



YOUR CONNECTION TO THE RIGHT MACHINE

ENGINEERED FOR  
CONTINUOUS GROWTH

# 1H2016 Results Presentation

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# Presentation Outline

-  Financial Highlights
-  Outlook, Strategies  
and Recent  
Developments



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# Financial Highlights



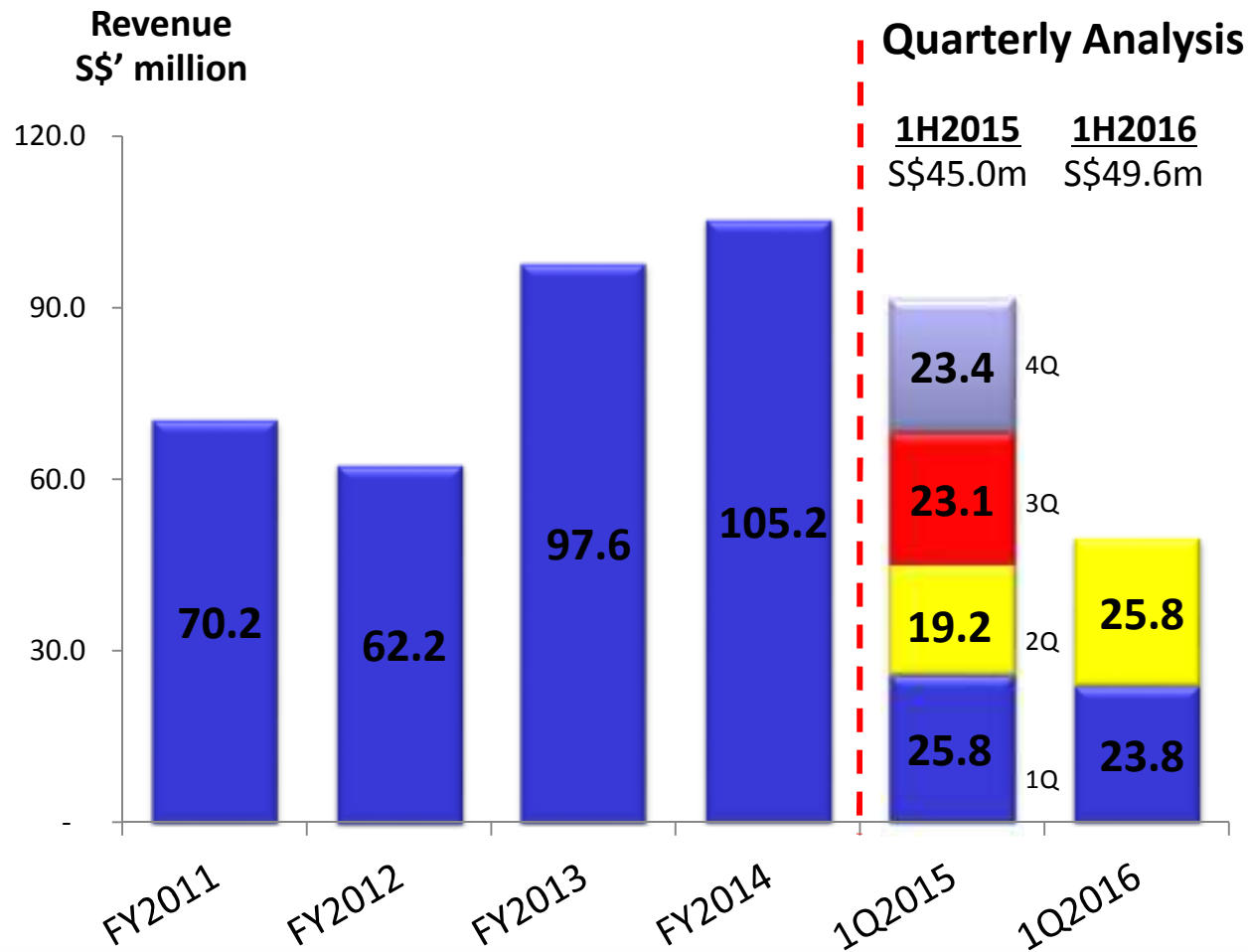
# Financial Summary

*1H2016 Revenue was stronger y-o-y, well-supported by the “projects” segment; GPM decreased slightly due to tighter competition; Net profit and NPM increased in line with higher revenue, and higher finance income*

