



FOR IMMEDIATE RELEASE

Challenges persist but XMH remains profitable

- Revenue decreased by 2.8% year-on-year to S\$18.9 million for 1QFY2018
- Group reported a net profit attributable to shareholders of S\$0.1 million as challenging market conditions continue to persist
- Positive net cash generated from operating activities of approximately S\$2.7 million for 1QFY2018 as compared to net cash used of approximately S\$5.6 million in 1QFY2017.
- Group's objectives remains intact and it endeavours to propel past adversity by actively pursuing viable opportunities

Singapore, 8 September 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 three months ended 31 July 2017 (“1QFY2018”) today.

Financial Highlights	1QFY2018 S\$'000	1QFY2017 S\$'000	Change %
Revenue	18,888	19,426	(2.8)
Gross Profit	5,006	3,865	29.5
Gross Profit Margin	26.5%	19.9%	6.6 pp
EBITDA	1,936	2,071	(6.5)
Other Income	491	430	14.2
Operating Expenses*	5,239	5,265	(0.5)
Net Profit Attributable to Owners of the Company	106	191	(44.5)
Net Profit Margin	0.6%	1.0%	(0.4) pp
Basic EPS (cents)#	0.10	0.17	(41.2)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on 111,281,821 weighted average number of shares for 1QFY2018 (1QFY2017: 111,281,821).

NM: not meaningful

Revenue decreased by 2.8% year-on-year (“yoy”) to S\$18.9 million for 1QFY2018 due to a decrease in revenue recorded by the After-sales and Distribution business segments, which were affected



by the weak market sentiment. This was partially offset by the improved sales from the Project business segment due mainly to completion of a major project.

Gross profit increased by 29.5% yoy to S\$5.0 million for 1QFY2018 with gross profit margin increasing from 19.9% for 1QFY2017 to 26.5% for 1QFY2018. Gross margin improved in all three segments with better margins achieved from sales and projects.

Other income increased by approximately S\$0.1 million to S\$0.5 million for 1QFY2018, mainly arising from rental income generated from sub-letting of the existing factory building.

Total operating expenses decreased by 0.5% yoy to S\$5.2 million for 1QFY2018. Distribution expenses increased by 19.8% yoy to S\$1.2 million for 1QFY2018, mainly due to reversal for overprovision of bonus for prior year in 1QFY2017. Administrative expenses decreased by 5.3% yoy to S\$4.0 million for 1QFY2018, mainly due to decreases in amortization of intangible assets, depreciation charges and share-based payment expense.

The Group reported a net profit attributable to owners of the company of S\$0.1 million for 1QFY2018, with basic earnings per share of 0.10 Singapore cents.

With continued focus on cost efficiency and cash flow generation, net cash from operating activities generated by the Group for 1QFY2018 amounted to S\$2.7 million as compared to net cash used in operating activities of S\$5.6 million in 1QFY2017. As of 31 July 2017, the Group had a net asset value per share of 59.17 Singapore cents.

Commenting on the Group's financial performance, Mr. Elvin Tan Tin Yeow, Chairman and Managing Director, commented, *"Due to weak demand for marine related products and intense competition, we continue to focus on areas which can help us overcome these challenges. We aim to position ourselves for the eventual recovery and increase shareholders' value in the long run."*

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Business Updates / Outlook

The industries which the Group operates in remain competitive as underlying factors such as weak oil prices and lacklustre vessel charter rates have yet to improve. The Group expects these current conditions will continue in the foreseeable future.

The Group continues to promote itself as a total power generating solutions provider with concerted efforts from all its segments in order to secure business. Upholding a prudent stance and remaining selective on projects, the Group is also actively pursuing viable opportunities in the marine sector and energy-related and industrial onshore projects. This includes but is not limited to new markets like Myanmar.

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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 on 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, Niigata Power Systems and Kamome (Japan), D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA (Europe), SGP (India), 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 switchboards, 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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