



YOUR CONNECTION TO THE RIGHT MACHINE

ENGINEERED FOR
CONTINUOUS GROWTH

FY2017 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 operationally profitable but results were weighed down by weak market sentiments and strong competition

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

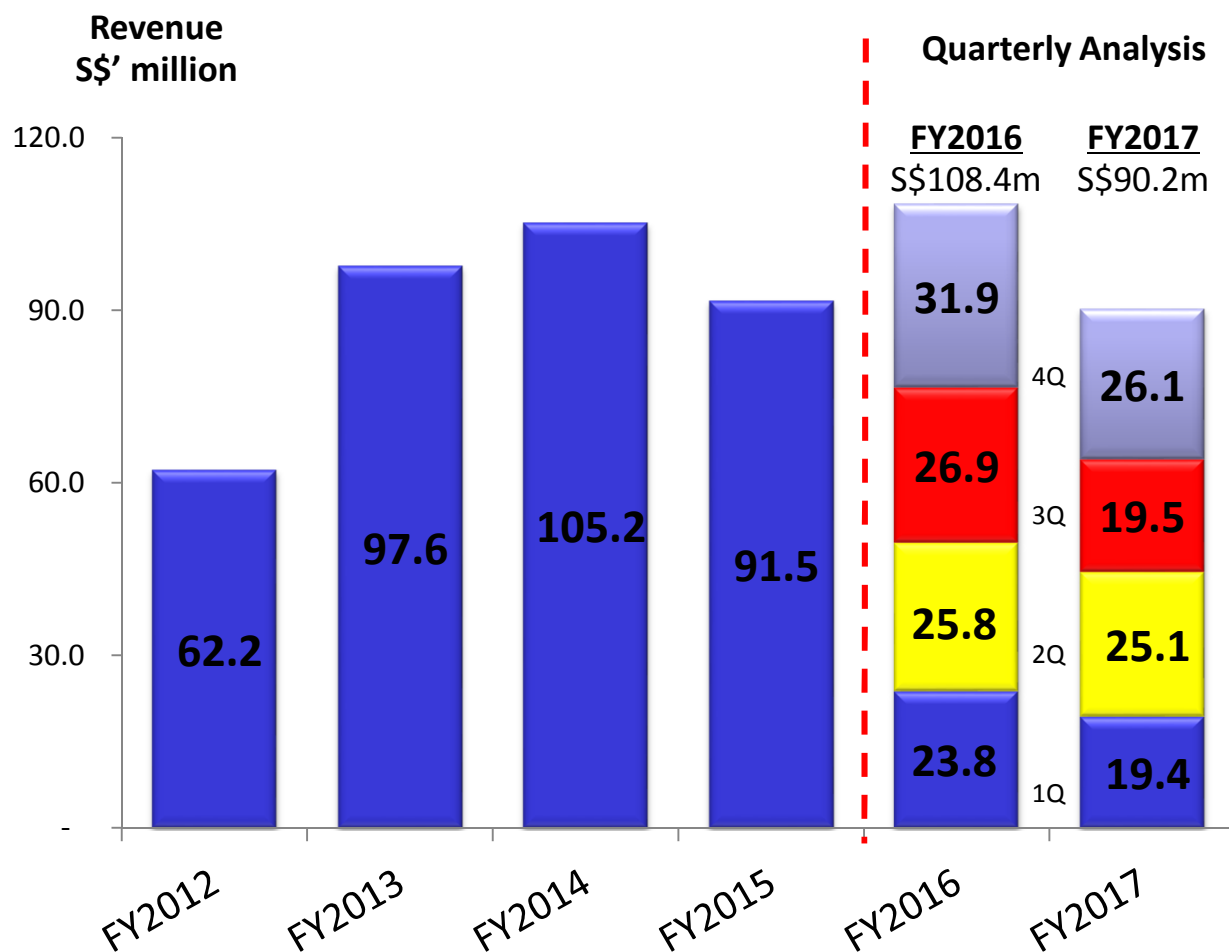
+ : Excluding one-time non-cash impairment of S\$2.6 million in relation to intangible assets

