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Financial Highlights

Outlook & Strategies







### Corporate Profile

- •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





1955	1960 - 70s	1980s	1990s	2000s
Prounder Mr Tan Tum Beng started a small nachinery repair and naintenance shop	Resale of used industrial diesel engines and machinery purchased from suppliers in the UK     Modification of engines for customers in the timber industry	Leading supplier of used industrial and marine diesel engines and related machinery manufactured in Japan	Xin Ming Hua ("XMH") incorporated in 1991     Began distribution of new engines and power generating sets under Mitsubishi brand in 1996     Secured exclusive distribution rights for SOLE brand of marine diesel engines and its genuine spare parts for certain regions in 1998	Progressively secured distribution rights for products from a wide range of brands namely Akasaka, Hyundai, Doosan, Korsor, Reintjes and CENTA, 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 XMH-IPS in 2007, a one-stop integrated solution for the propulsion requirements of marine vessels



### **Key Executive Management**

Key Executive Management

#### Tan Tin Yeow Chairman & CEO

Over 25 years of experience in the marine and industrial diesel engines industry; served as Managing Director of the Group since 1991

#### Chia Chung Mun, Alphonsus Deputy CFO

Over 10 years of management experience in both public and private organisations

#### Tan Seng Hee

Deputy CEO & Executive Director (Trading & Support

Over 25 years of experience in the marine and industrial diesel engines industry; been with the Group since 1996

### Chua Tiong Wei

Executive Director (Sales & Business Development)

Over 15 years of sales experience; been with the Group since 2003

### Tan Guat Lian

Executive Director (HR & Admin)

Over 20 years of relevant working experience; been with the Group since 1996

#### Yap Lee Ann

inancial Controller

Over 20 years of experience in accounting, auditing and corporate finance; joined the Group in early 2009

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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



# **Share Statistics**

Bloomberg code Reuters code	XMH SP EQUITY XMHL.SI		
Share Price	S\$0.265		
Market Capitalization (386.2M shares)	S\$102.3 million		
P/E	11.04		
NAV per share	S\$0.11		
Free Float	18.7%		
Substantial Shareholders	Directors 77.5%		

Source: Bloomberg as at 12 Mar 2013

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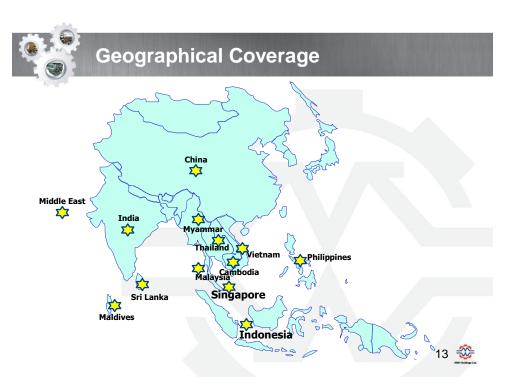


# Product Range & Applications

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

	Marine	Industrial
Applications:	• Transportation vessels (tugs and barges, cargo vessels and ferries)	• Power generating sets used in hotels and buildings
	<ul> <li>Offshore support vessels (anchor handling and supply tugs)</li> <li>Specialised vessels (crane &amp; pipe laying &amp; accomodation barges)</li> <li>Bulk carriers and tankers</li> </ul>	Power packs for water and oil pumps
	Fishing vessels	
Target	Shipyards	<ul> <li>Hotel proprietors</li> </ul>
Customers include:	Vessel owners	Building owners
include:	Dealers	Main contractors

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





# Reputable Distribution Brands

BRAND	PRODUCT TYPE	TERRITORIES	
Mitsubishi	Limited range of high-speed and medium-speed marine diesel engine and power generating sets, including related spare parts and accessories	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, Malaysia	
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



### **Reputable Distribution Brands**

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	
Kamome Propeller	Propellers and Thrusters	Indonesia	
Guangzhou Diesel	Industrial/Marine diesel engine and power generating sets	Singapore, Malaysia and Indonesia	
Centa	Couplings for marine and industrial applications	Indonesia	

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







### **In-house Brands/Solutions**

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

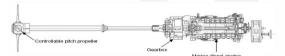
#### e-Gen

- 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





### **After-Sales Services & Trading Activities**

- · 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









# Key Competitive Strengths

- · Wide product range of reputable brand names
  - Currently have distributorship agency or dealership arrangements for mainly 12 brands of products, covering a range of over 4000 product items
  - Recognised by *Mitsubishi* as its *largest worldwide distributor* for marine diesel engines for *7 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





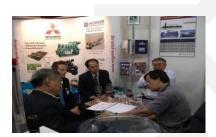


### **Key Competitive Strengths**

- 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 17 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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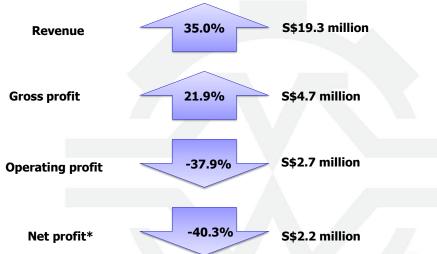




Financial Highlights



# Financial Summary – 3Q2013



<sup>\*</sup>Net profit was lower due to absence of one-time gain. There was a S\$1.8 million deposit forfeited from customer due 21 to order cancellation in 3Q2012.





