



YOUR CONNECTION TO THE RIGHT MACHINE



ENGINEERED FOR
CONTINUOUS GROWTH

IHFY2017 Results Presentation

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Presentation Outline



Financial Highlights



Outlook, Strategies and
Recent Developments



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Financial Highlights



Financial Summary

Group remained profitable but poor market sentiments and strong competition caused decreases in the top and bottom line

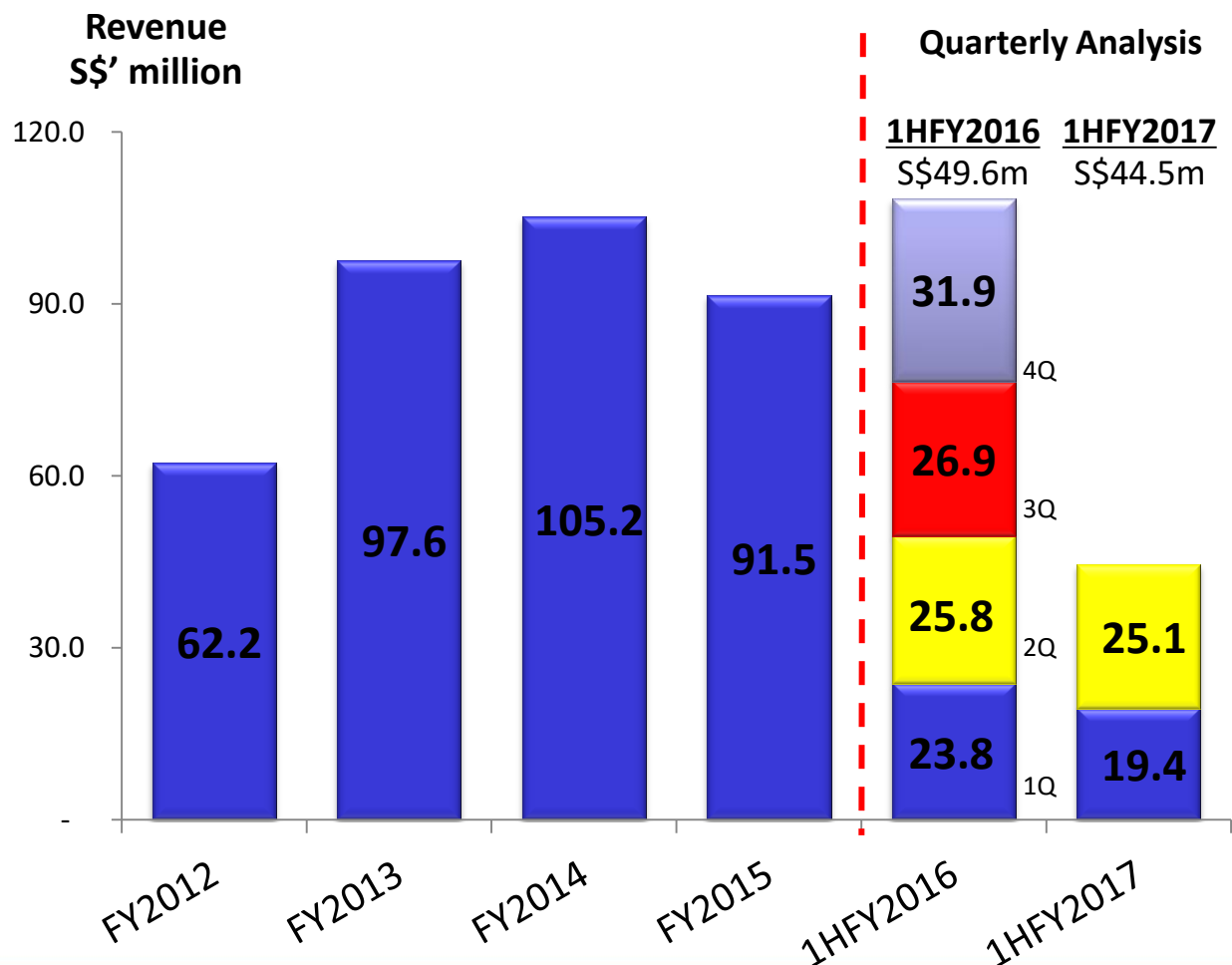
Financial Highlights	2QFY2017 S\$'000	2QFY2016 S\$'000	% Change	1HFY2017 S\$'000	1HFY2016 S\$'000	% Change
Revenue	25,083	25,794	(2.8)	44,509	49,558	(10.2)
Gross Profit	5,299	6,242	(15.1)	9,164	12,582	(27.2)
Gross Profit Margin	21.1%	24.2%	(3.1) pp	20.6%	25.4%	(4.8) pp
EBITDA	1,880	3,733	(49.6)	3,951	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 both 2QFY2017 and 1HFY2017, post the 4-to-1 share consolidation the Group completed on February 22, 2016. (2QFY2016: 110,773,641 and 1HFY2016: 109,652,653).