^: 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

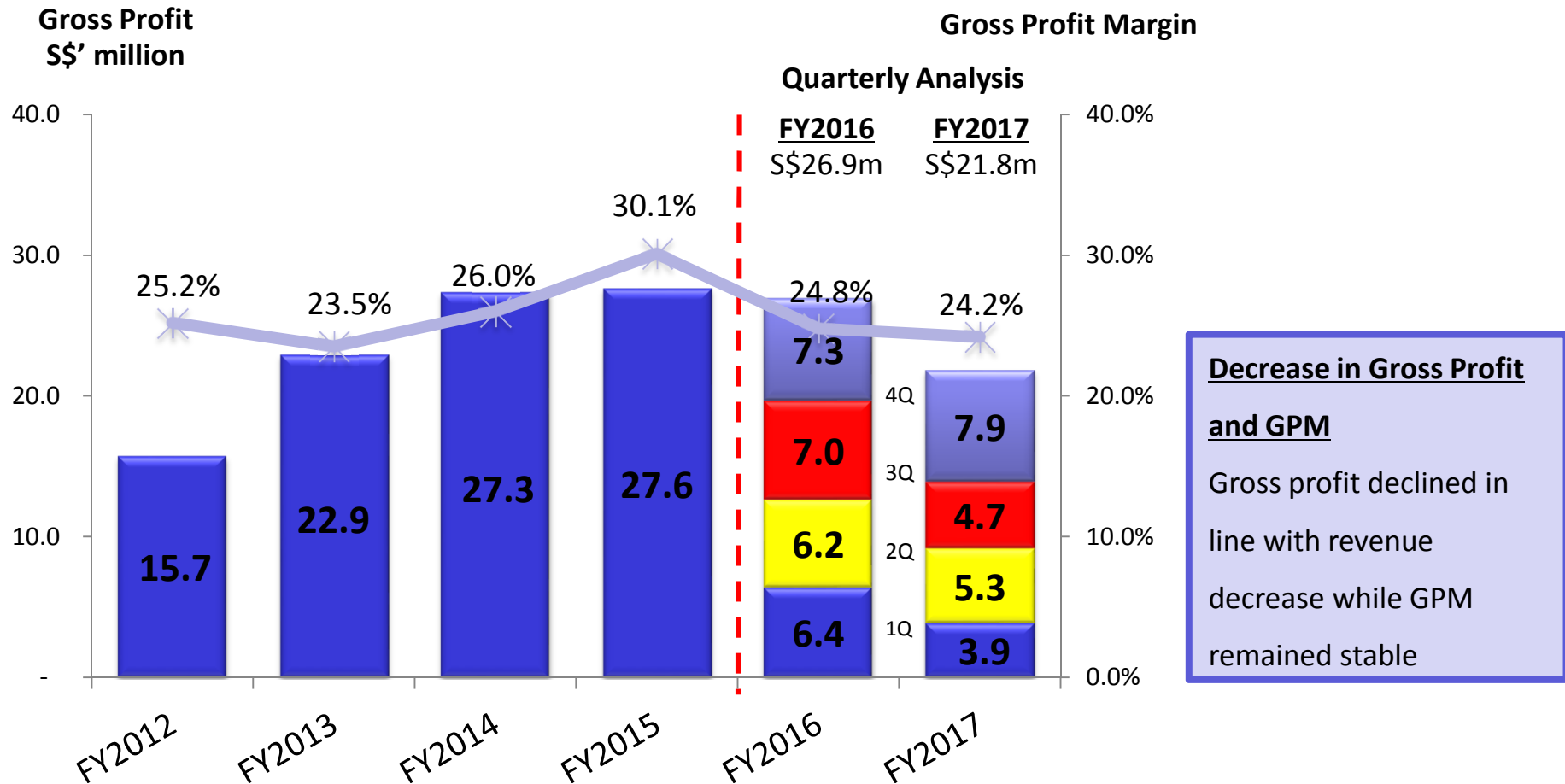
Revenue



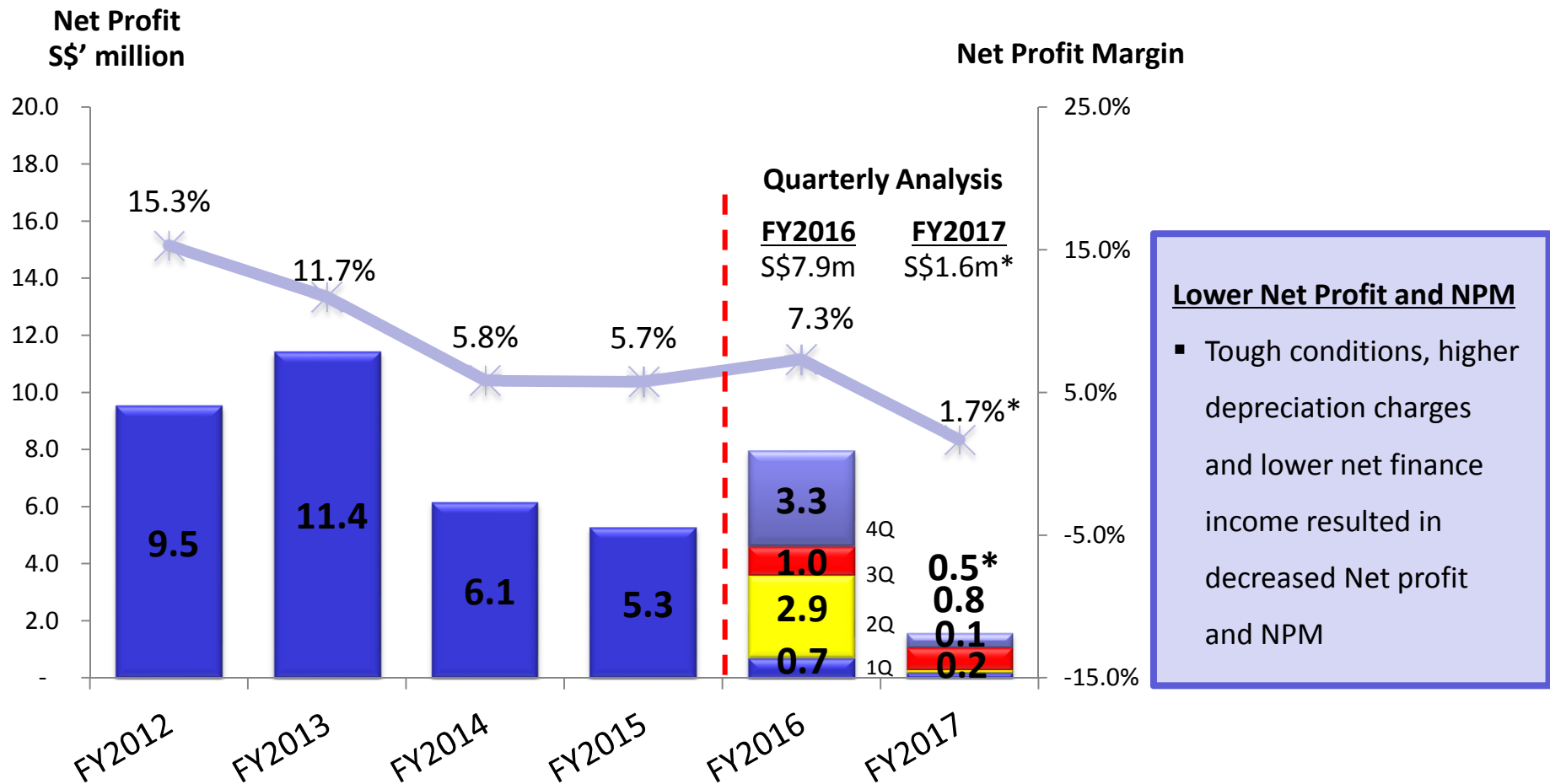
Decrease in Revenue

- Project and After-sales business segments were affected by weak market sentiments and lower contract value awarded

