



YOUR CONNECTION TO THE RIGHT MACHINE



ENGINEERED FOR
CONTINUOUS GROWTH

1HFY2018 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 half and gross margins improved but weak market sentiments and strong competition continued to weigh down performance

Financial Highlights	2QFY2018 S\$'000	2QFY2017 S\$'000	% Change	1HFY2018 S\$'000	1HFY2017 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

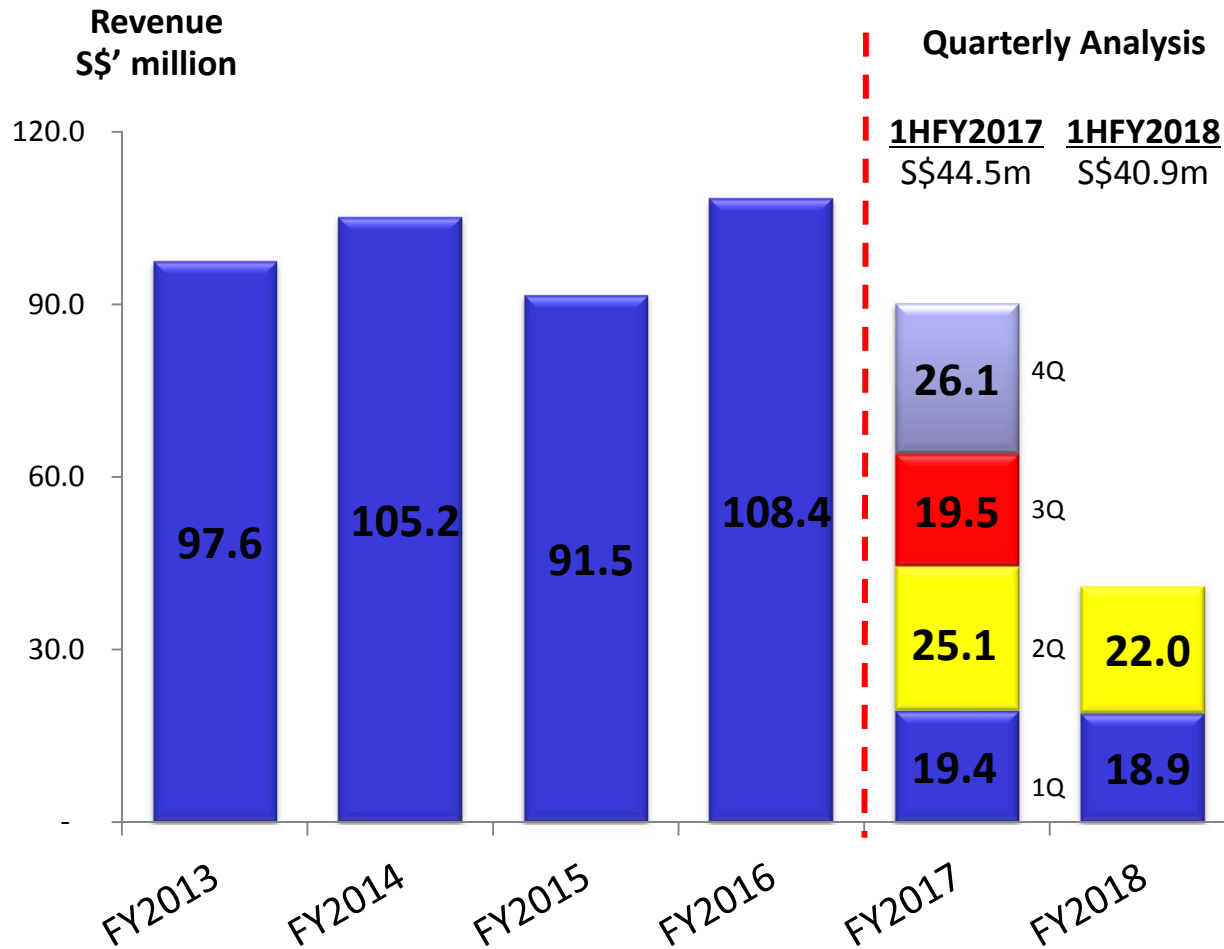
*: Includes distribution expenses and administrative expenses