Profit & Loss	1H2016 S\$'000	1H2015 S\$'000	Change %
Revenue	49,558	45,006	10.1
Gross Profit	12,582	12,368	1.7
Gross Profit Margin (GPM)	25.4%	27.5%	(2.1) pp
Operating Expenses	(10,532)	(9,955)	5.8
EBITDA	5,353	3,968	34.9
Net Profit	3,574	2,111	69.3
Net Profit Margin (NPM)	7.2%	4.7%	2.5 pp
Fully Diluted Earnings Per Share (cents) <sup>#</sup>	0.82	0.49	69.4

<sup>#</sup>: Based on 434,233,129 weighted average number of shares for 1H2016 (1H2015: 445,383,292)  
*pp denotes percentage points, NM denotes not meaningful*

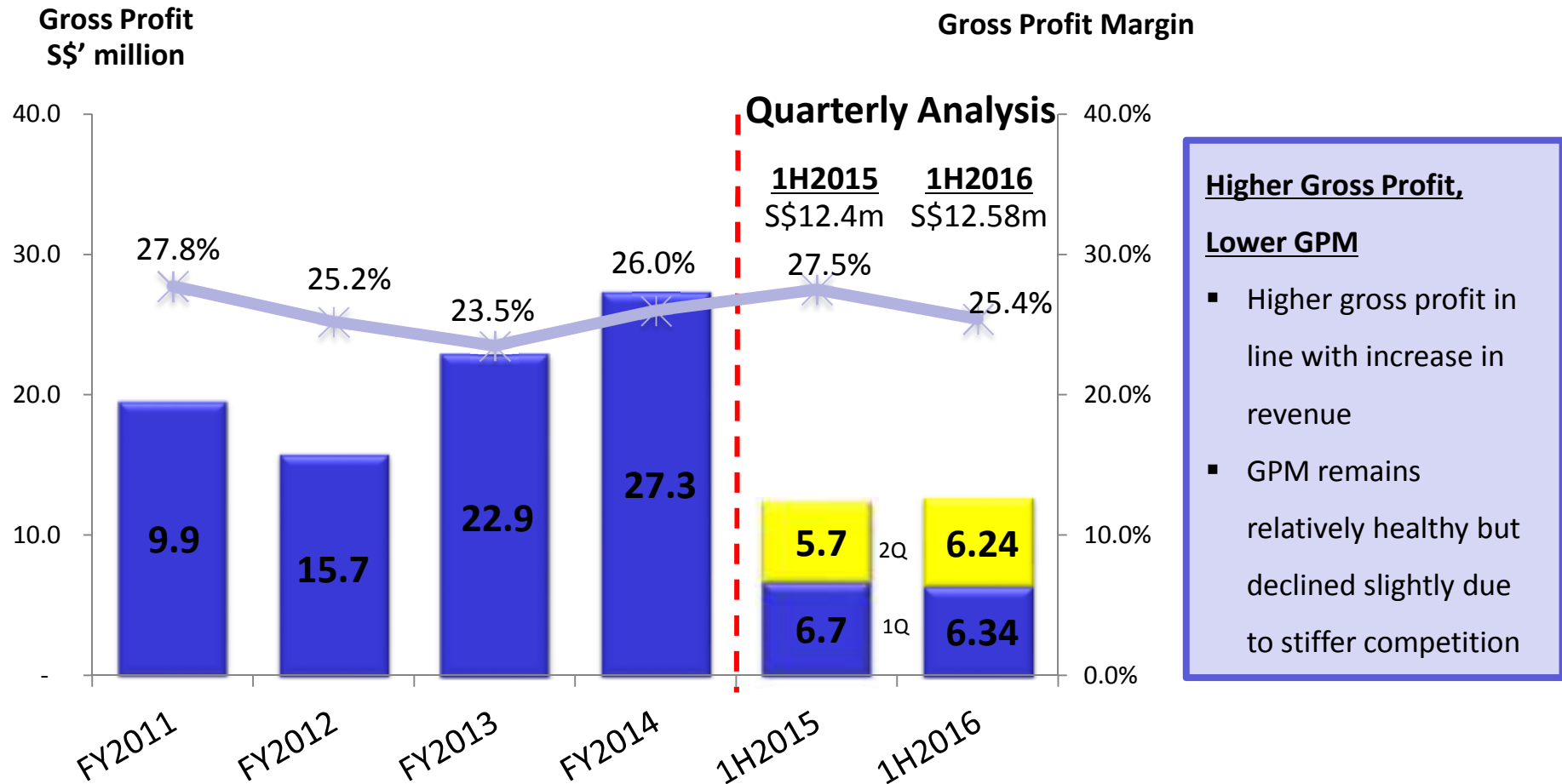
# Revenue



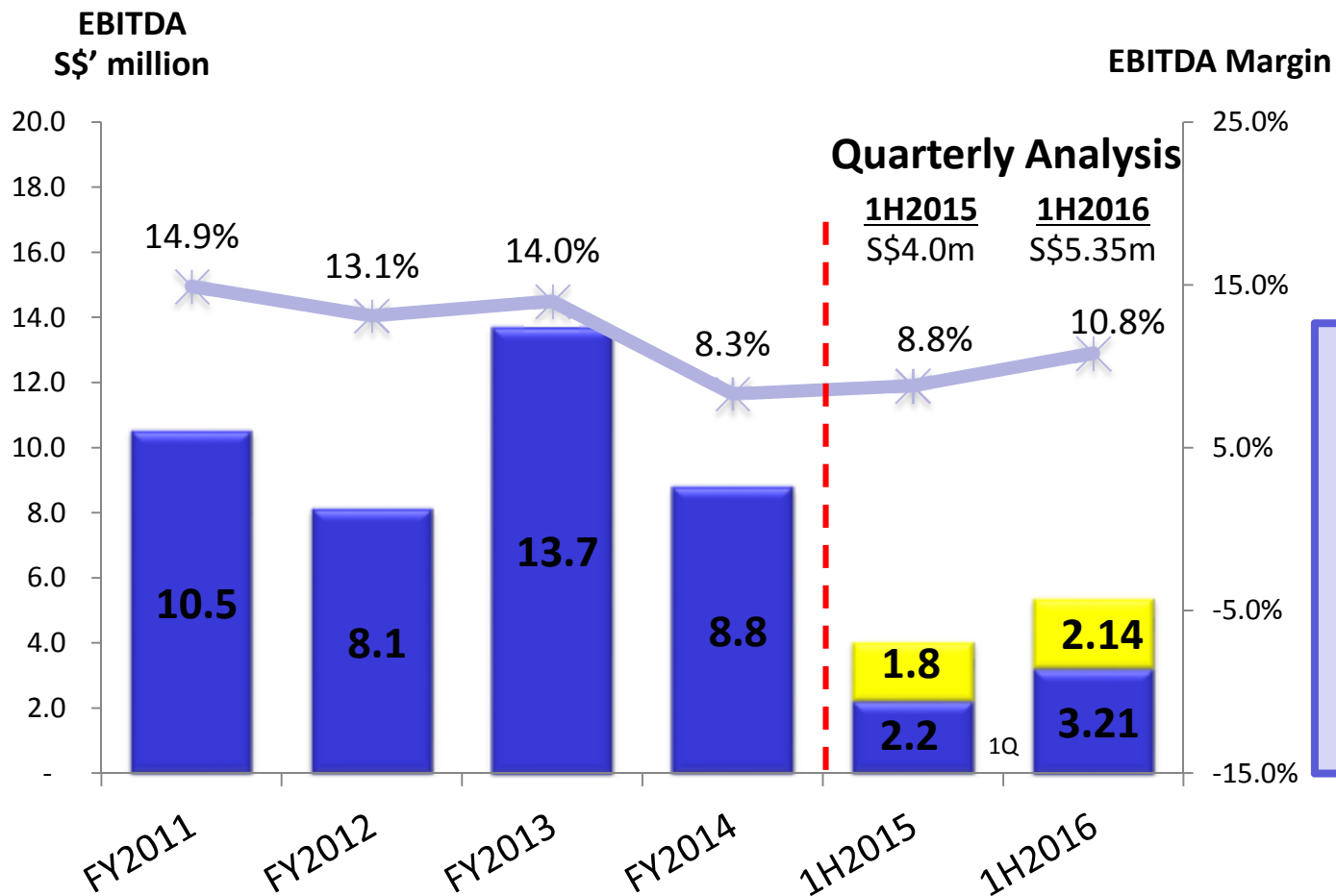
### Increase in Revenue

- Primarily supported by the increase in the “projects” segment, following the inclusion of ZPA’s results
- Offset by a decrease in revenue from the “distribution” and “after sales” business segment.

