



YOUR CONNECTION TO THE RIGHT MACHINE

ENGINEERED FOR
CONTINUOUS GROWTH

1Q2016 Results Presentation

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Presentation Outline

-  Financial Highlights
-  Outlook, Strategies
and Recent
Developments



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Financial Highlights



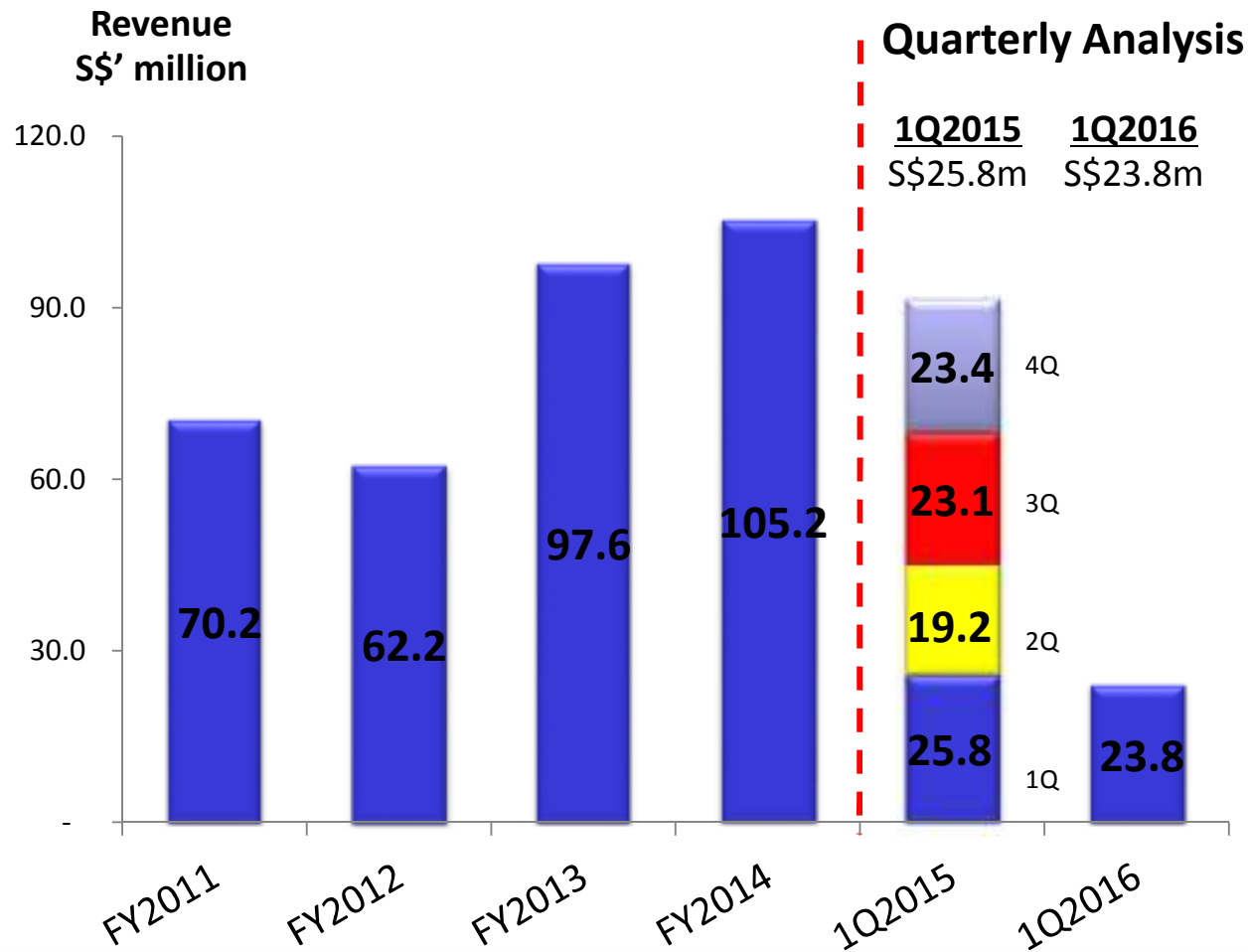
Financial Summary

1Q2016 Revenue was weaker y-o-y due to slower sales from the Indonesian market; GPM improved due to increase in margins from “projects” and “distribution” businesses; NPM decreased in line with lower revenue, and higher operating expenses due to consolidation of ZPA

