



POWERED FOR GROWTH
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XMH HOLDINGS LTD.

A DIESEL ENGINE, PROPULSION AND POWER GENERATING SOLUTIONS PROVIDER IN THE MARINE AND INDUSTRIAL SECTORS

Corporate Presentation



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CORPORATE OVERVIEW

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Brief Corporate Profile

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About XMH

- A diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors
- Over 50 years of operating track record mainly in Asia
- Listed on the Main Board of the SGX-ST on 26 January 2011



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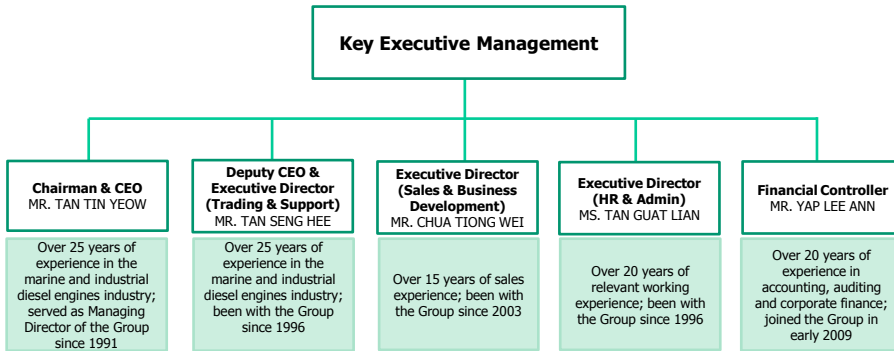
Key Milestones

1955	1960 - 70s	1980s	1990s	2000s
<ul style="list-style-type: none"> • Founder Mr Tan Tum Beng started a small machinery repair and maintenance shop 	<ul style="list-style-type: none"> • Resale of used industrial diesel engines and machinery purchased from suppliers in the UK • Modification of engines for customers in the timber industry 	<ul style="list-style-type: none"> • Leading supplier of used industrial and marine diesel engines and related machinery manufactured in Japan 	<ul style="list-style-type: none"> • Xin Ming Hua ("XMH") incorporated in 1991 • Began distribution of new engines and power generating sets under <i>Mitsubishi</i> brand in 1996 • Secured exclusive distribution rights for <i>SOLE</i> brand of marine diesel engines and its genuine spare parts for certain regions in 1998 	<ul style="list-style-type: none"> • Progressively secured distribution rights for products from a wide range of brands namely <i>Akasaka, Hyundai, Doosan, Korsor, Reintjes and CENTA</i>, with some on exclusive basis. • Developed and marketed a range of power generating sets under the in-house brand "e-Gen", which can offer value-added customisation service • Established XMH Engineering Pte Ltd to design and develop <i>XMH IPS</i> in 2007, a one-stop integrated solution for the propulsion requirements of marine vessels

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Key Management





Share Statistics

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Bloomberg code	XMH SP EQUITY	
Reuters code	XMHL.SI	
Share Price	S\$0.181	
Market Capitalization (386.3M shares)	S\$69.9 million	
P/E	6.78	
NAV per share	S\$0.11	
Free Float	18.8%	
Substantial Shareholders	Directors	65.8%

Source: Bloomberg as at 26 June 2012

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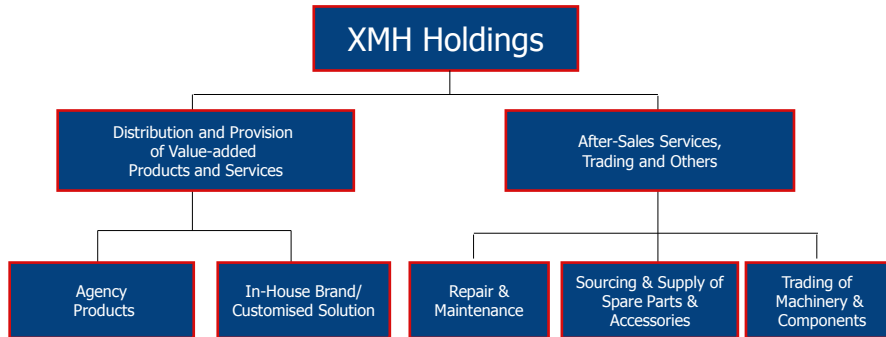
BUSINESS OVERVIEW