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

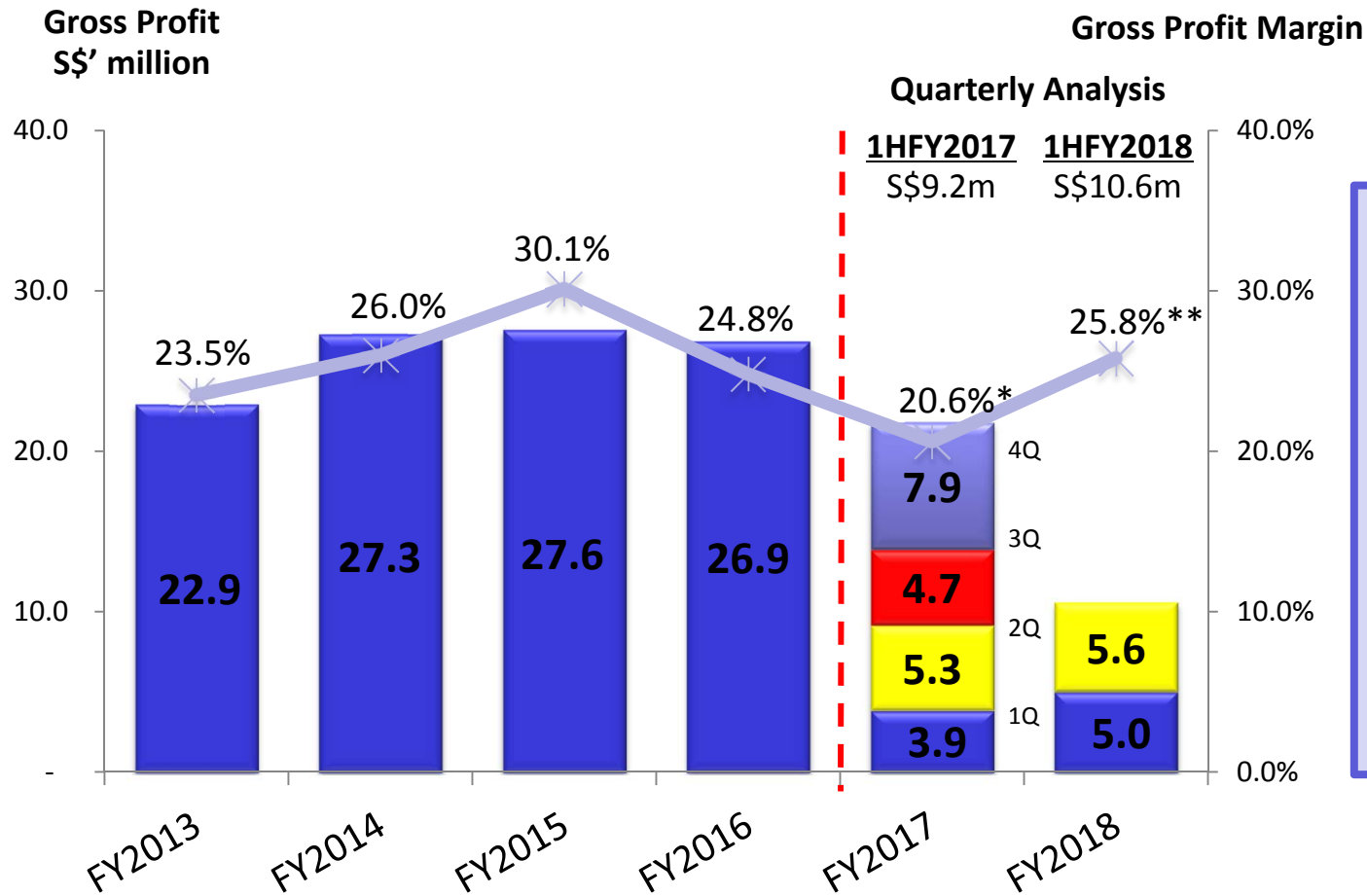
Revenue



Decrease in Revenue

- Distribution and projects business segments affected by competition, judicious spending by customers and deferment of projects

Profitability Trend (Gross Profit / Gross Profit Margin)