Profit & Loss	1Q2016 S\$'000	1Q2015 S\$'000	Change %
Revenue	23,764	25,780	(7.8)
Gross Profit	6,340	6,661	(4.8)
Gross Profit Margin (GPM)	26.7%	25.8%	0.9 pp
Operating Expenses	(5,757)	(4,907)	17.3
Net Profit	743	1,400	(46.9)
Net Profit Margin (NPM)	3.1%	5.4%	(2.3) pp
Fully Diluted Earnings Per Share (cents)#	0.16	0.31	(48.4)

#: Based on 445,127,292 weighted average number of shares for 1Q2016 (1Q2015: 455,963,746)
pp denotes percentage points, NM denotes not meaningful

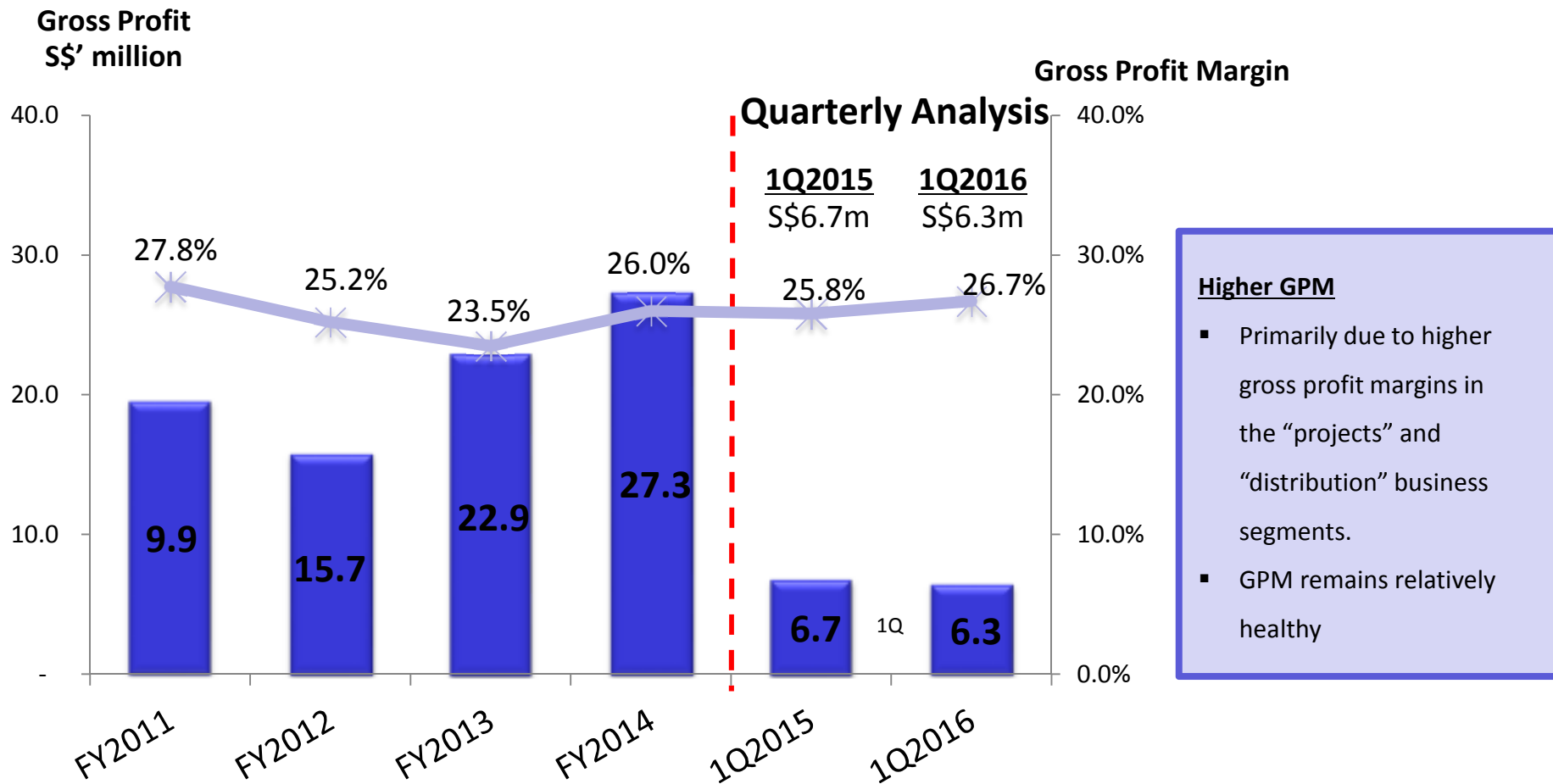
Revenue



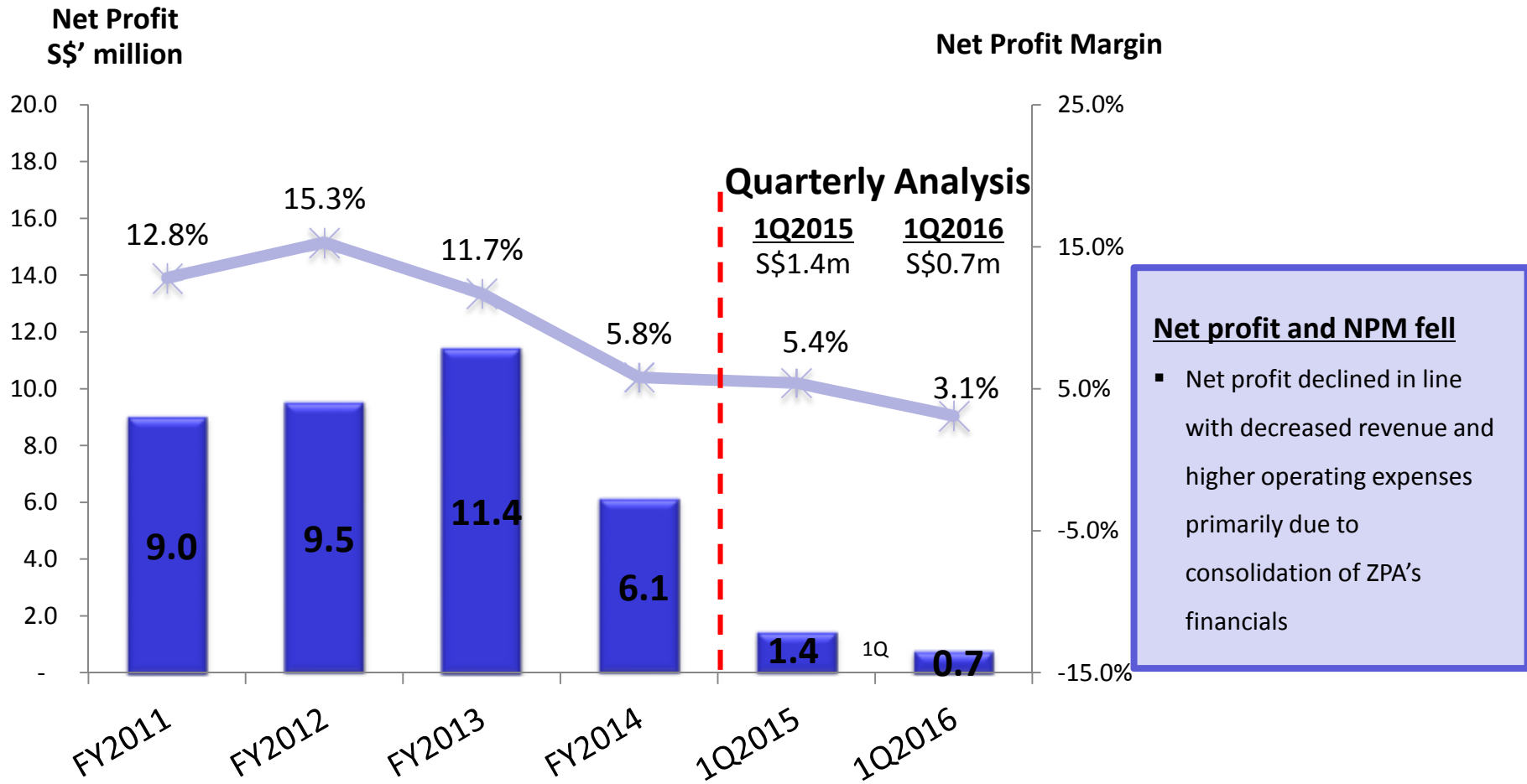