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Business Segments

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Product Range & Applications

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Distribute a wide range of marine and industrial diesel engines, power generating sets and related components for the following applications:

	Marine	Industrial
Applications:	<ul style="list-style-type: none"> • Transportation vessels (tugs and barges, cargo vessels and ferries) • Offshore support vessels (anchor handling and supply tugs) • Bulk carriers and tankers • Fishing vessels 	<ul style="list-style-type: none"> • Power generating sets used in hotels and buildings • Power packs for water and oil pumps
Target Customers include:	<ul style="list-style-type: none"> • Shipyards • Vessel owners • Dealers 	<ul style="list-style-type: none"> • Hotel proprietors • Building owners • Main contractors

Diversified customer base helps to mitigate the downturn from any particular sector

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Key Geographical Markets



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Reputable Distribution Brands

BRAND	PRODUCT TYPE	TERRITORIES
Mitsubishi	1) Limited range of high-speed and medium-speed marine diesel engine and power generating sets, including related spare parts and accessories	1) China, India, Indonesia, the Maldives, Singapore, Vietnam
	2) OEM industrial power generating sets	2) Worldwide
Akasaka	Main engine for propulsion and after-sales services	Singapore, Malaysia, Indonesia
Hyundai	Marine engine and generator	Malaysia, Singapore, Indonesia
Doosan	Marine engines and related spare parts	Indonesia, Singapore
SOLÉ	Marine engines and power generating sets, including related spare parts and accessories	Cambodia, Indonesia, Malaysia, the Maldives, Myanmar, the Philippines, Singapore, Sri Lanka, Thailand, Vietnam

Note: Territories highlighted in red represent **exclusive** distribution

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Reputable Distribution Brands

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BRAND	PRODUCT TYPE	TERRITORIES
Reintjes	Gearboxes and related spare parts	Indonesia
D-I	Gearbox Steering Systems and PTO	Singapore and Indonesia Singapore and Indonesia
Korsør	Controllable pitch propellers	China, India, Indonesia , Malaysia , Middle East, Singapore , Thailand , Vietnam
Mentrade	Fixed pitch propellers	Indonesia and Vietnam
CENTA	Couplings for marine and industrial applications	Indonesia
Guangzhou Diesel	Industrial/Marine diesel engine and power generating sets	Singapore , Malaysia and Indonesia
Kamome Propeller	Propellers and thruster	Indonesia

Note: Territories highlighted in red represent **exclusive** distribution

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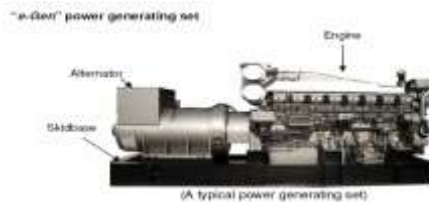
In-house Brands/Solutions

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Leveraged on internal technical know-how to develop value-added products and customized solutions:

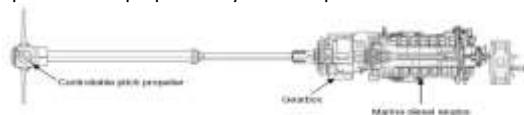
e-Gen

- In-house range of marine and industrial power generating sets
- Offers customers a choice between standardised and customised packages



XMH IPS

- A one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power their vessels



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After-Sales Services & Trading Activities

