



FOR IMMEDIATE RELEASE

XMH Reports Earnings of S\$4.7 million for 9M2016

- Revenue increased 12.4% year-on-year to S\$76.5 million for 9M2016, strengthened by diversified business model
- Gross profit remained stable, decreasing just 0.4% year-on-year to S\$19.6 million for 9M2016, while increased competition added pressure to gross the profit margin
- On the back of a healthy order book, the Group looks towards opportunities in developing markets and increased operational efficiencies to buoy future growth

Singapore, 10 March 2016 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine and power generating solutions provider as well as a specialist in integrated automation products in the marine and industrial sectors, reported its financial results for the first nine months of the period ended 31 January 2016 (“9M2016”).

Financial Highlights	9M2016	9M2015	%
	S\$'000	S\$'000	Change
Revenue	76,506	68,087	12.4
Gross Profit	19,611	19,690	(0.4)
Gross Profit Margin	25.6%	28.9%	(3.3) pp
Operating Expenses*	(16,730)	(13,875)	20.6
EBITDA	7,805	7,621	2.4
Other Income	781	582	34.2
Net Profit	4,696	4,818	(2.5)
Net Profit Margin	6.1%	7.1%	(1.0) pp
Basic EPS (cents)[#]	1.04	1.11	(6.3)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

[#]: Based on 440,782,840 weighted average number of shares for 9M2016 (9M2015: 434,126,661)



Revenue increased by 12.4% year-on-year (“yoy”) to S\$76.5 million for 9M2016, primarily supported by the increase of S\$21.2 million in “projects” business segment revenue, following the inclusion of ZPA’s results. The increase was primarily attributed to the progress of the projects and the completion in the reporting period. However, this was partly offset by lower revenues from “distribution” and “after sales” business segments.

In line with the increase in revenue, cost of sales increased by 17.6% yoy to S\$56.9 million for 9M2016. Gross profit remained stable, declining just 0.4% yoy to S\$19.6 million for 9M2016, and the gross profit margin declined from 28.9% in 9M2015 to 25.6% for 9M2016, as competition became more intense.

Operating expenses increased by 20.6% yoy to S\$16.7 million for 9M2016, primarily attributed to the inclusion of ZPA’s results.

The Group registered net finance income of approximately S\$1.3 million from foreign exchange gains for 9M2016 as compared to net finance income of S\$0.6 million for 9M2015.

Overall, the Group reported net profit of S\$4.7 million for 9M2016, a decline of 2.5% yoy. Basic earnings per ordinary share of the Group was 1.04 Singapore cents for 9M2016, compared to 1.11 Singapore cents for 9M2015.

As the construction of the new facility in Tuas has been completed, property, plant and equipment increased from S\$32.5 million as at 30 April 2015 to S\$58.8 million as at 31 January 2016. Correspondingly, net cash used in investing activities amounted to S\$29.5 million, and Group’s cash and short-term fixed deposits decreased from S\$24.7 million to S\$8.2 million over the same period due to progress payments.

As at 31 January 2016, net asset value per share was 14.7 Singapore cents, compared to 13.3 Singapore cents as at 30 April 2015.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented, “The weak demand for marine related products continues to persist with the postponement of deliveries and stiffer competition adding pressure to profit margins and project sizes. However, the Group has made some headway in a few key countries which it operates in and has been receiving increased enquiries, including demand for retrofit and service related work as well as onshore

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application projects. As a Group, we will work towards the fulfilment of our order book on hand while remaining prudent with our cash flow management to continue our endeavour for operational efficiency, especially since all entities in the Group are now housed in our new facility.”

Business Updates / Outlook

The oil and gas industry has continued its stagnation at depressed levels as with the shipping industry due to an oversupply problem of its own, coupled with slowing economic growth globally. As such, the offshore and marine market continues to remain challenging.

However, as a leading player in power generating solutions, it has continued to secure contracts. Consequently, the Group will build on any opportunity that comes into vision. It hopes to secure more activities for onshore application as it has experienced and foresees an increase of enquires.

The Group’s outstanding order book on hand will see the Group through to 2017. The Group will continue to focus on vigilance towards the following up of orders, prudence with its cash flow and operational efficiency to maintain its performance.

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About XMH Holdings

XMH Holdings Ltd., is a trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia. Alongside this, it has become a leading manufacturer and supplier of generator sets as well as a specialist in integrated automation products.

Over the years, the Group has expanded its primary product offerings to include distributorship, agency and dealership rights from reputable brands such as Mitsubishi, Akasaka and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA (Europe), Mentrade (Singapore) and Guangzhou Diesel (China).

Consequently, the Group continued to scale up the value-chain with the introduction of “AceGen”, its in-house range of power generating sets, and “XMH IPS”, a one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power its vessels.

The acquisition of Mech-Power Generator Pte Ltd and its subsidiary (“MPG”) was completed in September 2013. MPG is a leading manufacturer in the sale, assembly, testing, installation, commissioning and maintenance of diesel powered generator sets. Following MPG’s acquisition, in March 2015, the Group acquired 80% shareholdings in the issued and paid up capital of Z-Power Automation Pte. Ltd. (“ZPA”). ZPA specialises in integrated marine automation products, and its successful consolidation provides the Group added exposure to different markets.

With the acquisitions, the Group’s business activities can be broadly categorised into (i) distribution and provision of value-added products and services; (ii) after-sales services, trading and others; and (iii) assembly and installation of standby generator sets and provision of related services.

For more information please visit www.xmh.com.sg

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