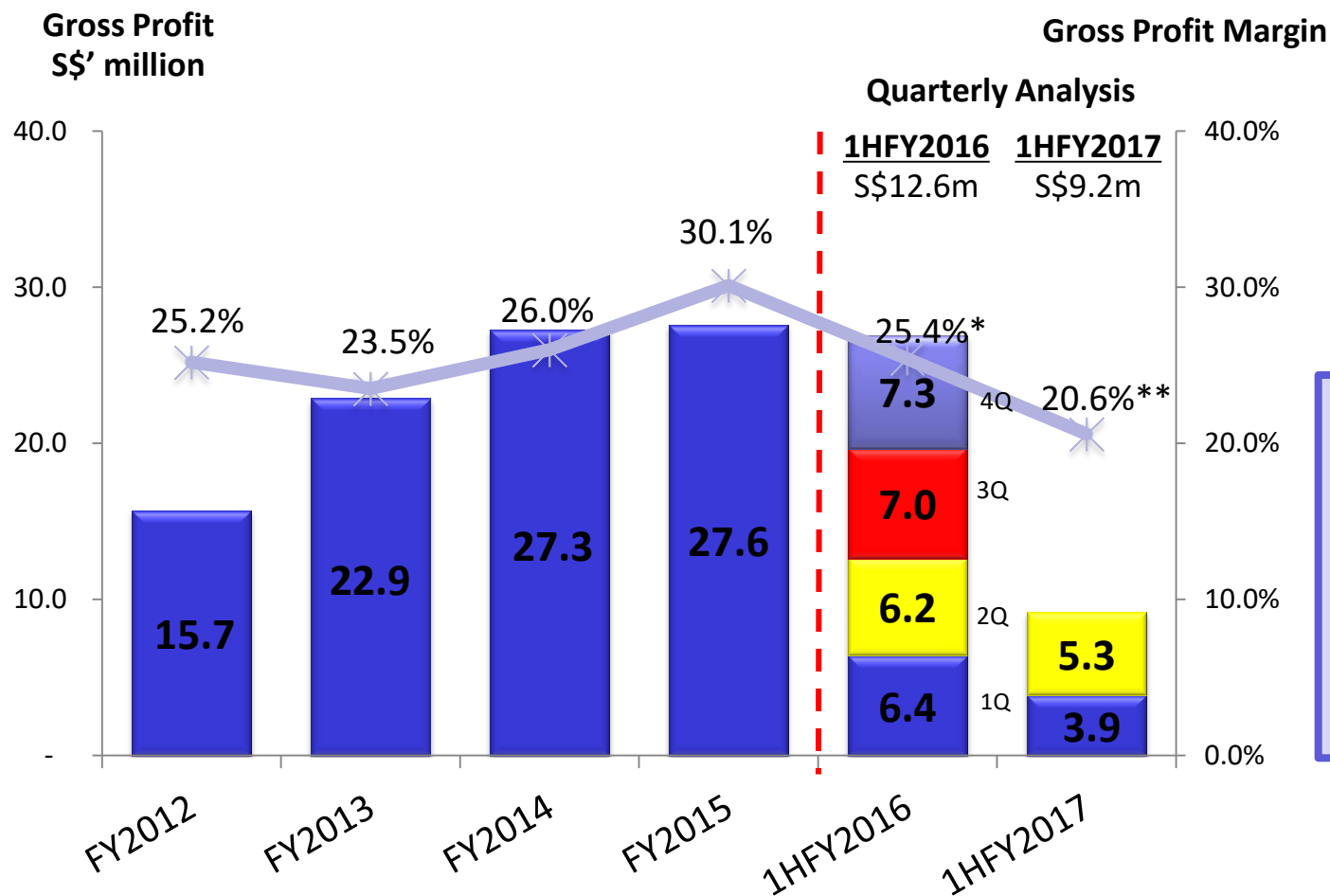
Revenue



Decrease in Revenue

- Project business segment was affected by weak market sentiments

Profitability Trend (Gross Profit / Gross Profit Margin)