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- **Provision of after-sales services such as repair and maintenance**
 - Supported by a team of skilled and experienced engineers and technicians
- **Sourcing and supply of spare parts and accessories**
 - Achieve time-savings for customers by maintaining a ready supply of genuine spare parts and accessories to cater to their immediate needs
- **Trading activities to provide diesel engines, power generating sets and other machinery and related components**



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Key Competitive Strengths

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- **Wide product range of reputable brand names**
 - Currently have distributorship agency or dealership arrangements for mainly **10 brands** of products, covering a range of **over 4000 product items**
 - Recognised by **Mitsubishi** as its **largest worldwide distributor** for marine diesel engines for **6 consecutive years** since 2005
- **Strong after-sales support and value-added products and services**
 - **Skilled, experienced engineers and technicians** in place to attend to customers' product requests
 - Provide **timely after-sales support** and minimise customers' downtime



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Key Competitive Strengths

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- **Developed strong customer and supplier relationships over the years**
 - Strong customer loyalty with **high repeat sales averaging over 70%** in the last three financial years
 - Key distributor **of Mitsubishi** for **16 years** and running
- **Experienced and committed management team**
 - Group led by industry veteran **Mr Elvin Tan Tin Yeow** who is instrumental in developing the Group's business and chartering its strategic directions
 - A senior management team with an average of **over 20 years of experience** in their respective areas of expertise



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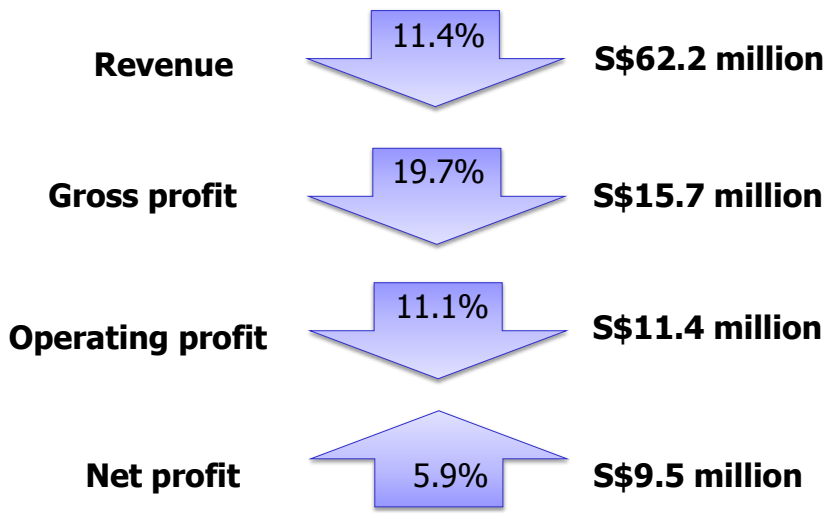


FINANCIAL HIGHLIGHTS

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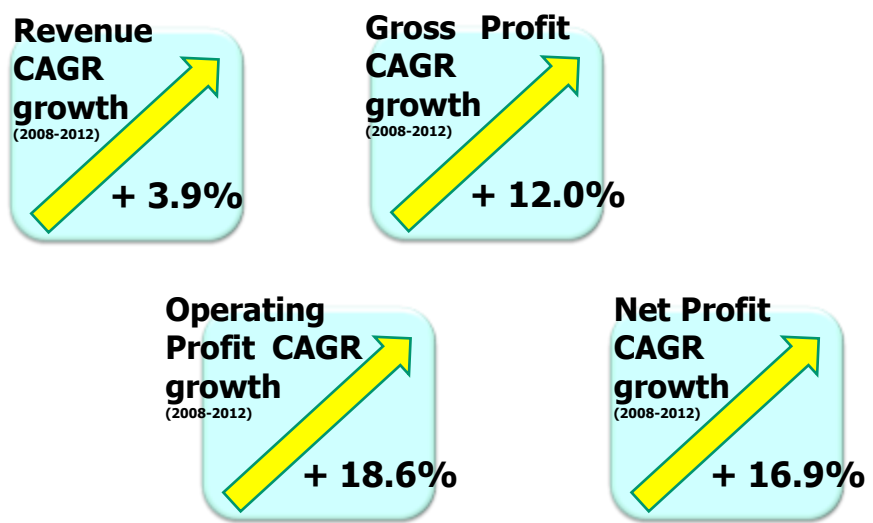
FY2012 Key Highlights