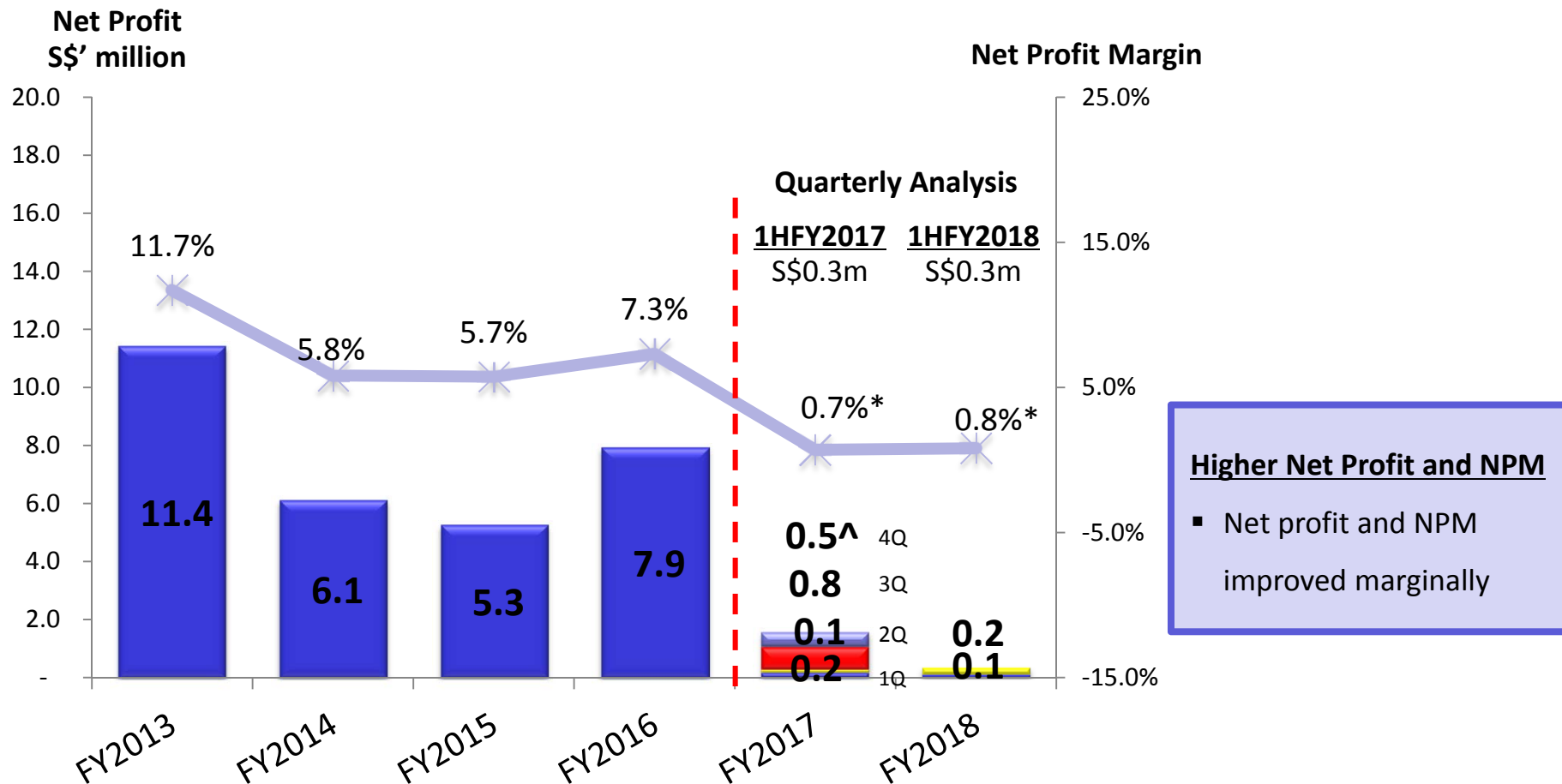


Increase in Gross Profit and GPM

Despite revenue decrease, GP and GPM improved as a result of better margins achieved from sales and completion of some projects

*1HFY2017 GPM **1HFY2018 GPM

Profitability Trend (Net Profit / Net Profit Margin)