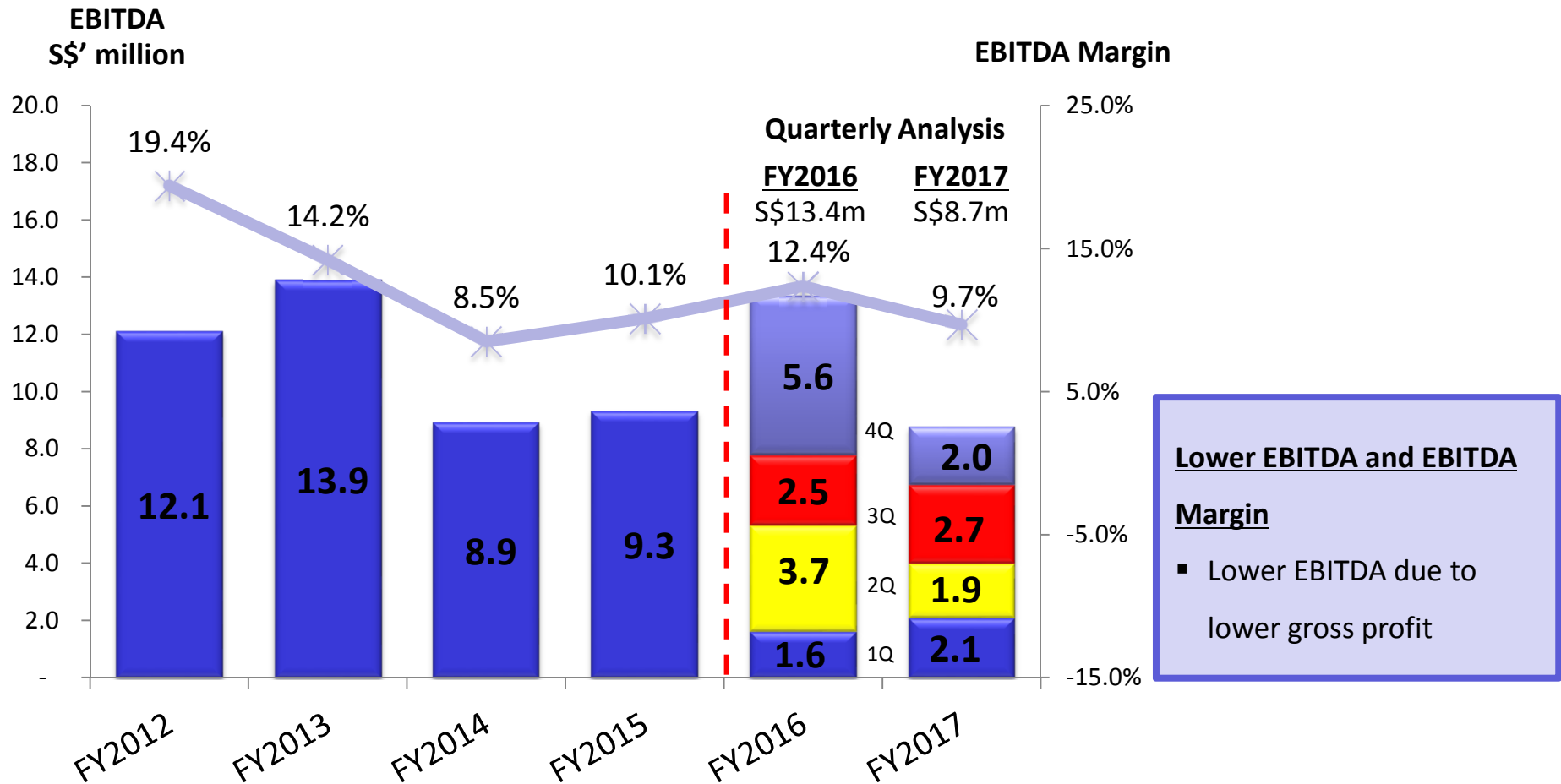
Profitability Trend (Gross Profit / Gross Profit Margin)



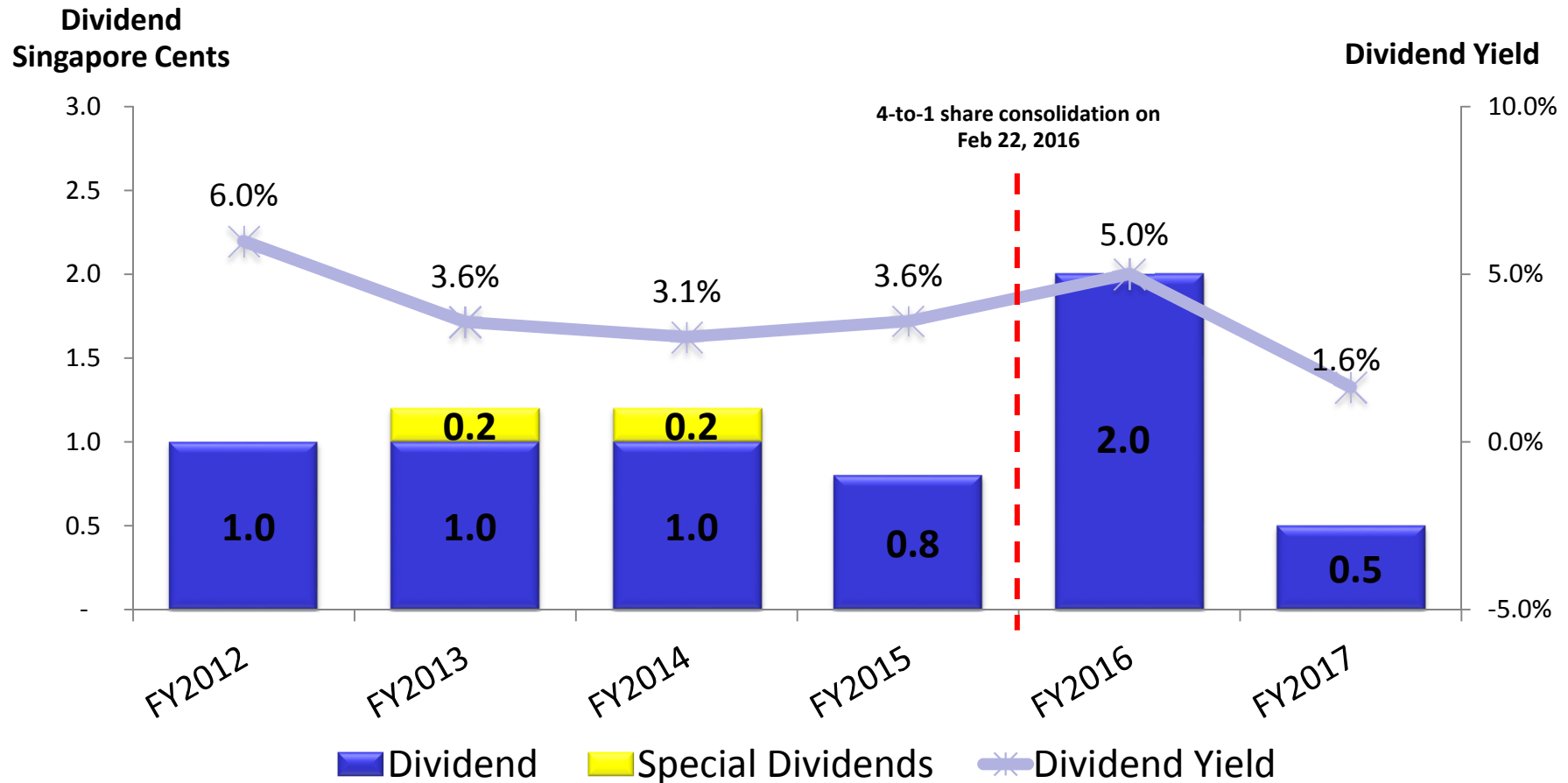
Profitability Trend (Net Profit / Net Profit Margin)