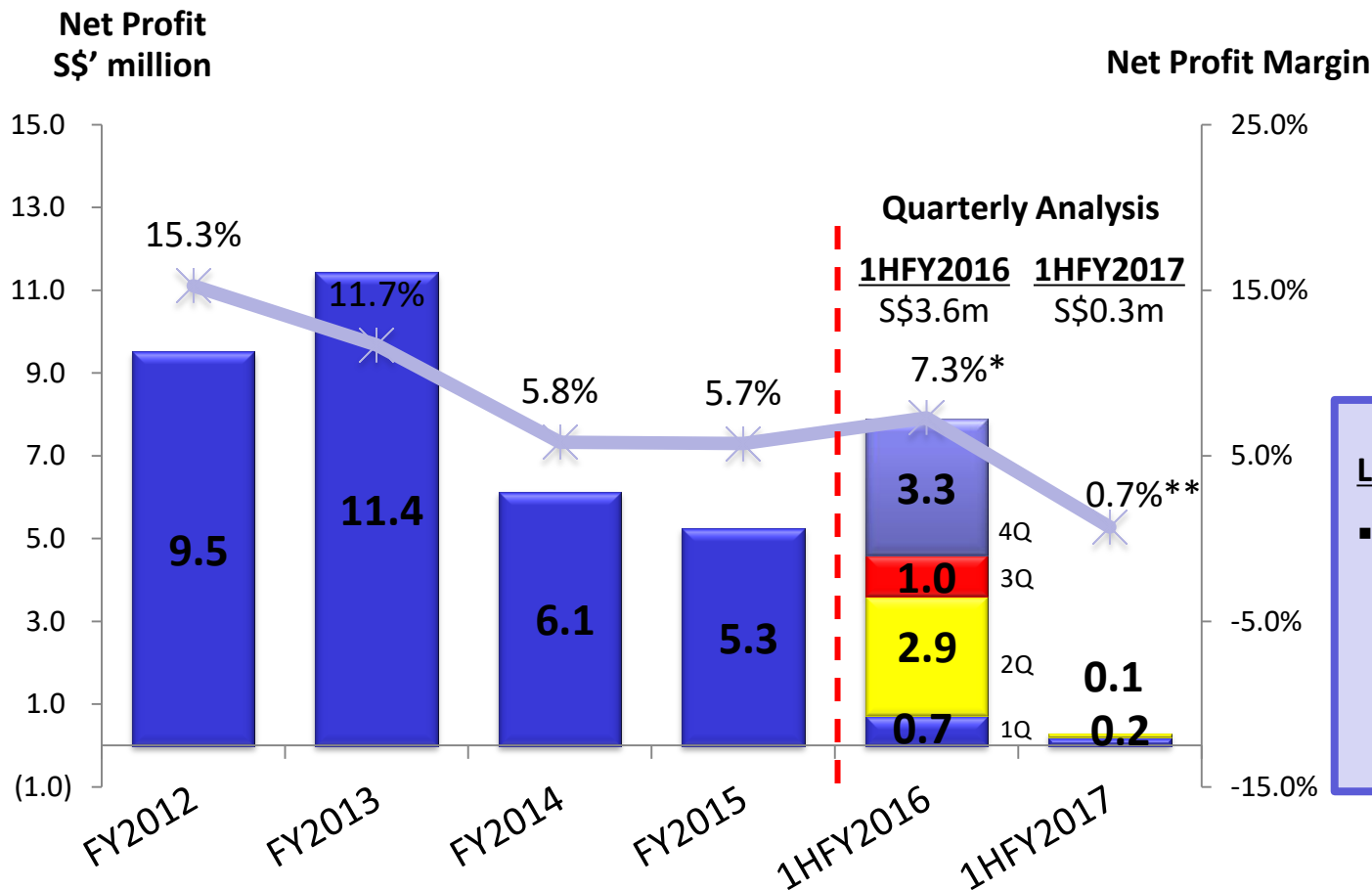


Gross Profit and GPM

under pressure

- Gross profit and GPM declined due to