# Profitability Trend (Gross Profit / Gross Profit Margin)



# Profitability Trend (EBITDA / EBITDA Margin)



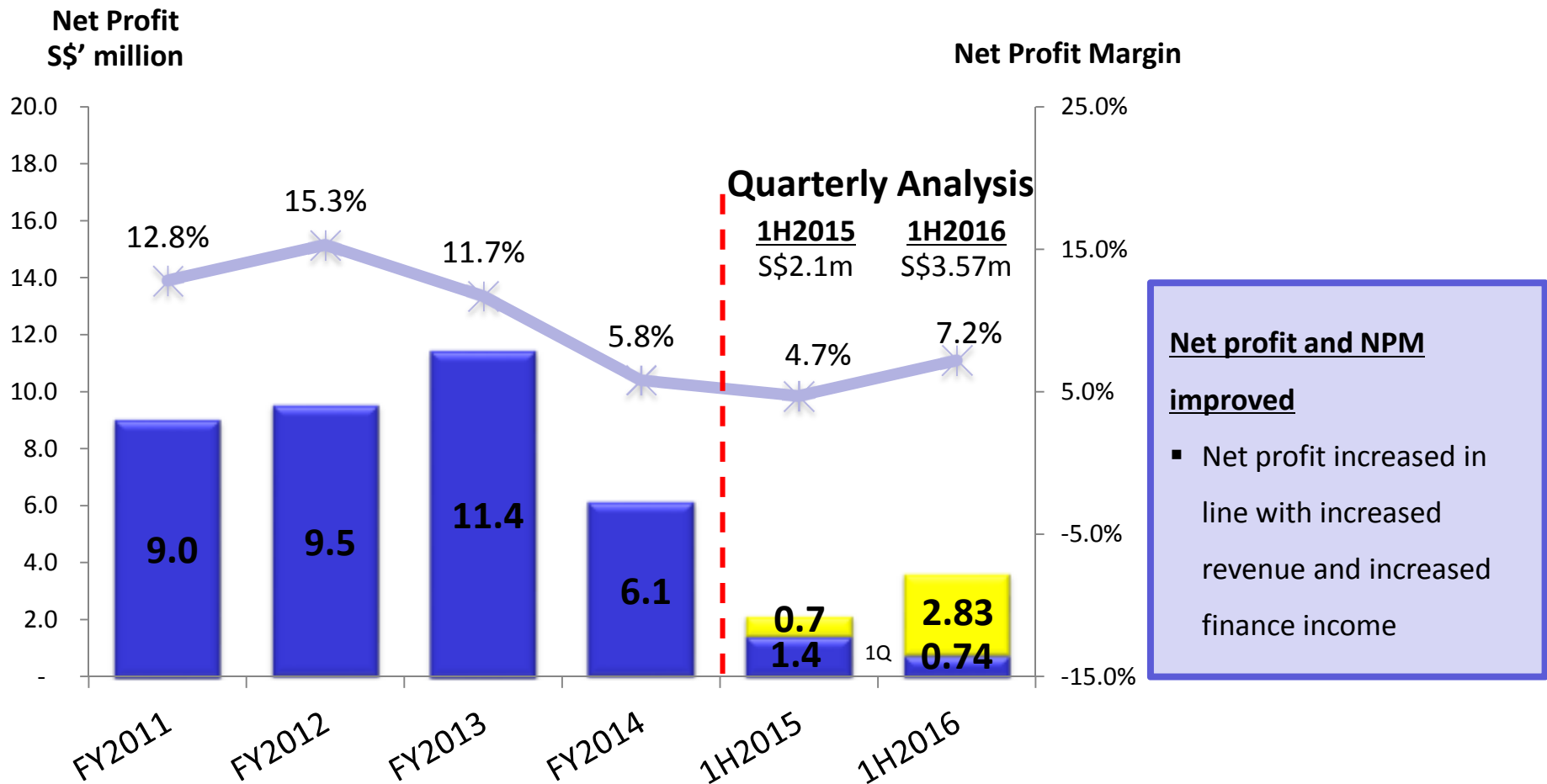
**EBITDA and EBITDAM**

**improved**

- EBITDA increased in line with increased revenue and higher depreciation and interest expense



# Profitability Trend (Net Profit / Net Profit Margin)



# Balance Sheet

Balance Sheet	31 October 2015 S\$'000	30 April 2015 S\$'000
Property, plant and equipment	57,519	32,467
Intangible assets	15,892	16,470
Inventories	31,063	32,367
Trade and other receivables	32,507	31,113
Contract work-in-progress	12,965	9,443
Cash and cash equivalents	9,855	24,698
Loans and borrowings	61,670	32,690
Total equity	66,019	60,369
Net gearing ratio	0.78	0.13
Net asset value per ordinary share (S\$' cents) <sup>#</sup>	14.21	13.27

<sup>#</sup>: Based on 445,127,292 number of shares as at end 31 October 2015 (30 April 2015: 434,126,661)



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# Outlook, Strategies & Developments

