

FOR IMMEDIATE RELEASE

XMH maintains operational profitability

- Revenue decreased by 16.8% year-on-year to S\$90.2 million for FY2017 due to tough market conditions
- Group reported a net loss attributable to shareholders of S\$1.1 million for FY2017, excluding one-off non-cash impairment, Group reported a net profit attributable to shareholders of S\$1.6 million
- With positive cash flows from operating activities, Group continues to strive for progress to overcome the challenges in the competitive landscape

Singapore, 27 June 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, reported its financial results for the year ended 30 April 2017 (“FY2017”) today.

Financial Highlights	4QFY2017 S\$'000	4QFY2016 S\$'000	Change %	FY2017 S\$'000	FY2016 S\$'000	Change %
Revenue	26,109	31,879	(18.1)	90,151	108,385	(16.8)
Gross Profit	7,915	7,253	9.1	21,794	26,864	(18.9)
Gross Profit Margin	30.3%	22.8%	7.5 pp	24.2%	24.8%	(0.6) pp
EBITDA	2,036	5,583	(63.5)	8,727	13,390	(34.8)
Other Income	664	1,876	(64.6)	4,155	2,652	56.7
Operating Expenses*	6,359 ⁺	6,747 [^]	(5.8)	21,589 ⁺	22,812 [^]	(5.4)
Net (Loss)/Profit	(2,129)	3,351	NM	(1,071)	7,944	NM
Adjusted Net Profit	500 ⁺	3,351	(85.1)	1,558 ⁺	7,944	(80.4)
Adjusted Net Profit Margin	1.9% ⁺	10.5%	(8.6) pp	1.7% ⁺	7.3%	(5.6) pp
Basic EPS (cents) [#]	0.45 ⁺	3.01	(85.0)	1.40 ⁺	7.19	(80.5)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

⁺: Excluding one-time non-cash impairment of S\$2.6 million in relation to intangible assets

[^]: Excluding depreciation charge of S\$0.9 million for 4QFY2017 (4QFY2016: S\$1.5 million) and S\$4.6 million for FY2017 (FY2016: S\$2.2 million) in relation to existing facility

[#]: Based on 111,281,821 weighted average number of shares for 4QFY2017 and FY2017 (4Q2016: 111,281,821 - FY2016: 110,462,785).

NM: not meaningful



Revenue decreased by 16.8% year-on-year (“yoy”) to S\$90.2 million for FY2017 due to a decrease in revenue recorded in the Project and After-sales business segments, which were affected by the weak market sentiment and lower contract value awarded. This was partially offset by the improved sales from the Distribution business segment.

In line with the decrease in revenue, gross profit decreased by 18.9% yoy to S\$21.8 million for FY2017. Gross profit margin decreased marginally from 24.8% for FY2016 to 24.2% for FY2017.

Other income increased by approximately S\$1.5 million to S\$4.2 million for FY2017, mainly arising from forfeiture of deposits from customers, rental income generated from sub-letting part of the existing factory building at 55 Tuas Crescent, and the gain on disposal of fixed assets.

Excluding the one-time non-cash impairment and increased depreciation, total operating expenses fell by 5.4% to S\$21.6 million for FY2017. Distribution expenses decreased by 12.1% yoy to S\$6.1 million for FY2017, mainly due to decreased payroll, travelling, marketing and entertainment expenses. Administrative expenses increased by 25.2% yoy to S\$22.7 million for FY2017, mainly due to increased depreciation charges, higher property taxes due to the completion of a existing factory in late FY2016 and impairment losses on goodwill and order backlog.

The Group reported a net loss attributable to owners of the company of S\$1.1 million for FY2017, with basic loss per share of 0.96 Singapore cents. Excluding the one-off non-cash impairment on intangible assets of S\$2.6 million, the Group’s net profit attributable to owners of the company would be S\$1.6 million, with basic earnings per share of 1.40 Singapore cents.

A result of the management’s focus on cash flow generation, net cash from operating activities generated by the Group for FY2017 amounted to S\$2.6 million as compared to S\$0.9 million in FY2016. As of 30 April 2017, the Group had a net asset value per share of 59.65 Singapore cents.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and Managing Director, commented, “*We continue to face challenges as tough market conditions have yet to ease. In light of this, we remain prudent and we are committed to managing our business risks and cost control measures.*”

XMH Holdings Ltd.
55 Tuas Crescent
Singapore 638743
Tel: (65) 6368 0188 Fax: (65) 6368 0633
Website: www.xmh.com.sg
CO. REG. NO.: 201010562M



We continue to seek opportunities that will enable us to increase our presence in the marine and industrials sectors. As a cohesive unit, we aim to strengthen our position as a total solutions provider to overcome this downturn.”

Business Updates / Outlook

As oil prices struggle to stabilise, cost reduction is still the focus as the offshore marine industry remains under pressure. This has been felt locally with the offshore marine industry undergoing a series of debt restructuring. Although coal prices in Indonesia continue to benefit from the rise in domestic demand and increase in exports, vessel charter rates remain low. These factors have resulted in suppressed margins across several of the industries the Group operates in.

The Group continues to maintain a prudent stance and remain selective in projects it pursues while focussing on viable opportunities in the marine sector and energy-related and industrial onshore projects.

As the competitive environment prevails, the Group aims to navigate through this downturn by increase focus on business risk management and cost efficiencies. The Group aims to build on the groundwork it has established amongst its different business units, to create value in the long run and prepare it for when the industry recovers.

--- 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, Taiyo and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SGP, SOLÉ, Korsør, Reintjes, CENTA (Europe), Mecc Alte and Marelli (Italy), Niigata Power Systems (Japan), ABB (Switzerland), Lilaas (Norway), Logstrup (Denmark), Volvo (Sweden), MTU 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.

By Financial PR Pte Ltd

For more information please contact:

Romil SINGH / Jonathan YEOH

Financial PR Pte Ltd

Tel: 6438 2990 / Fax: 6438 0064

E-mail: romil@financialpr.com.sg, jonathanyeah@financialpr.com.sg