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CAGR growth



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Results Highlight
FY2012 y-o-y

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Profit & Loss	FY2012 S\$'000	FY2011 S\$'000	Change %	
Revenue	62,249	70,237	(11.4)	Mainly due to rescheduling of deliveries, order cancellations and market uncertainties
Gross Profit	15,656	19,491	(19.7)	Consistent with reduction in revenue
Gross Profit Margin	25.2%	27.8%	-	
Operating Expenses *	8,220	6,937	18.5	Largely due to Profit Sharing scheme for Directors and forfeit of deposit by supplier
Operating Profit	11,374	12,797	(11.1)	
Net Profit Attributable to Equity holders	9,514	8,987	5.9	One –off gain of S\$3.9 million due to forfeit of deposit from customer
Net Profit Margin	15.3%	12.8%	-	
Earnings Per Share (S\$' cents)	2.40	2.67	(10.1)	

*: Inclusive of both distribution, administrative and other expenses

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Results Highlight
FY2012 y-o-y

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Balance Sheet	30 April 2012 S\$'000	30 Apr 2011 S\$'000
Property, plant and equipment	1,975	946
Inventories	26,118	18,454
Cash and cash equivalents	39,233	53,862
Total debts	-	2,316
Total equity	42,560	38,331
Net gearing ratio	Net cash	Net cash
Net asset value per ordinary share (S\$' cents)	11.02	9.58

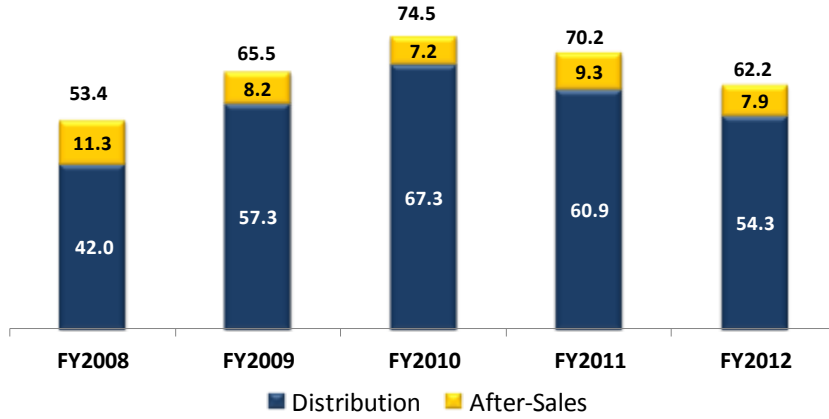
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Revenue Trend

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All amounts stated are in S\$ million unless otherwise stated