intense competition

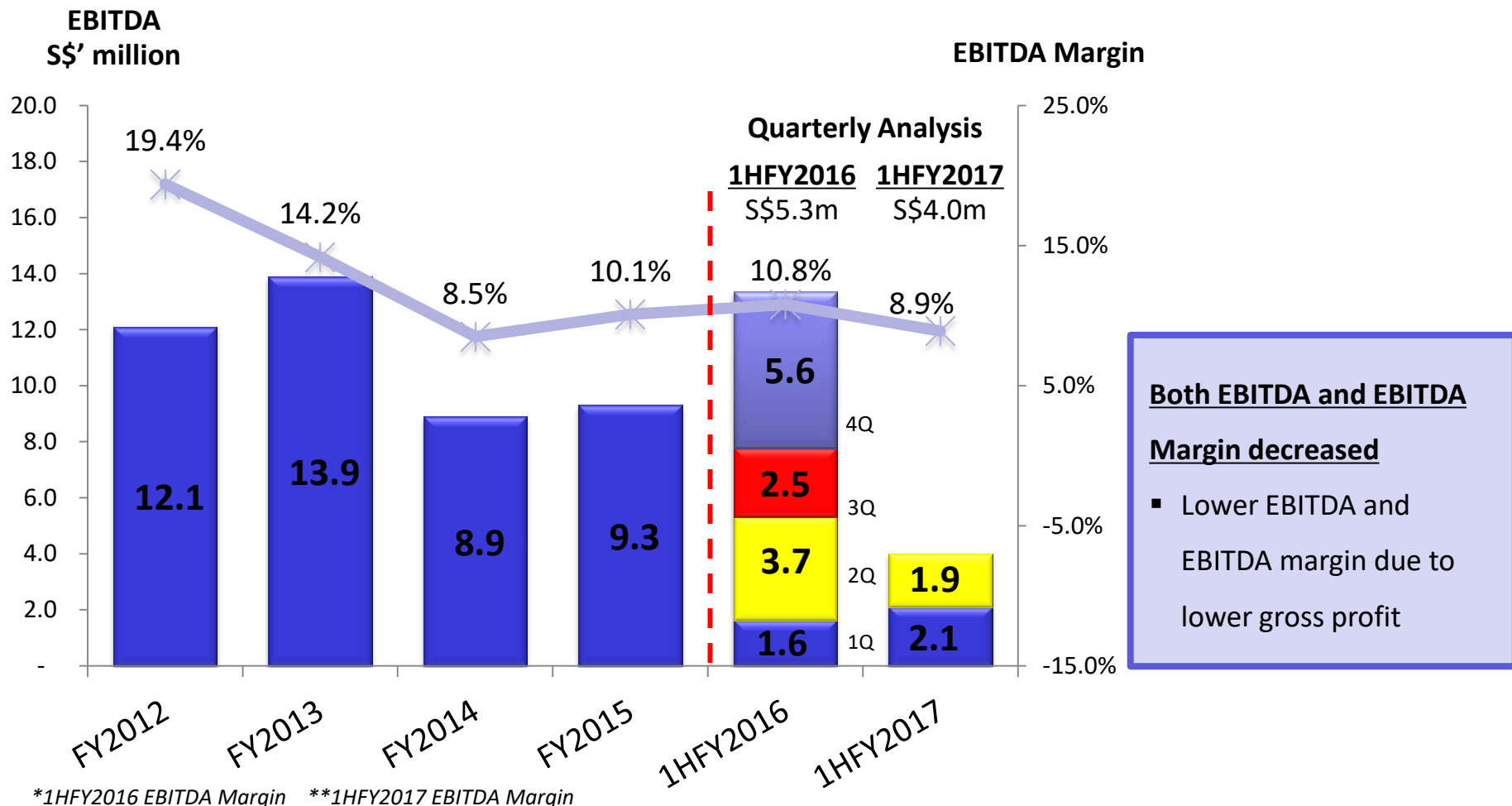
Profitability Trend (Net Profit / Net Profit Margin)



