



FOR IMMEDIATE RELEASE

XMH remains profitable in tough market environment

- Revenue decreased by 10.2% year-on-year to S\$44.5 million for 1HFY2017 due to weak market conditions
- Group reported a net profit attributable to shareholders of S\$292,000 for 1HFY2017
- Group continues its prudent approach to managing business risks and focuses on stability to prepare for future prospects

Singapore, 6 December 2016 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, reported its financial results for the six months ended 31 October 2016 (“1HFY2017”) today.

Financial Highlights	2Q2017 S\$'000	2Q2016 S\$'000	% Change	1HFY2017 S\$'000	1HFY2016 S\$'000	% Change
Revenue	25,083	25,794	(2.8)	44,509	49,558	(10.2)
Gross Profit	5,299	6,242	(15.1)	9,164	12,582	(27.2)
Gross Profit Margin	21.1%	24.2%	(3.1)pp	20.6%	25.4%	(4.8) pp
EBITDA	1,880	3,733	(49.6)	3,951	5,356	(26.2)
Other Income	1,553	239	NM	1,983	378	NM
Operating Expenses*	6,937	4,861	42.7	12,202	10,623	14.9
Net Profit	101	2,885	(96.5)	292	3,595	(91.9)
Net Profit Margin	0.4%	11.2%	(10.8)pp	0.7%	7.3%	(6.6) pp
Basic EPS (cents) [#]	0.09	2.60	(96.5)	0.26	3.28	(92.1)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on 111,281,821 weighted average number of shares for 1HFY2017, post the 4-to-1 share consolidation the Group completed on February 22, 2016. (1HFY2016: 109,652,653).

NM: not meaningful



Revenue decreased by 10.2% year-on-year (“yoy”) to S\$44.5 million for 1HFY2017 due to a decrease in revenue recorded in the Project business segment, which was affected by the weak market sentiment. This was partially offset by the improved sales from the Distribution business segment.

Intense competition has caused gross profit to decrease by 27.2% to S\$9.2 million for 1HFY2017, and gross profit margin to decline from 25.4% for 1HFY2016 to 20.6% for 1HFY2017.

Other income increased by approximately S\$1.6 million to S\$2.0 million in 1HFY2017, mainly supported by forfeiture of deposits from customers, rental income generated from sub-letting part of the new factory building at 55 Tuas Crescent, and the gain on disposal of fixed assets.

Distribution expenses decreased by 13.2% yoy to S\$3.6 million in 1HFY2017, mainly due to overprovision of bonus in prior year and decreased travelling expenses in 1HFY2017. Administrative expenses increased by 33.1% yoy to S\$8.6 million in 1HFY2017, mainly due to the increase in depreciation charge, reversal of liability no longer required in prior year, and the higher property tax due to completion of new factory building.

Group reported a net profit attributable to shareholders of S\$292,000 for 1HFY2017, with basic earnings per share of 0.26 Singapore cents. As of 31 October 2016, Group has a net asset value per share of 62.17 cents.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and Managing Director, commented, “*While the soft demand and weak market sentiment continued to weigh on our business, we remain resilient by stabilizing our business operation, seeking for optimal business flow, maintaining strict cost control and carefully managing business risks. Our effort will strengthen our footing to better tap on opportunities when market starts to recover.*”

Business Updates / Outlook

The weakness in the oil and marine markets and cost-cutting measures by companies in these sectors have resulted in softer demand and intensified competition across the industries in which the Group operates. The recovery of the overall economy is expected to be slow as the oil and marine industries continue to adjust to ongoing macroeconomic factors.

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Coal markets on the other hand have seen coal prices rise during the year due to Indonesia export to China. A continuation of this could be beneficial for the Group in the medium to long term as coal exports in Indonesia may increase, which could support demand for transport vessels.

In dealing with the challenges ahead, the Group continues to look out for opportunities which will grow its market presence in the region. The Group aims to focus on building up its order book and strengthening its diversified business model to provide some safeguard against the competitive market.

Going forward, the Group will continue to take a conservative approach in all aspects of its operations to improve cost efficiencies and minimize business risk in the challenging environment.

--- The End---

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ABOUT XMH HOLDINGS LTD. (BLOOMBERG TICKER XMH:SP)

XMH Holdings Ltd. (“XMH” or the “Group”) started as a small machinery repair and maintenance shop in Kitchener Road in 1955. With a history of over 60 years, the Group is now a reputable and trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia. 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), Guangzhou Diesel (China), Niigata Power Systems (Japan), ABB (Switzerland), Lilaas (Norway), Logstrup (Denmark) and Siemens (Germany).

The Group continued to advance, scaling 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. These additions enhanced the Group’s capabilities in providing customised and comprehensive solutions to its customers’ diverse needs. 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 the acquisition of MPG, in March 2015, the Group also acquired 80% shareholdings in the issued and paid up capital of Z-Power Automation Pte. Ltd. (“ZPA”). ZPA is a leading system integrator for power, control and system solutions, providing the Group with enhanced exposure to new markets and a wider product portfolio.

With these 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) projects. Projects comprise assembly and installation of standby generator sets and provision of related services; and design and manufacture of marine switch boards, remote control distribution system and marine automation products.

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

Issued for and on behalf of XMH Holdings Ltd.

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