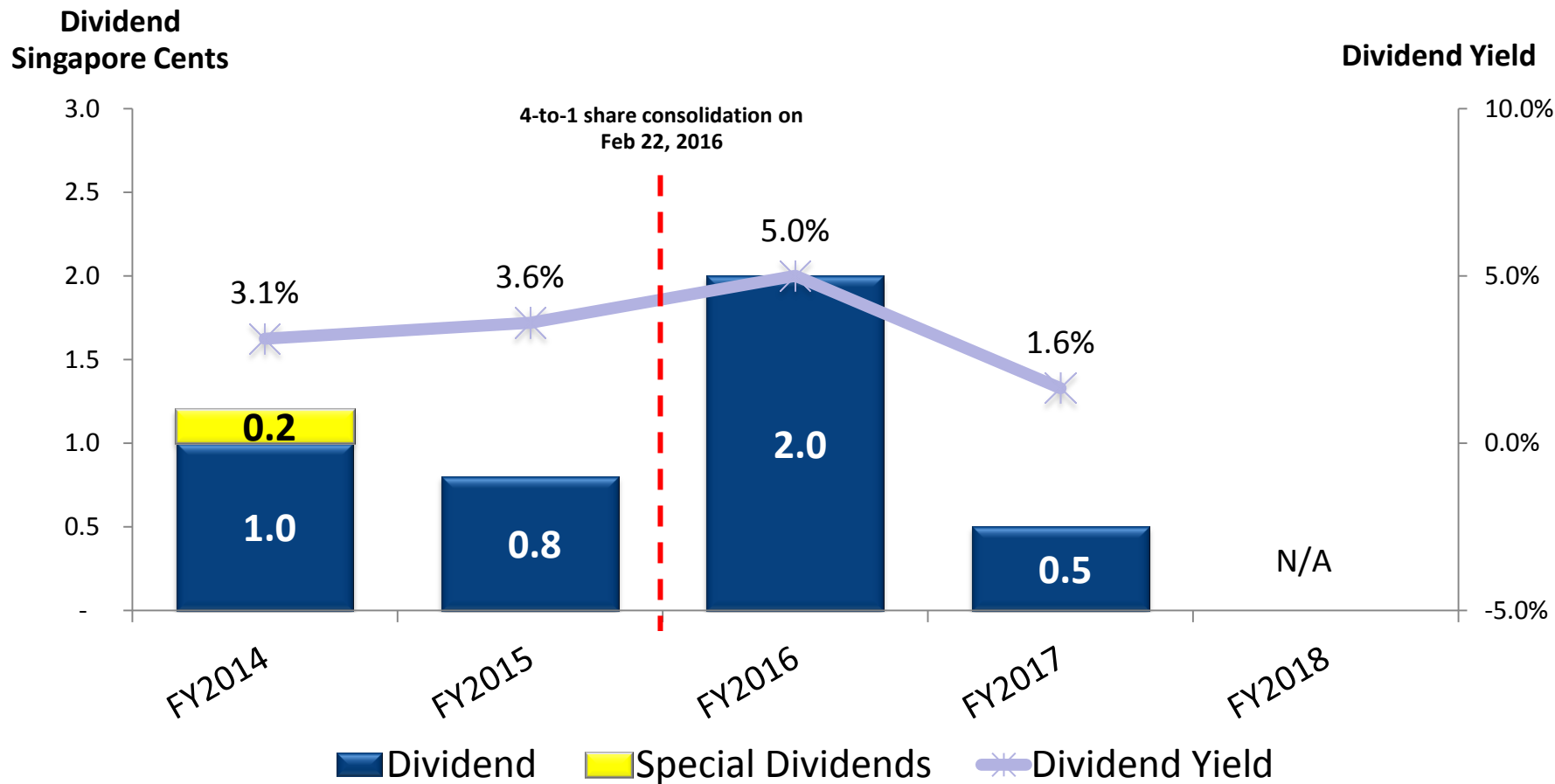
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Profitability Trend (EBITDA / EBITDA Margin)



*1QFY2018 EBITDA Margin

Dividend Trend (Dividends / Dividend Yield)