# Outlook

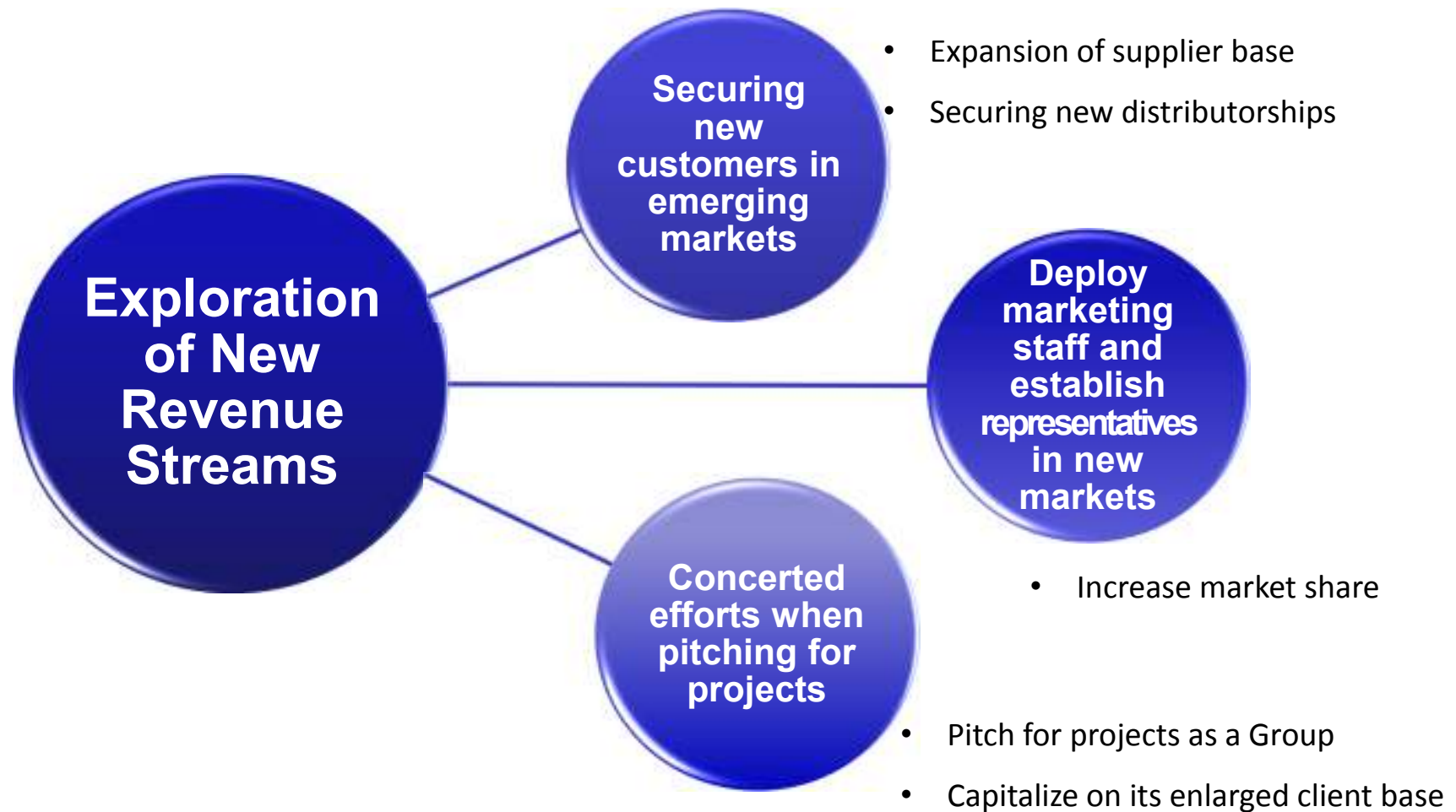
## Challenging operating environment

- Increased competition in marine and coal industries pressuring profit margins
- Slow down in offshore and marine industry

