



YOUR CONNECTION TO THE RIGHT MACHINE



ENGINEERED FOR  
**CONTINUOUS GROWTH**

# 1QFY2018 Results Presentation



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# Presentation Outline

-  Financial Highlights
-  Outlook, Strategies and Recent Developments



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# Financial Highlights

# Financial Summary

*Group was profitable for the quarter and gross margins improved but weak market sentiments and strong competition continued to weigh down performance*

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

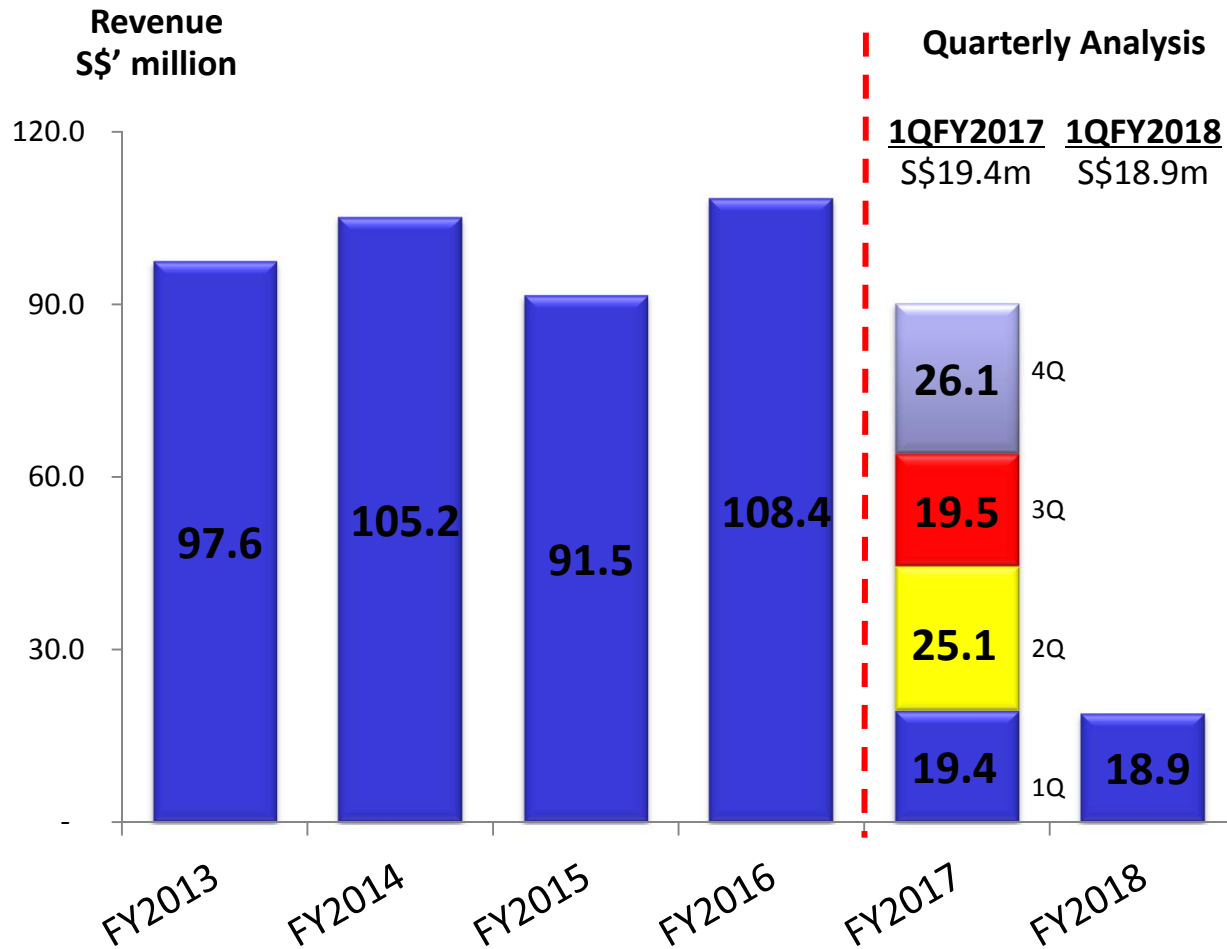
\*: Includes distribution expenses and administrative expenses