Decrease in Revenue

- Primarily due to the lower revenue from both the “projects” and “after sales” business segments.
- Lower revenue in the “projects” segment due to timing of contract deliveries.
- Offset by an increase in revenue from the “distribution” business segment.

Profitability Trend (Gross Profit / Gross Profit Margin)



Profitability Trend (Net Profit / Net Profit Margin)



Balance Sheet

Balance Sheet	31 July 2015 S\$'000	30 April 2015 S\$'000
Property, plant and equipment	46,770	32,467
Intangible assets	16,173	16,470
Inventories	31,217	32,367
Trade and other receivables	28,243	31,113
Contract work-in-progress	8,720	9,443
Cash and cash equivalents	21,701	24,698
Loans and borrowings	47,962	32,690
Total equity	61,422	60,369
Net gearing ratio	0.43	0.13
Net asset value per ordinary share (S\$' cents)#	13.50	13.27

#: Based on 434,126,661 number of shares as at end 31 July 2015 (30 April 2015: 434,126,661)



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Outlook, Strategies & Developments

Outlook

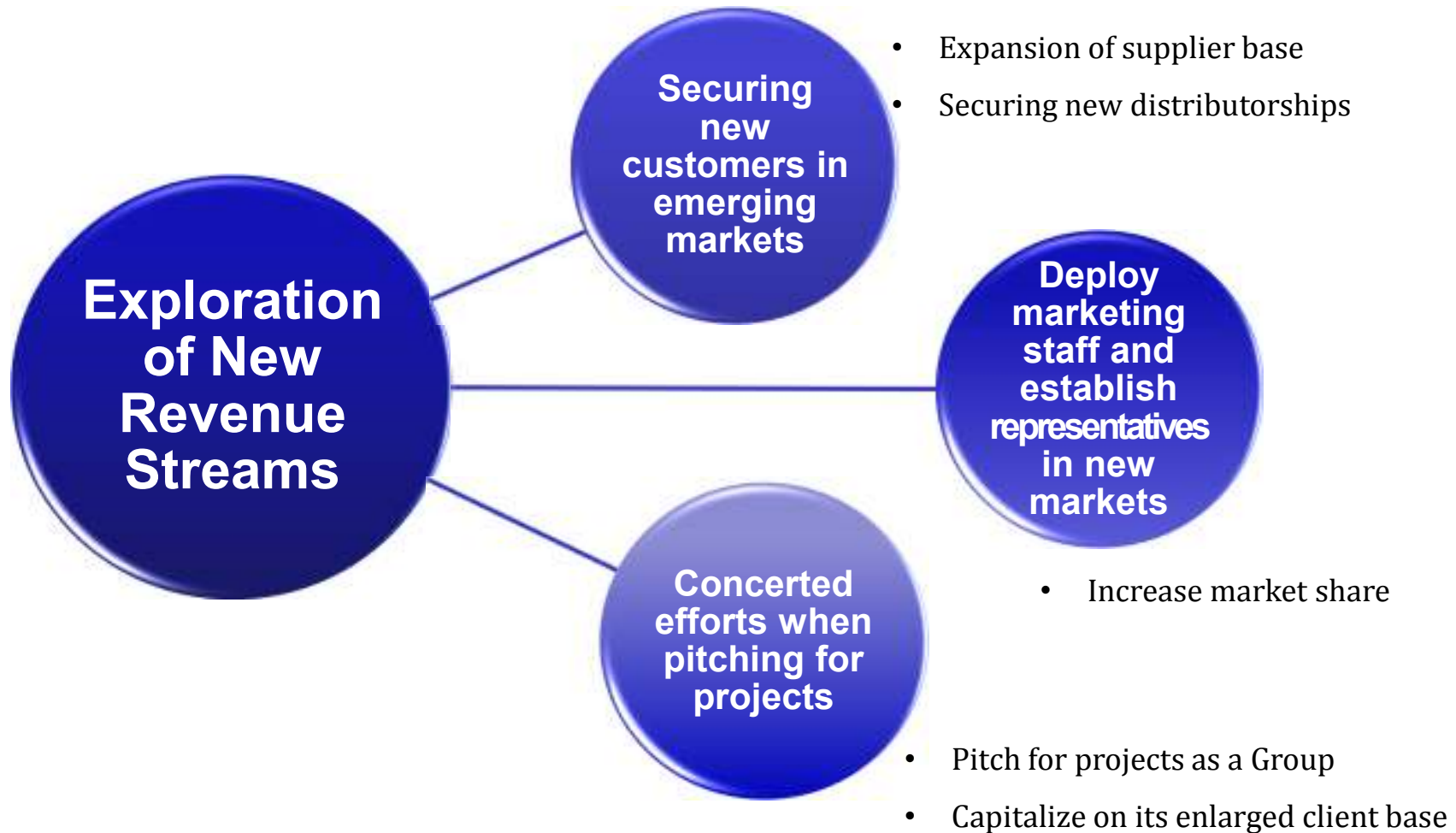
Outlook remains volatile and challenging