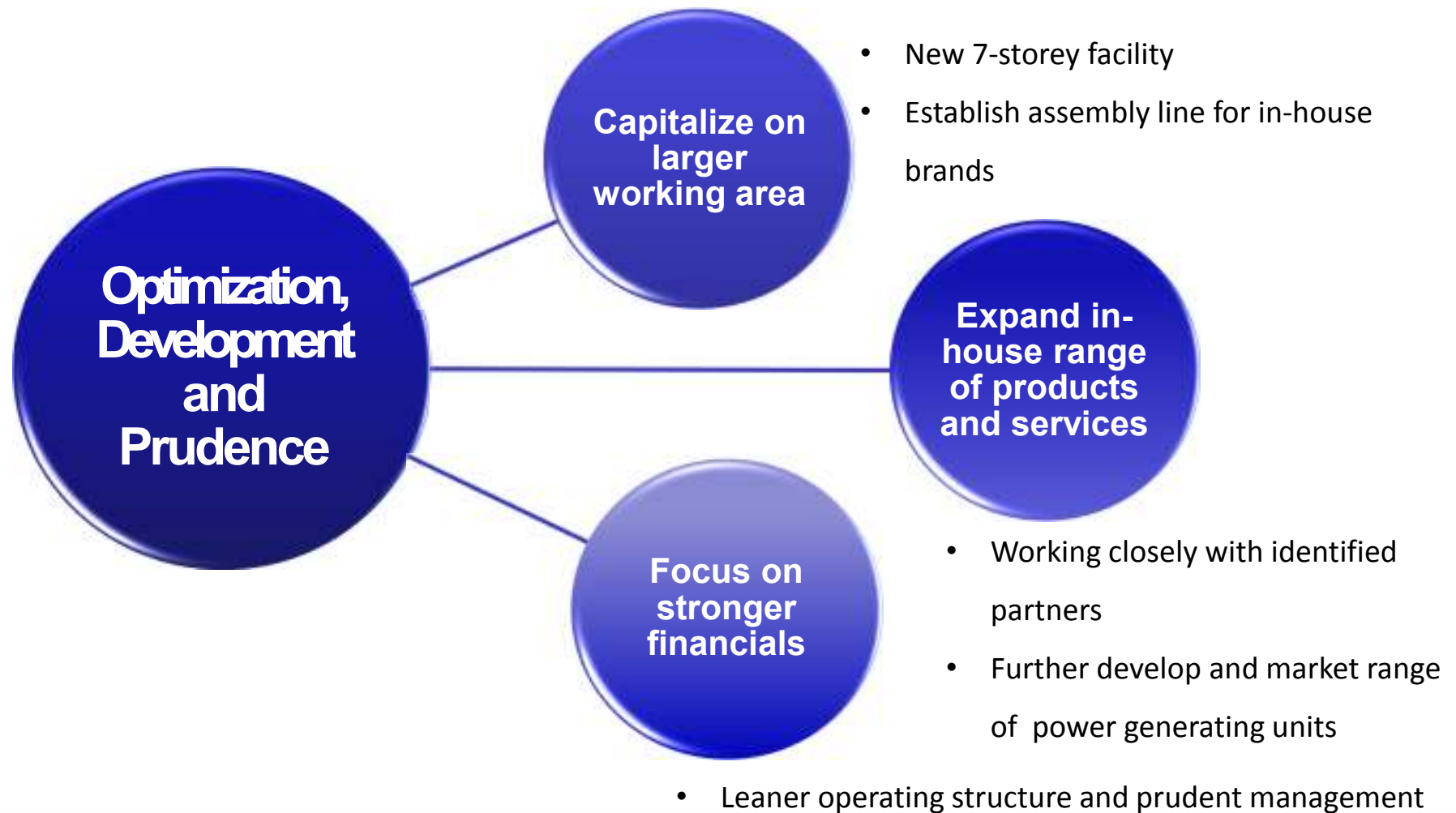
## Riding on developments in the region

- Indonesia's mega plans for shipbuilding and investments into the economy
- Increased enquiries from the Vietnamese fishing and commercial segments
- 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

<b>Bloomberg code</b>	XMH SP EQUITY	
<b>Reuters code</b>	XMHL.SI	
Share Price	S\$0.13	
Market Capitalization (445.1M shares)	S\$57.9 million	
P/E	12.50	
NAV per share	S\$0.14	
Free Float	23.5%	
Substantial Shareholders	Insiders	49.7%
	Credence Capital	18.8%
<b>House</b>	<b>Call / Target Price</b>	
RHB (Lee Yue Jer)	BUY / S\$0.24	

Source: Company Statements  
Bloomberg as at 9 Dec 2015

## Summary

- **Business was well-supported**
  - “Projects” segment underpinned the Group’s performance;
  - Increased synergies from concerted efforts of pitching for projects as a group
- **Macro conditions will only recover gradually**
  - Offshore and Marine industries are still suffering the backlash of lower oil prices;
  - However, there have been increased enquiries for larger engines from Indonesia;
  - Vietnamese marine and fishing industry is gradually gaining momentum
- **Group will remain competitive as**
  - Group will continue to 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
  - The Group is on track to deliver the majority of the current order book in FY2016 and has started to bulk up its order book flow for FY2017



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**THANK YOU**

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