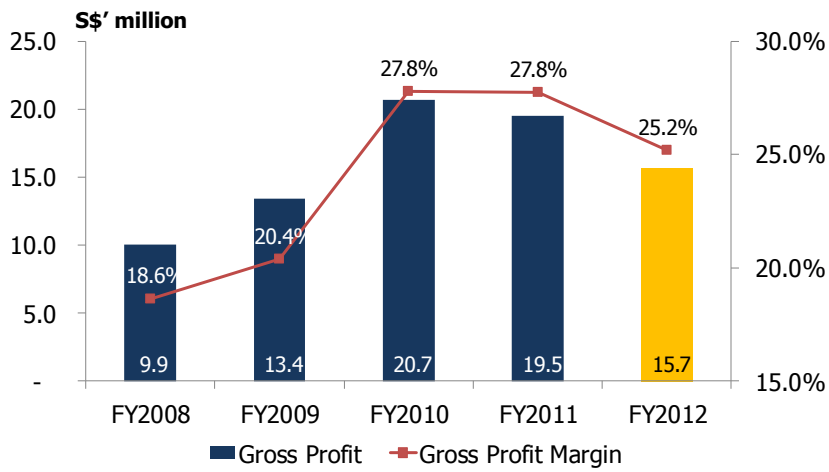


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Profitability Trend

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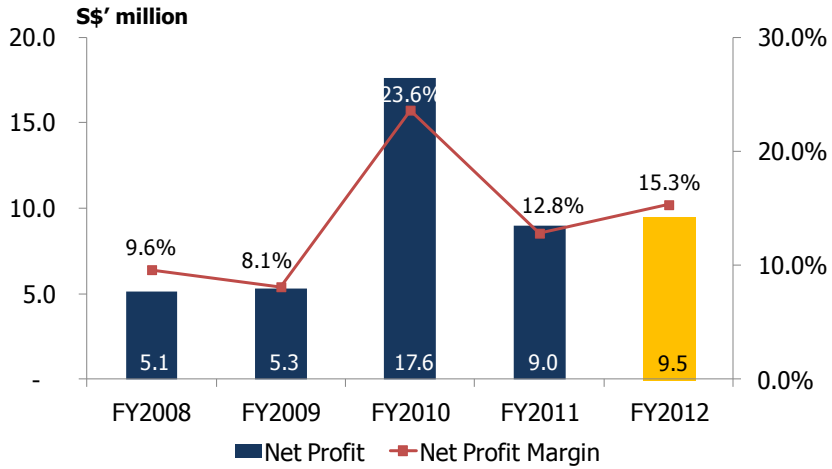


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Profitability Trend

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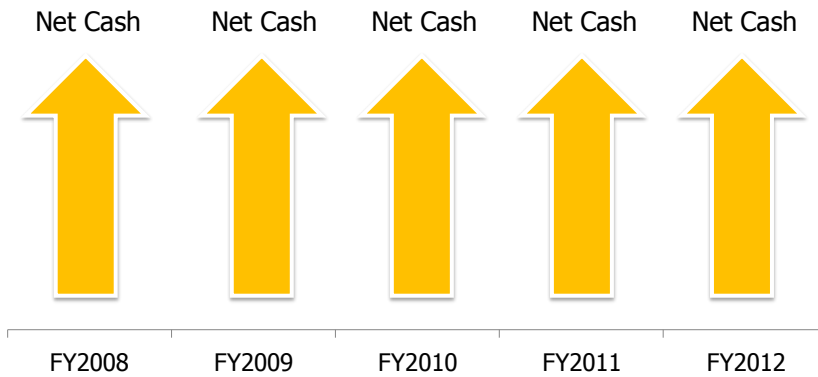
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Financial Position

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Net Gearing



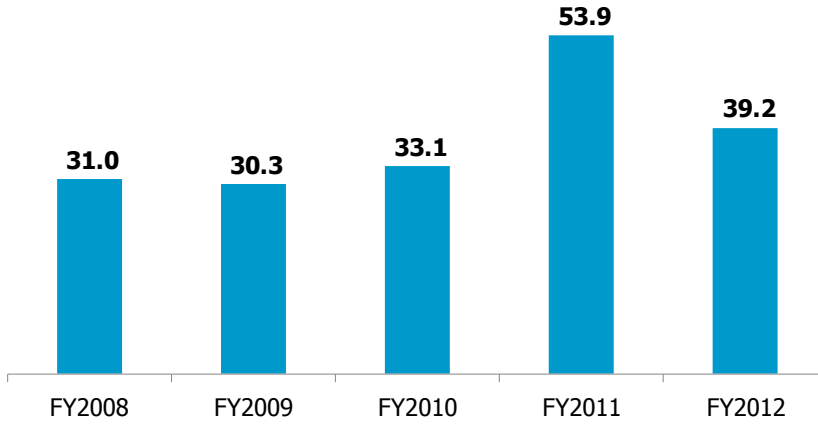
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Financial Position