- Global economic uncertainty
- Slow down in offshore and marine industry
 - Prevalent weak oil prices

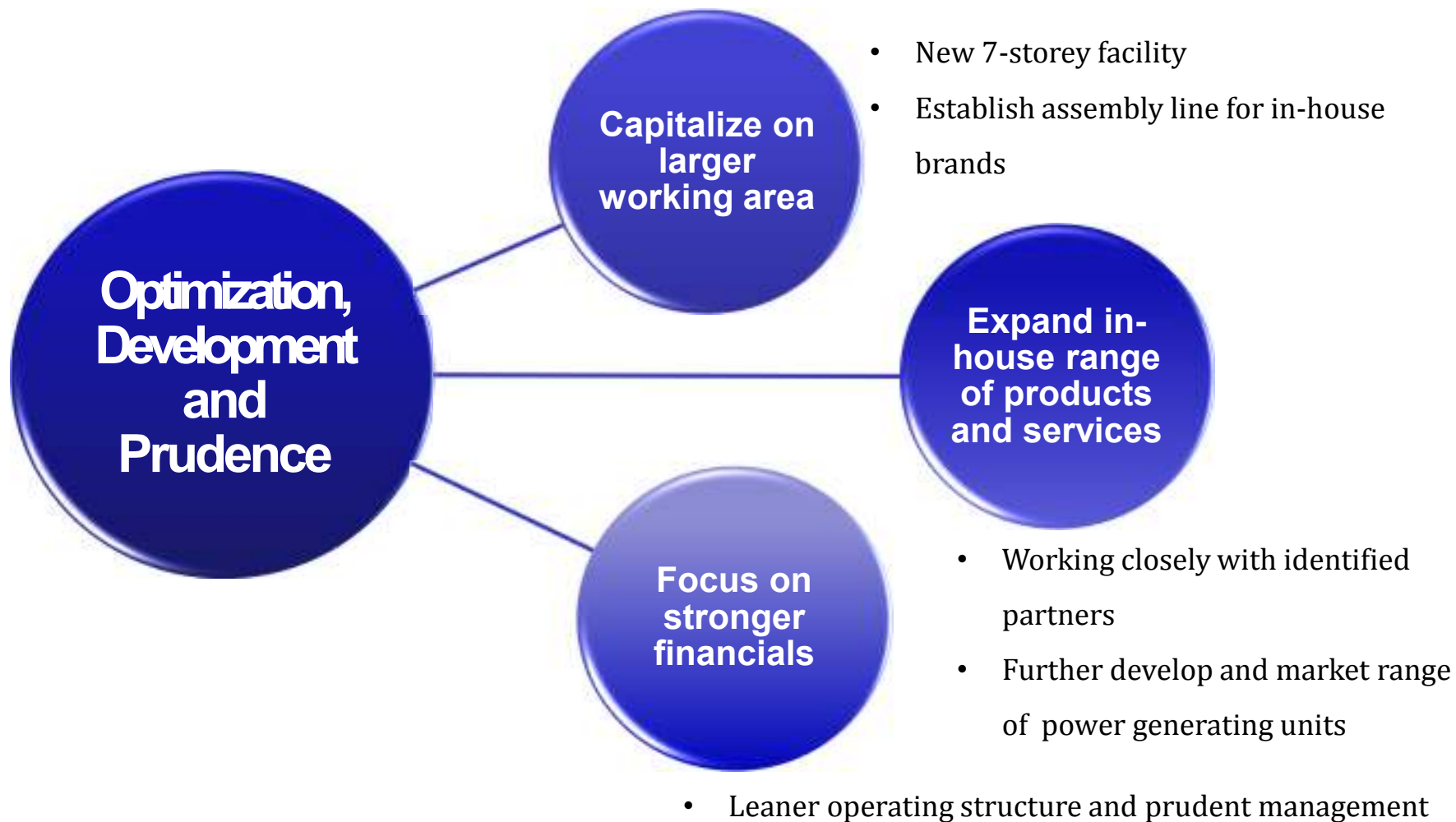
Riding on developments in the region

- Singapore's transition into a infocomm hub
- Indonesia's mega plans for shipbuilding
- Gradual increased activities from emerging markets in general

Growth Strategies



Growth Strategies



Recent Developments

- **Jun 2015 – XMH secures new contracts worth over S\$23.1 million**
 - MPG secured two contracts in different industries, one for a data centre and the other for a healthcare centre totalling S\$15.5 million
 - ZPA secured a total of six consecutive contract wins in the recent month totalling S\$7.6 million
 - New orders shows customer confidence in Group’s in-house products and effectiveness of Group’s businesses in penetrating international markets
 - New orders provide a flow of activities and revenue through 2015 to March 2017
- **Jun 2015 – ZPA awarded with prestigious ABB Value Provider Certification**
 - Certification recognises ZPA’s technical capabilities and management’s commitment to support ABB worldwide outside of Finland
 - Certification authorizes ZPA to market ABB products, build and assemble ABB liquid and air-cooled Variable Frequency Drives (“VFD”) outside of Finland

Recent Developments

- **Mar 2015 – Completion of ZPA acquisition**
 - A profitable entity and immediately earnings accretive
 - Promote business growth leveraging on ZPA's sales network and existing customer base
 - Gradually implement ZPA's technical knowledge and capabilities into XMH
 - Complementary suite of services that create synergy with original business