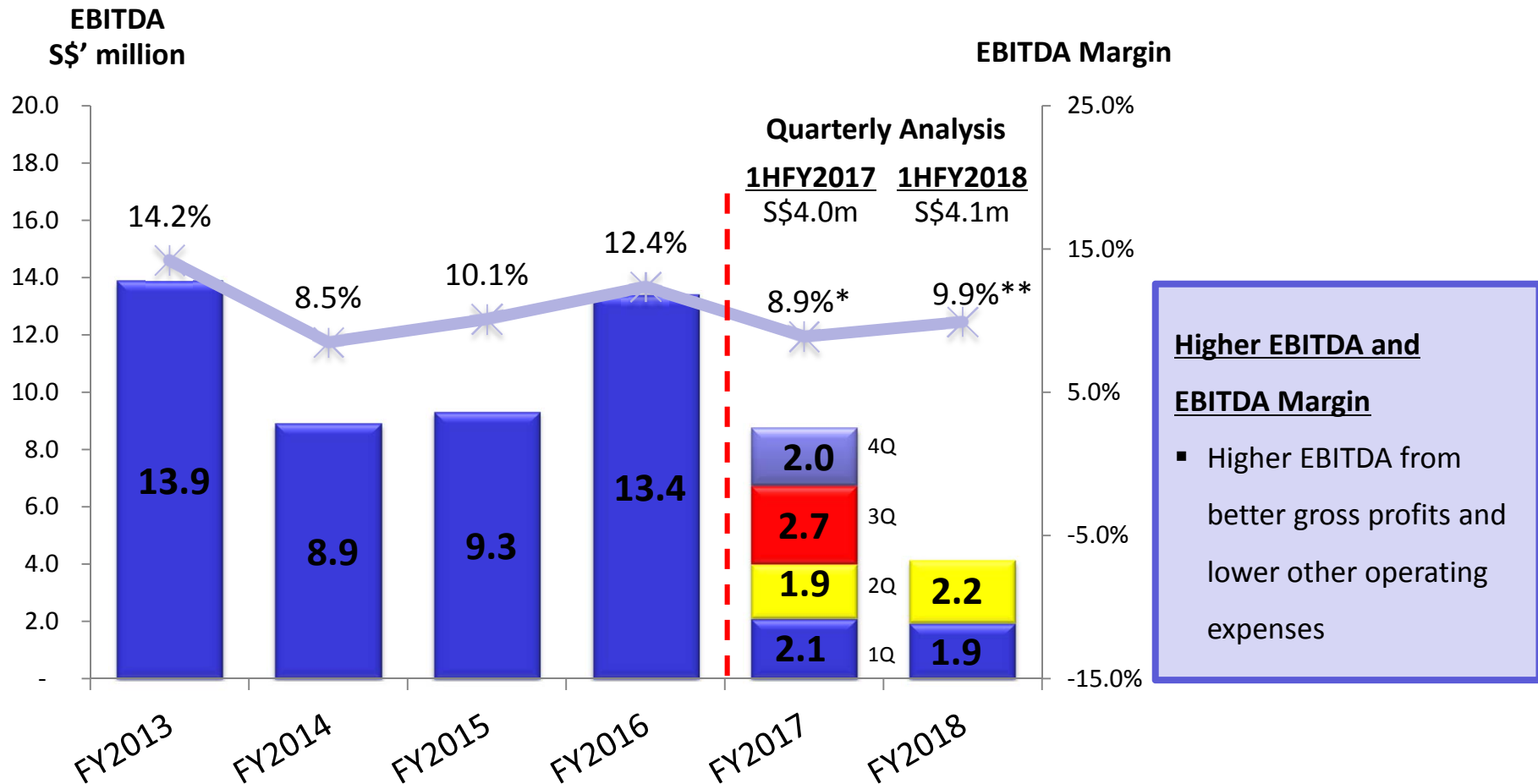
[^]Excluding one-time non-cash impairment of S\$2.6 million in relation to intangible assets in 4QFY2017

*1HFY2017 NPM **1HFY2018 NPM

Higher Net Profit and NPM

- Net profit and NPM improved marginally

Profitability Trend (EBITDA / EBITDA Margin)