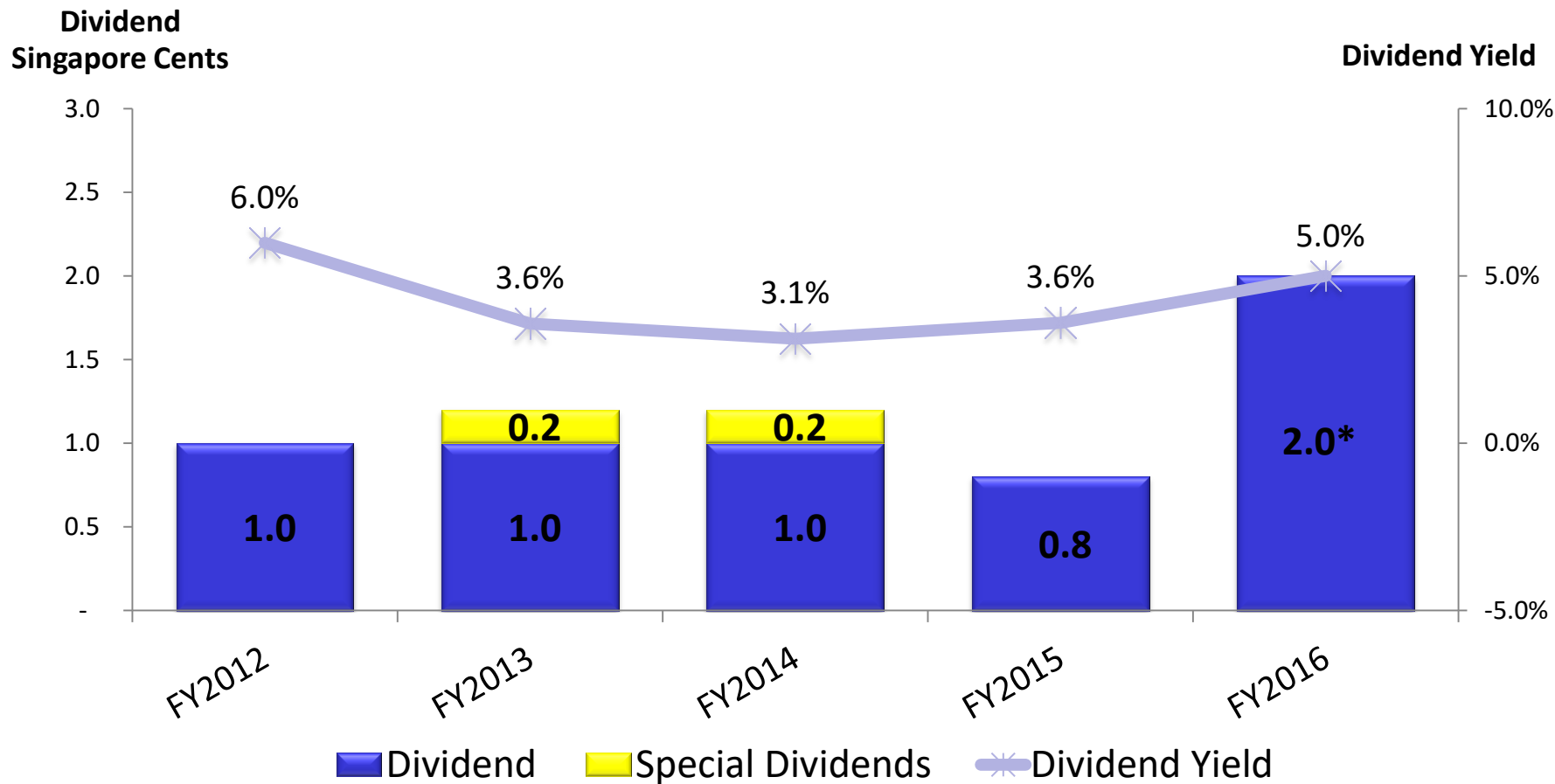
Lower Net Profit and NPM

- Net profit and NPM decreased in line with lower gross profit and GPM

Profitability Trend (EBITDA / EBITDA Margin)



Dividend Trend (Dividends / Dividend Yield)



* Group completed a 4-to-1 share consolidation on February 22, 2016. Dividend would have been 0.5 Singapore cents for FY2016 on a comparable basis (i.e. as if no share consolidation)

Balance Sheet

Balance Sheet	31 October 2016 S\$'000	30 April 2016 S\$'000
Property, plant and equipment	75,864	76,324
Intangible assets	14,790	15,373
Inventories	33,000	28,575
Trade and other receivables	24,030	33,493
Contract work-in-progress	15,918	14,644
Cash and short-term fixed deposits	20,321	12,843
Loans and borrowings	72,261	61,798
Total equity	69,180	69,473
Net gearing ratio	0.75	0.70
Net asset value per ordinary share (S\$' cents) [#]	62.17	62.43

[#]: Based on 111,281,821 number of shares



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Outlook, Strategies & Developments



Outlook

Challenging operating environment

- Softer demand and lower activity in traditional sectors
- Intense competition across all segments pressuring profit margins

Exploring opportunities in the region

- Rise in coal prices and government driven policies may help boost activity in the region in the longer term

Growth Strategies

Exploration of New Revenue Streams

Securing new customers in emerging markets

Concerted efforts when pitching for projects

- Expansion of supplier base
- Pitch for projects as a Group
- Capitalize on enlarged client base

Prudence, Productivity and Economisation

Capitalize on larger working area

Focus on efficient practices

- Establish assembly line for in-house brands
- Working closely with identified partners
