

FOR IMMEDIATE RELEASE

XMH continues profitability against highly competitive market

- Revenue decreased by 16.3% year-on-year to S\$64.0 million for 9MFY2017 due to weak market sentiments
- Group reported a net profit attributable to shareholders of S\$1.1 million for 9MFY2017
- Group remains cautious and strives to improve cost efficiencies.

Singapore, 7 March 2017 – 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, has reported its financial results for the nine months ended 31 January 2017 (“9MFY2017”).

Financial Highlights	3QFY2017 S\$'000	3QFY2016 S\$'000	% Change	9MFY2017 S\$'000	9MFY2016 S\$'000	% Change
Revenue	19,533	26,948	(27.5)	64,042	76,506	(16.3)
Gross Profit	4,715	7,029	(32.9)	13,879	19,611	(29.2)
Gross Profit Margin	24.1%	26.1%	(2.0) pp	21.7%	25.6%	(3.9) pp
EBITDA	2,739	2,452	11.7	6,691	7,807	(14.3)
Other Income	1,508	397	NM	3,491	776	NM
Operating Expenses*	6,682	6,233	7.2	18,884	16,857	12.0
Net Profit	766	998	(23.2)	1,058	4,593	(77.0)
Net Profit Margin	3.9%	3.7%	0.2 pp	1.7%	6.0%	(4.3) pp
Basic EPS (cents)#	0.69	0.88	(21.6)	0.95	4.16	(77.2)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on 111,281,821 weighted average number of shares for 3QFY2017 and 9MFY2017, post the 4-to-1 share consolidation the Group completed on February 22, 2016. (3QFY2016: 111,281,821 - 9MFY2016: 110,195,710).

NM: not meaningful



Revenue decreased by 16.3% year-on-year (“yoy”) to S\$64.0 million for 9MFY2017 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.

Unprecedented competition across all business segments caused gross profit to decrease by 29.2% to S\$13.9 million for 9MFY2017, and gross profit margin to decline from 25.6% for 9MFY2016 to 21.7% for 9MFY2017.

Other income increased by approximately S\$2.7 million to S\$3.5 million in 9MFY2017, mainly supported by forfeiture of deposits from customers, the gain on disposal of fixed assets and rental income generated from sub-letting part of the new factory building at 55 Tuas Crescent.

Excluding the increased depreciation charges of S\$3.1 million from the new factory, the Group’s operating expenses reduced by about 6.5% yoy to S\$15.8 million in 9MFY2017. Distribution expenses decreased by 17.0% yoy to S\$4.3 million in 9MFY2017, mainly due to overprovision of bonus in prior year, decreased exhibition costs, travelling, marketing and entertainment expenses in 9MFY2017. Administrative expenses increased by S\$2.9 million to S\$14.5 million in 9MFY2017. Mainly due to the increase in depreciation charge and higher property taxes in current period arising from the completion of new factory building in late FY2016, non-recurring reversal of liability no longer required in prior year, partially offset by decreases in share options expense, office rental, overprovision of bonus in prior year, and the amortization of intangible assets.

The Group reported a net profit attributable to shareholders of S\$1.1 million for 9MFY2017, with basic earnings per share of 0.95 Singapore cents. As of 31 January 2017, Group has a net asset value per share of 61.34 cents.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and Managing Director, commented, “*In light of the weak market sentiments, we remain prudent and seek to enhance resilience by building on our synergies and adhering to strict cost control measures. Our focus is to reduce business risks and fortify our position pending improvement in the markets that the Group operates in.*”

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Business Updates / Outlook

With the offshore marine markets expecting a prolonged downturn, reduced capital expenditure and consolidation remain the ongoing theme. Although the Group continues to monitor rising coal prices, the recovery from an operational aspect remains slow due to oversupply issues and depressed charter rates. Consequently, intense competition persists across the industries that the Group operates in.

Though the Group has seen some success from the synergy built among its segments, it will continue to take a cautious approach and implement the relevant measures to improve cost efficiencies and minimize business risks in the challenging environment.

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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), 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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