

FOR IMMEDIATE RELEASE

XMH progresses on, profitability intact in challenging environment

- Revenue decreased by 8% year-on-year to S\$40.9 million for 1HFY2018
- Net profit attributable to shareholders increased by 14.0% to S\$0.3 million for 1HFY2018
- Positive net cash generated from operating activities of approximately S\$3.2 million for 1HFY2018
- Group's continues to focus on securing new contracts, maintaining cost efficiencies and improving profitability

Singapore, 11 December 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, today reported its financial results for the three months (“2QFY2018”) and six months ended 31 October 2017 (“1HFY2018”).

Financial Highlights	2QFY2018	2QFY2017	%	1HFY2018	1HFY2017	%
	S\$'000	S\$'000	Change	S\$'000	S\$'000	Change
Revenue	22,056	25,083	(12.1)	40,944	44,509	(8.0)
Gross Profit	5,572	5,299	5.2	10,578	9,164	15.4
Gross Profit Margin	25.3%	21.1%	4.2 pp	25.8%	20.6%	5.2 pp
EBITDA	2,120	1,881	12.7	4,056	3,952	2.6
Other Income	551	1,553	(64.5)	1,042	1,983	(47.5)
Operating Expenses*	6,399	6,937	(7.8)	11,638	12,202	(4.6)
Net Profit Attributable to Owners of the Company	227	101	NM	333	292	14.0
Net Profit Margin	1.0%	0.4%	0.6 pp	0.8%	0.7%	0.1 pp
Basic EPS (cents) [#]	0.20	0.09	NM	0.30	0.26	15.4

*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on 111,281,821 weighted average number of shares for 2QFY2018 and 1HFY2018 (2QFY2017 and 1HFY2017: 111,281,821).

NM: not meaningful



Revenue decreased by 8% year-on-year (“yoy”) to S\$40.9 million for 1HFY2018 due to a decrease in revenue recorded by the Distribution and Project business segments, which are affected by judicious spending of customers and deferred commencement of projects.

Gross profit increased by 15.4% yoy to S\$10.6 million for 1HFY2018 with gross profit margin increasing from 20.6% for 1HFY2017 to 25.8% for 1HFY2018. Gross margin improved in all three segments with better margins achieved from sales and completion of some projects.

Other income decreased by approximately S\$1.0 million to S\$1.0 million for 1HFY2018, mainly due to forfeiture of deposits from customers, gain on disposal of fixed assets and higher government grants and rebates present in 1HFY2017. The decrease was partially offset by an increase in rental income generated from sub-letting part of the premises of the factory building.

Total operating expenses decreased by 4.6% yoy to S\$11.6 million for 1HFY2018. Administrative expenses decreased by 5.8% yoy to S\$9.0 million for 1HFY2018, 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\$0.3 million for 1HFY2018, with basic earnings per share of 0.30 Singapore cents.

The Group generated net cash from operating activities of S\$3.2 million for 1HFY2018. As of 31 October 2017, the Group had a net asset value per share of 58.51 Singapore cents.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and Managing Director, commented, “*As the environment remains highly competitive, we continue to tackle the challenges faced proactively. We retain our focus on securing new contracts and maintaining cost efficiencies to improve profitability.*”

We will capitalise on the foundation that we have built and the reputation we have achieved to overcome these challenges.”

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Business Updates / Outlook

In spite of the increases in oil and coal prices in 2017, the Group continues to face intense price competition as the positive effects have yet to be passed downstream and tug boat charter rates remain lacklustre. Although outlook for certain segments within the industries that the Group operates in may have improved, the Group expects that tough conditions will continue for the foreseeable future as companies remain in cost-savings mode.

As a total power generating solutions provider, the Group will continue to promote its ability to cater holistic solutions to customers, and actively pursue any viable opportunities in related sectors to secure contracts. The Group will maintain a prudent stance and continue to monitor its cost efficiencies and any developments in the market with the focus on preserving its margins in this challenging environment.

--- 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 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.

By Financial PR Pte Ltd

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