- Improve upon existing operational & accounting practices
- Leaner operating structure & prudent management

Recent Developments

- **Feb 2016 – Completion of the move into the new facility**
 - All segments completed the move into the new facility
- **Feb 2016 – Completion of Share consolidation exercise**
 - Consolidation of every four (4) ordinary shares in the capital of the Company into one (1) Consolidated Share
- **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

Recent Developments

- **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
- **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 Reuters code	XMH SP EQUITY XMHL.SI	
Share Price	S\$0.32	
Market Capitalization (111.3M shares)	S\$35.6 million	
P/E	7.7x	
NAV per share	S\$0.62	
Free Float	26.3%	
Substantial Shareholders	Insiders	47.0%
	Credence Capital	18.8%

Source: Company Statements
Bloomberg as at 8 December 2016

Summary

- **Negative macro factors still persist**
 - Traditional sectors that the Group operates in continue to be pinned down by softer demand and lower commodity prices
 - The resultant intensified competition in the market continues to drive margins downward
- **Business remained profitable**
 - The Group's diversified business model softened the impact of the slowdown
 - It will continue to strengthen relationships with clients and its operational processes to increase its competitiveness
- **Group continues to search for new markets**
 - The Group is a one-stop solutions provider with quality integrated services
 - It looks towards opportunities that may arise outside of its traditional sectors such as government driven policies and initiatives that may help boost activity in the region



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THANK YOU

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