pp: Percentage points

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

NM: not meaningful

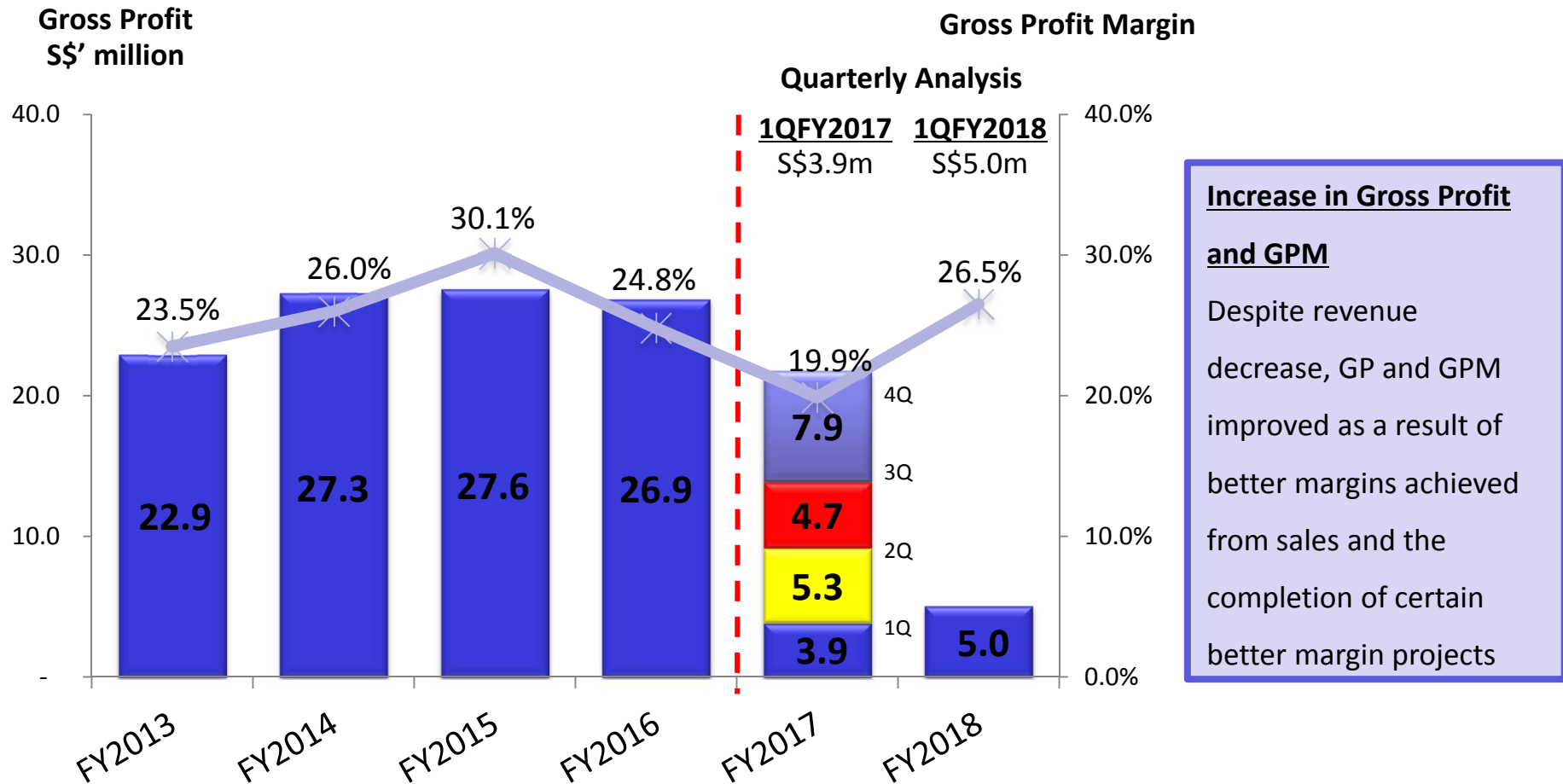
# Revenue



**Decrease in Revenue**

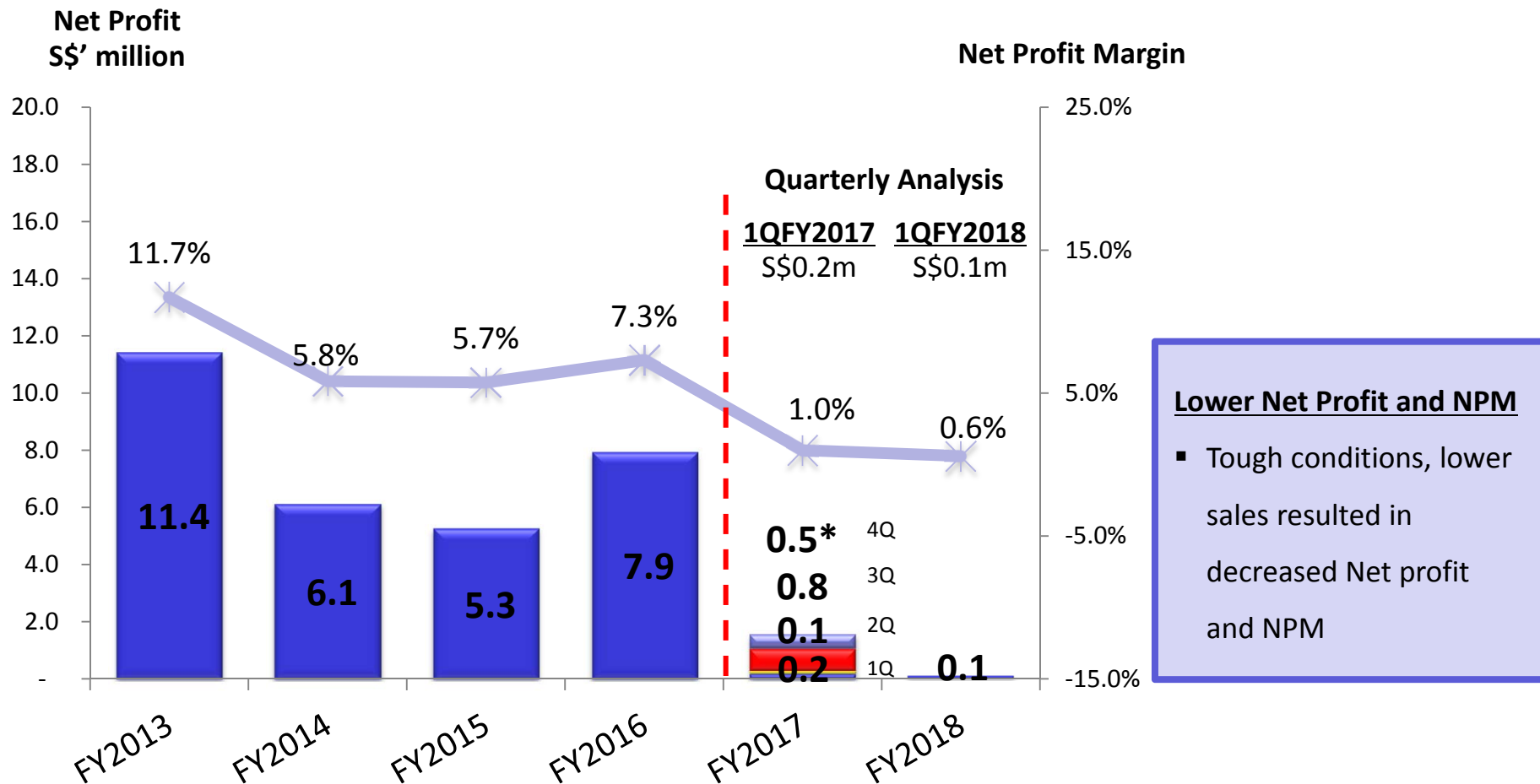
- After-sales and distribution business segments were affected by weak market sentiments