Balance Sheet

Balance Sheet	31 July 2018	30 April 2018 (Restated)
	S\$'000	S\$'000
Property, plant and equipment	62,821	64,142
Intangible assets	10,874	11,094
Inventories	32,512	33,270
Trade and other receivables	13,942	14,069
Contract work-in-progress	6,224	7,293
Cash and short-term fixed deposits	22,657	24,001
Loans and borrowings	69,676	73,852
Total equity attributable to owners of the company	61,114	61,438
Net gearing ratio	0.77	0.81
Net asset value per ordinary share (S\$' cents) [#]	55.42	55.21

[#]: Based on 110,281,621 (30 April 2018: 111,281,821) number of shares



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Outlook, Strategies & Developments

Outlook

Brighter horizons

- Near-term competition remains stiff
- Extended higher coal prices and rising demand for coal have led to more financing opportunities opening up for newbuilds, which have resulted in more enquiries and orders
- Group looking to deliver the majority of its recent order wins within FY2019

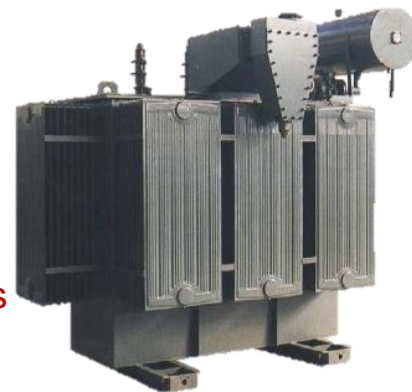
Charting a path towards stability

- Increased sales conversion have resulted in cumulative order wins of S\$54.1 million, strengthening the Group's order book coming into FY2019
- The Group continues to expand its reach securing contracts spreading across several sectors such as utilities, data centres, marine vessels and industrials
- Group will aim to continue its order winning momentum in local and overseas markets across new and existing sectors

Strategies

Distribution Business

- Group is entrenched in key markets, Indonesia and Vietnam with further localization completed to capitalise on pick up in sentiments due to strengthening fundamentals
- New JV in Myanmar set up to manufacture and distribute transformers, generator sets and power solution products, as well as provide after sales and maintenance services
- Explore other new territories such as Thailand, Sri Lanka, Bangladesh and Myanmar



Project Business

- **ZPA – System Integrator for Power, Control and System Solutions**
 - ✓ Continue to delve further into onshore sectors such as utilities and wind farms
 - ✓ Increase brand equity in the region in countries such as The Philippines, Cambodia and Myanmar with market surveys being done to identify best possible course of action
- **MPG – One-Stop Power Generator Solutions**
 - ✓ Explore possible markets such as Vietnam and Myanmar
 - ✓ Pursuing opportunities in the generator set rental market
 - ✓ Data centre segment remains robust with possible growth opportunity in residential, industrial, hospitals and green buildings



Recent Developments

- **Feb 2018 – Striking Off of Wholly-Owned Subsidiary, AceGen Pte. Ltd.**
- **Feb 2018 – Sale and Purchase of Shares Agreement Relating to Disposal of Shares in Z-Power Automation Vietnam Co. Ltd.**
 - Proposed disposal of 50% of the issued and paid-up share capital of Z-power Automation Vietnam Co. Ltd to IPE Automation Sdn. Bhd, which owns the other 50% of Z-power Vietnam
- **Feb 2018 – Joint Venture Entity in Myanmar incorporated**
 - With effect from 31 January 2018, issued and paid-up capital of US\$ 150,000
 - XMH Engineering (50%), Myanmar MarcoPolo Co., Ltd. (25%), Bulox Power Pte. Ltd. (25%)
- **Aug 2017 – Entered into joint venture through XMH Engineering Pte. Ltd. with Myanmar Marcopolo Co., Ltd and Bulox Power Pte. Ltd.**
 - Manufacture and/or assemble transformers, generator sets and power solution products and to provide after sales and maintenance services relating to transformers, generator sets or power solution related activities in Myanmar

Share Statistics

Bloomberg code Reuters code	XMH SP EQUITY XMHL.SI	
Share Price	S\$0.205	
Market Capitalization (110.3M shares)	S\$22.4 million	
Trailing P/E	-	
NAV per share	S\$0.554	
Free Float	25.0%	
Substantial Shareholders	Insiders	47.8%
	Credence Capital	19.1%

Source: Company Statements, Bloomberg as at 29 June 2018



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THANK YOU

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