- **Nov 2014 – MPG secures contracts worth S\$11.3 million**
 - Contracts to supply Changi Airport's upcoming Terminal 4 and a 5-storey data centre in Jurong Industrial Estate with standby generators
 - First delivery scheduled for December 2014 and final delivery by February 2015

Share Statistics

Bloomberg code	XMH SP EQUITY	
Reuters code	XMHL.SI	
Share Price	S\$0.15	
Market Capitalization (445.1M shares)	S\$66.8 million	
P/E	13.89	
NAV per share	S\$0.14	
Free Float	23.5%	
Substantial Shareholders	Insiders	49.7%
	Credence Capital	18.8%
House	Call / Target Price	
OSK-DMG (Lee Yue Jer)	BUY / S\$0.25	

Source: Company Statements
Bloomberg as at 14 Sep 2015

Summary

- **Business was weighed down by**
 - “After sales” segment: Macroeconomic factors causing slower economic growth in Indonesia
 - “Projects” segment: Primarily due to the timing of contract deliveries in 1Q2016 as compared to the exceptionally high deliveries recorded in 1Q2015
- **Macro conditions will only recover gradually**
 - Increased enquiries for larger engines from Indonesia
 - Vietnamese marine industry is gradually gaining momentum
- **Group will remain competitive as**
 - Group will make concerted efforts to pitch for project as a whole, thus optimizing the enlarged client base and maximizing revenue
 - Healthy order book flow through 2017
 - Half of the recent contract wins by both ZPA and MPG are expected to be delivered by end of 2015, while the rest are to be delivered early 2016.



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THANK YOU

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