# Profitability Trend (Gross Profit / Gross Profit Margin)





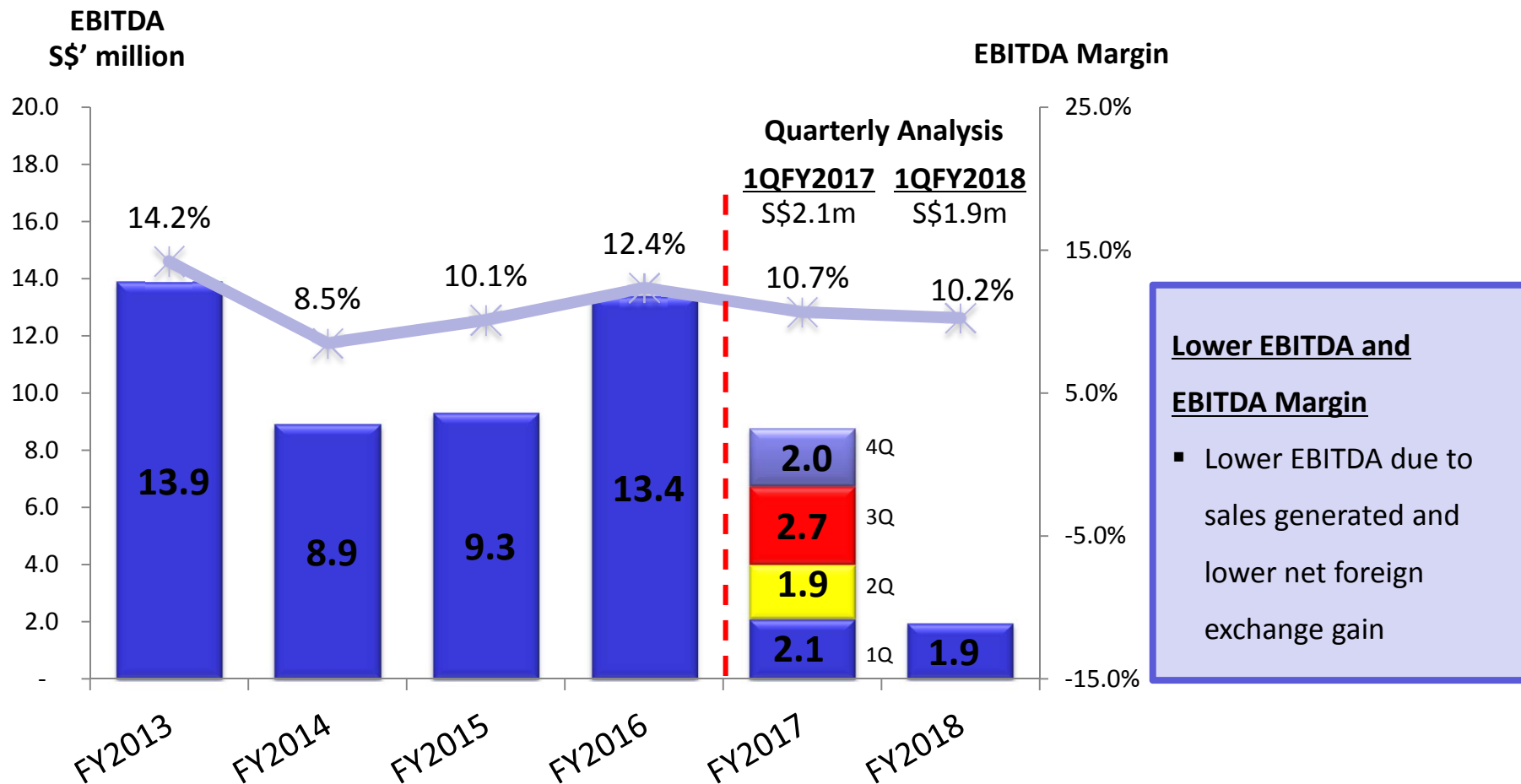
# Profitability Trend (Net Profit / Net Profit