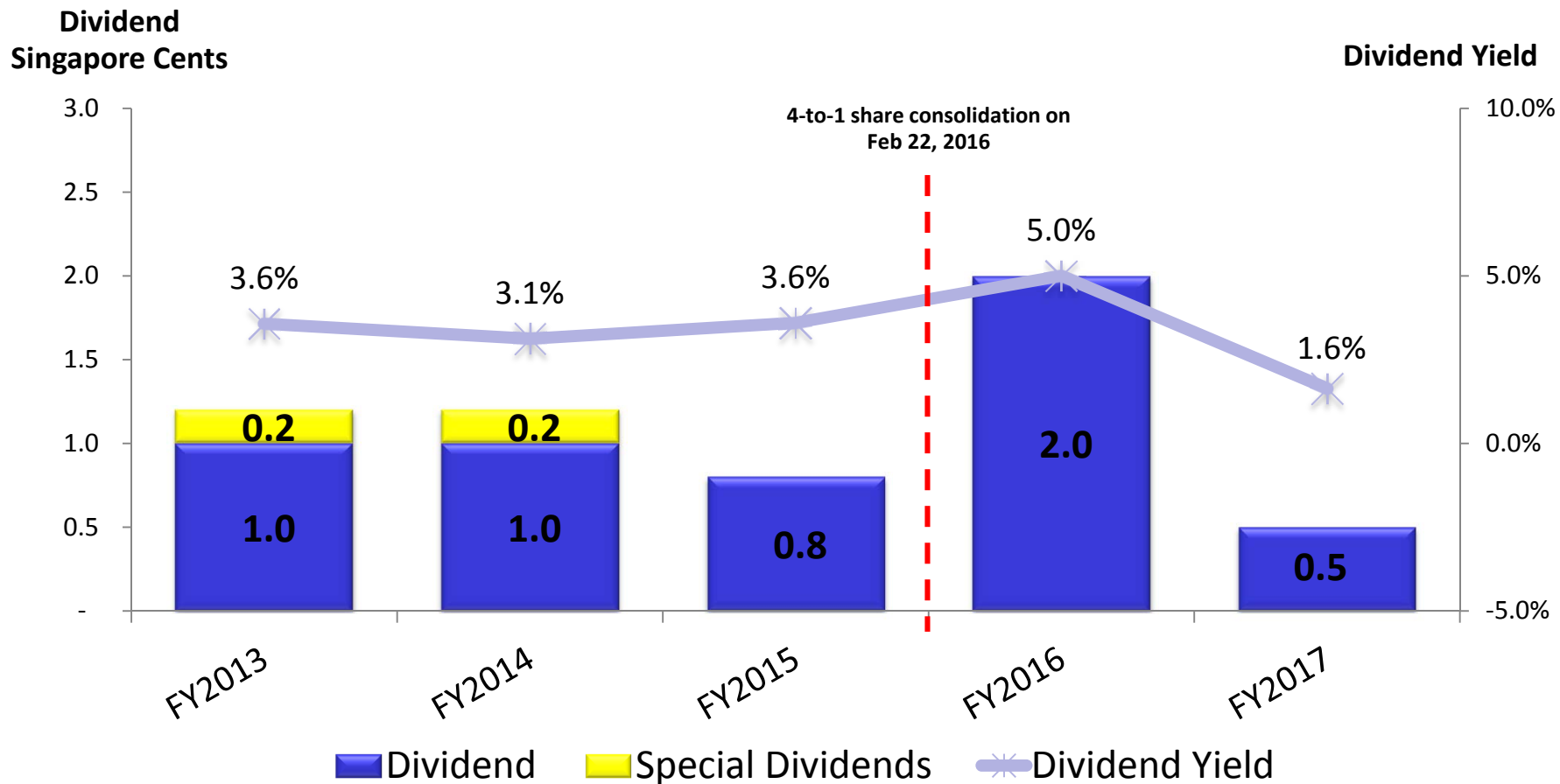


*1HFY2017 EBITDA Margin **1HFY2018 EBITDA Margin

Higher EBITDA and EBITDA Margin

- Higher EBITDA from better gross profits and lower other operating expenses

Dividend Trend (Dividends / Dividend Yield)



Balance Sheet

Balance Sheet	31 October 2017 S\$'000	30 April 2017 S\$'000
Property, plant and equipment	66,357	68,707
Intangible assets	11,409	11,833
Inventories	27,565	30,550
Trade and other receivables	17,844	23,068
Contract work-in-progress	10,993	10,980
Cash and short-term fixed deposits	26,292	25,618
Loans and borrowings	72,425	74,049
Total equity attributable to owners of the company	65,109	66,380
Net gearing ratio	0.71	0.73
Net asset value per ordinary share (S\$' cents) [#]	58.51	59.65

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



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Outlook, Strategies & Developments

Outlook

Effects of increased oil and coal prices yet to flow downstream and tug boat charter rates remain lacklustre

- 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

- Group will build on its established presence and ability to provide holistic solutions in the marine and industrial sectors
- Group continues to seek 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**
- **Work closely with identified partners**
- **Improve upon existing operational & accounting practices**
- **Keep lean operating structure & prudent management**
- **Maintain 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

Share Statistics

Bloomberg code Reuters code	XMH SP EQUITY XMHL.SI	
Share Price	S\$0.240	
Market Capitalization (111.3M shares)	S\$26.7 million	
Trailing P/E	16.7x ⁺	
NAV per share	S\$0.585	
Free Float	26.3%	
Substantial Shareholders	Insiders	46.2%
	Credence Capital	18.8%

Source: Company Statements, Bloomberg as at 8 December 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

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