Profitability Trend (EBITDA / EBITDA Margin)



Dividend Trend (Dividends / Dividend Yield)



Balance Sheet

Balance Sheet	30 April 2017 S\$'000	30 April 2016 S\$'000
Property, plant and equipment	68,707	76,324
Intangible assets	11,833	15,373
Inventories	30,550	35,325
Trade and other receivables	23,068	33,493
Contract work-in-progress	10,980	7,894
Cash and short-term fixed deposits	25,618	12,843
Loans and borrowings	74,049	61,798
Total equity attributable to owners of the company	66,380	69,473
Net gearing ratio	0.73	0.70
Net asset value per ordinary share (S\$' cents) [#]	59.65	62.43

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



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Outlook, Strategies & Developments

Outlook

Challenging operating circumstances and heightened competition

- Softer demand for marine related products and lower activity in the offshore marine industry
- 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
- Groundwork set for Group to build more presence in the marine and industrial sectors

Growth Strategies

Exploration of New Revenue Streams

Securing new customers in emerging markets

Concerted efforts when pitching for projects

- **Actively exploring potential new markets**
- **Capitalize on enlarged client base**
- **Leverage on expertise as a total solutions provider for marine and industrial power generating needs**

Prudence, Productivity and Economisation

Capitalize on larger working area

Focus on efficient practices

- **Build on established assembly line for in-house brands**
- **Working closely with identified partners**
- **Improve upon existing operational & accounting practices**
- **Leaner operating structure & prudent management**
- **Stricter cost control measures**

Recent Developments

- **Feb 2017 – Entered into a non-binding MOU with Myanmar MarcoPolo**
 - Entered into a non-binding memorandum of understanding (“MOU”) with Myanmar MarcoPolo Co., Ltd (“MMP”) in relation to the incorporation of a joint venture company in Myanmar
- **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 – 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

Recent Developments

- **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
- **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

Share Statistics

Bloomberg code Reuters code	XMH SP EQUITY XMHL.SI	
Share Price	S\$0.280	
Market Capitalization (111.3M shares)	S\$31.2 million	
P/E	20.0x ⁺	
NAV per share	S\$0.597	
Free Float	26.3%	
Substantial Shareholders	Insiders	46.2%
	Credence Capital	18.8%

Source: Company Statements, Bloomberg as at 28 June 2017

+ : Using adjusted EPS which excludes one-time non-cash impairment of S\$2.6 million in relation to intangible assets

Summary

- **Negative macro factors 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 operationally profitable**
 - The Group's diversified business model softened the impact of the slowdown
 - It will continue to strengthen relationships with clients
 - It continues to fortify synergies built to increase its competitiveness but maintains strict cost control measures and a prudence pending improvements in the market
- **Group continues to search for new markets**
 - The Group is a one-stop solutions provider with quality integrated services
 - It looks to leverage on its expertise to strengthen its foothold in more stable sectors such as industrials and tap on opportunities that may arise outside of its traditional sectors



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THANK YOU

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