Margin)



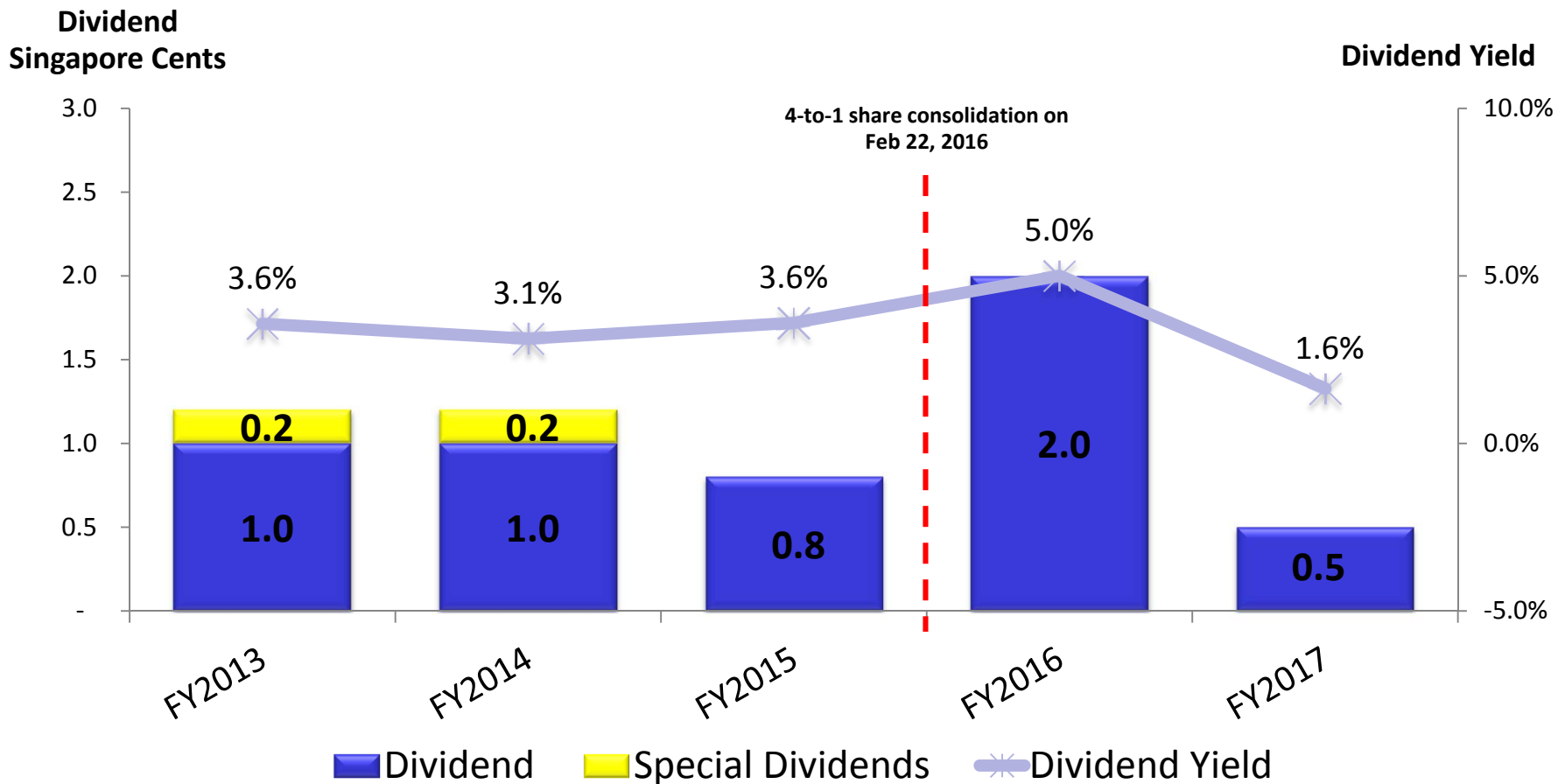
\*Excluding one-time non-cash impairment of S\$2.6 million in relation to intangible assets in 4QFY2016