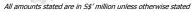
## P&L Snapshot

Profit & Loss	3Q2013 S\$'000	3Q2012 S\$'000	Change %	
Revenue	19,335	14,318	35.0	Higher revenue from "Distribution & Value-Added Product & Services
Gross Profit	4,713	3,867	21.9	In line with higher revenue
Gross Profit Margin	24.4%	27.0%	(2.6)ppt	
Operating Expenses	2,134	1,591	34.1	Increased due to payroll and benefits, marketing & promotion activities and professional fees
Operating Profit	2,663	4,288	(37.9)	
Net Profit Attributable to Equity holders	2,154	3,610	(40.3)	Net profit was lower due to absence of one-time gain.
Net Profit Margin	11.1%	25.2%	(14.1)ppt	
Earnings Per Share (S\$' cents) #	0.55	0.91	(39.6)	60

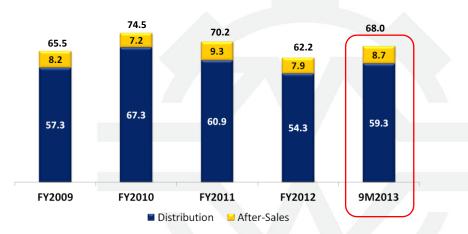
<sup>#:</sup> Based on the weighted average number of ordinary shares in issue of 389,339,389 in 3Q2013 (3Q2012: 396,171,130) 22





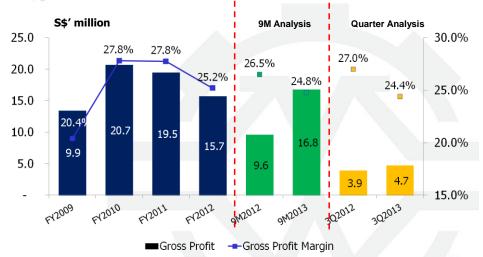


#### Revenue achieved in 9M2013 exceeds that of FY2012!



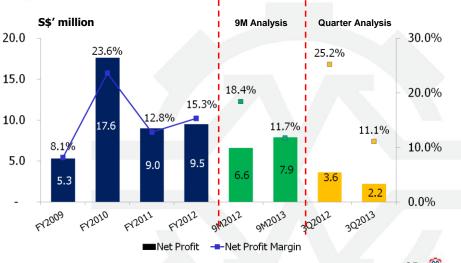


# **Profitability Trend**





# **Profitability Trend**





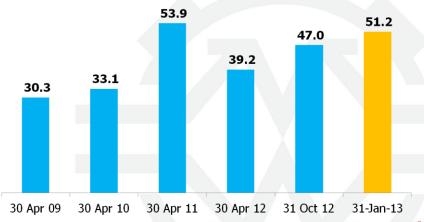
### **Balance Sheet**

Balance Sheet	31 January 2013 S\$'000	30 April 2012 S\$'000
Property, plant and equipment	2,145	1,975
Inventories	24,284	26,118
Trade and other receivables	3,346	14,967
Cash and cash equivalents	51,245	39,233
Total equity	43,366	42,560
Net gearing ratio	Net cash	Net cash
Net asset value per ordinary share (S\$' cents)	11.23	11.02



### **Financial Position**

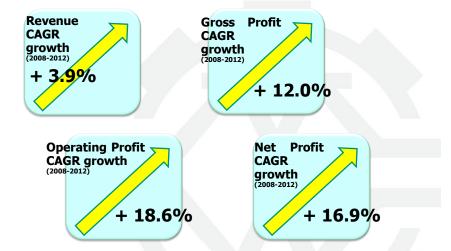
### Cash and Cash Equivalents (S\$' million)



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### **CAGR Growth**

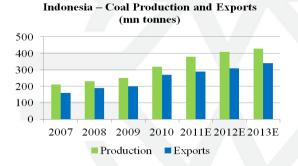






### Outlook

- Short-term volatility in coal demand in Indonesia; Healthy prospects in longer term
  - Short-term: Coal price sliding may result in reduction in production slowing down demand for relevant marine transportation
  - Long-term: General demand for coal to drive power plants remained strong





#### 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







## Growth Strategies

#### **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
- Healthy orders secured for packaged solutions in 1Q2013







### · Exploration of new revenue streams

- Focus on expansion of supplier base and secure new distributorships from other manufacturers
- Received orders for new products XMH currently represents
- 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





**THANK YOU**