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Cash and Cash Equivalents (\$' million)



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**FUTURE PLANS
(USE OF PROCEEDS)**

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Enhance Range of Value-Added Offerings

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- **Expand in-house range of products and services**
 - Further develop range of power generating units under "e-Gen" trademark and strengthen "XMH IPS" project management services
 - Establish assembly line for in-house range of power generating sets
 - Acquisition and development of new premise in line with business expansion



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Pursue Expansion Opportunities

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- **Exploration of new revenue streams**
 - Focus on expansion of supplier base and secure new distributorships from other manufacturers
 - Secured new principals like **Guangzhou Diesel** and **Kamome Propeller** for industrial/marine diesel engine and power generating sets, propeller and thruster respectively.
 - Increase market share in relevant markets by forming strategic partnerships of joint venture
- **Securing new customers in emerging markets such as Vietnam, India**
 - Deploy marketing staff to these regions and/or establish subsidiaries or representative or marketing offices
 - Exploration of new revenue streams and increasing market share in relevant markets
 - Marketing efforts in **Vietnam** and **India** are underway; source actively for sales leads

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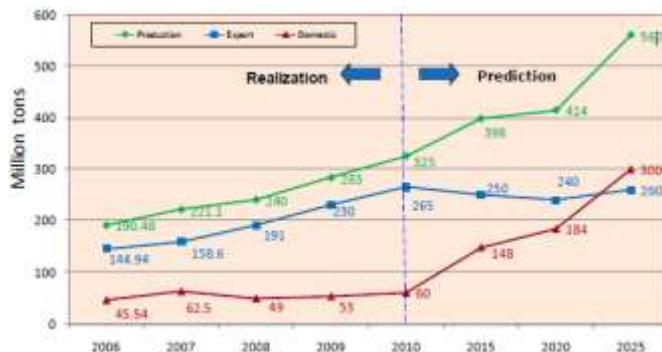
INDUSTRY PROSPECTS

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- **Benefit from global demand for natural resources from Indonesia, couple with gradual implementation of the Cabotage Principle**
 - Increase in demand for coal export and domestic consumption will lead to a corresponding demand for marine transportation vessels, in particular tugs and barges
 - Gradual implementation of the Cabotage Principle from 7 May 2011 is leading to more new-build vessels to be constructed in Indonesia

THE DEVELOPMENT OF COAL PRODUCTION, EXPORT AND DOMESTIC SALES, AND ESTIMATION UP TO 2025 (based on the existing infrastructure capability)



Source: http://www.iea.org/work/2011/WEO_Coal/05_02_KAMANDANU.pdf

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- **Potentially benefit from continual growth in oil & gas sector**
 - Increased offshore oil & gas exploration activities to alleviate current oversupply situation in offshore support vessels (OSVs)
 - Potential replacement of a number of OSVs which are near their scrap age
- **Expected increase in demand for after-sales services and spare parts**
 - Increase in demand for genuine spare parts and after-sales services from customers who had bought marine diesel engines from the Group
- **Mitsubishi facilities back to normal production in Japan**
 - After some delays witnessed for April and early May production, everything is back to normal operations from mid May onwards in terms of production schedule at Mitsubishi facilities and supplies of the engines and other products to the Group

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Key Investment Merits

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Key Investment Merits

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Established presence in the marine industry in Singapore since the 1980s

Experienced and committed management team

Diversified customer base allows minimisation of fluctuations in demand arising from a downturn in any particular sector

Exposure to significant growth opportunities e.g. developments in Indonesia, booming O&G sector

Strong balance sheet and operating fundamentals to foster growth

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End of Presentation

Thank you

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