# Profitability Trend (EBITDA / EBITDA Margin)



## Dividend Trend (Dividends / Dividend Yield)



## Balance Sheet

Balance Sheet	31 July 2017 S\$'000	30 April 2017 S\$'000
Property, plant and equipment	67,538	68,707
Intangible assets	11,624	11,833
Inventories	25,309	30,550
Trade and other receivables	15,128	23,068
Contract work-in-progress	13,868	10,980
Cash and short-term fixed deposits	26,652	25,618
Loans and borrowings	72,078	74,049
Total equity attributable to owners of the company	65,848	66,380
Net gearing ratio	0.69	0.73
Net asset value per ordinary share (S\$' cents) <sup>#</sup>	59.17	59.65

<sup>#</sup>: Based on 111,281,821 number of shares



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# Outlook, Strategies & Developments

## Outlook

Underlying factors such as weak oil prices and lacklustre vessel charter rates have yet to improve

- Softer demand for marine related products and lower activity in the offshore marine industry
- Intense competition across all segments pressuring profit margins

Actively pursuing viable opportunities

- Groundwork set for Group to build more presence in the marine and industrial sectors
- Group is also seeking viable opportunities in new markets which includes but is not limited to Myanmar

# 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 foundation for growth**

**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

- **Aug 2017 – Entered into joint venture through XMH Engineering Pte. Ltd. with Myanmar Marcopolo Co., Ltd and Bulox Power Pte. Ltd.**
  - The Joint Venture Entity has an authorised capital of US\$50 million and an issued and paid-up share capital of not less than US\$1 million (XMH stake of 50%)
- **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



## Recent Developments

- **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
- **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, providing flow of activities and revenue through 2015 to March 2017
- **Mar 2015 – Completion of ZPA acquisition**
  - A profitable entity and immediately earnings accretive, ZPA promotes 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

<b>Bloomberg code</b> <b>Reuters code</b>	<b>XMH SP EQUITY</b> <b>XMHL.SI</b>	
Share Price	S\$0.300	
Market Capitalization (111.3M shares)	S\$33.4 million	
Trailing P/E	22.6x <sup>+</sup>	
NAV per share	S\$0.592	
Free Float	26.3%	
Substantial Shareholders	Insiders	46.2%
	Credence Capital	18.8%

Source: Company Statements, Bloomberg as at 29 August 2017

+ : Using adjusted EPS which excludes one-time non-cash impairment of S\$2.6 million in 4QFY2017 in relation to intangible assets



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**THANK YOU**

Investor Relations | Financial PR Pte Ltd |  
Romil SINGH | Jonathan YEOH  
T: +65 6438 2990 F: +65 6438 0064 |  
[staff@financialpr.com.sg](mailto:staff@financialpr.com.sg)