



YOUR CONNECTION TO THE RIGHT MACHINE

ENGINEERED FOR  
CONTINUOUS GROWTH

# 9M2016 Results Presentation

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# Presentation Outline



Financial Highlights



Outlook, Strategies and  
Recent Developments



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# Financial Highlights



# Financial Summary

*9M2016 Revenue was stronger y-o-y, well-supported by the “projects” segment;  
GPM and NPM decreased slightly due to increased competition*

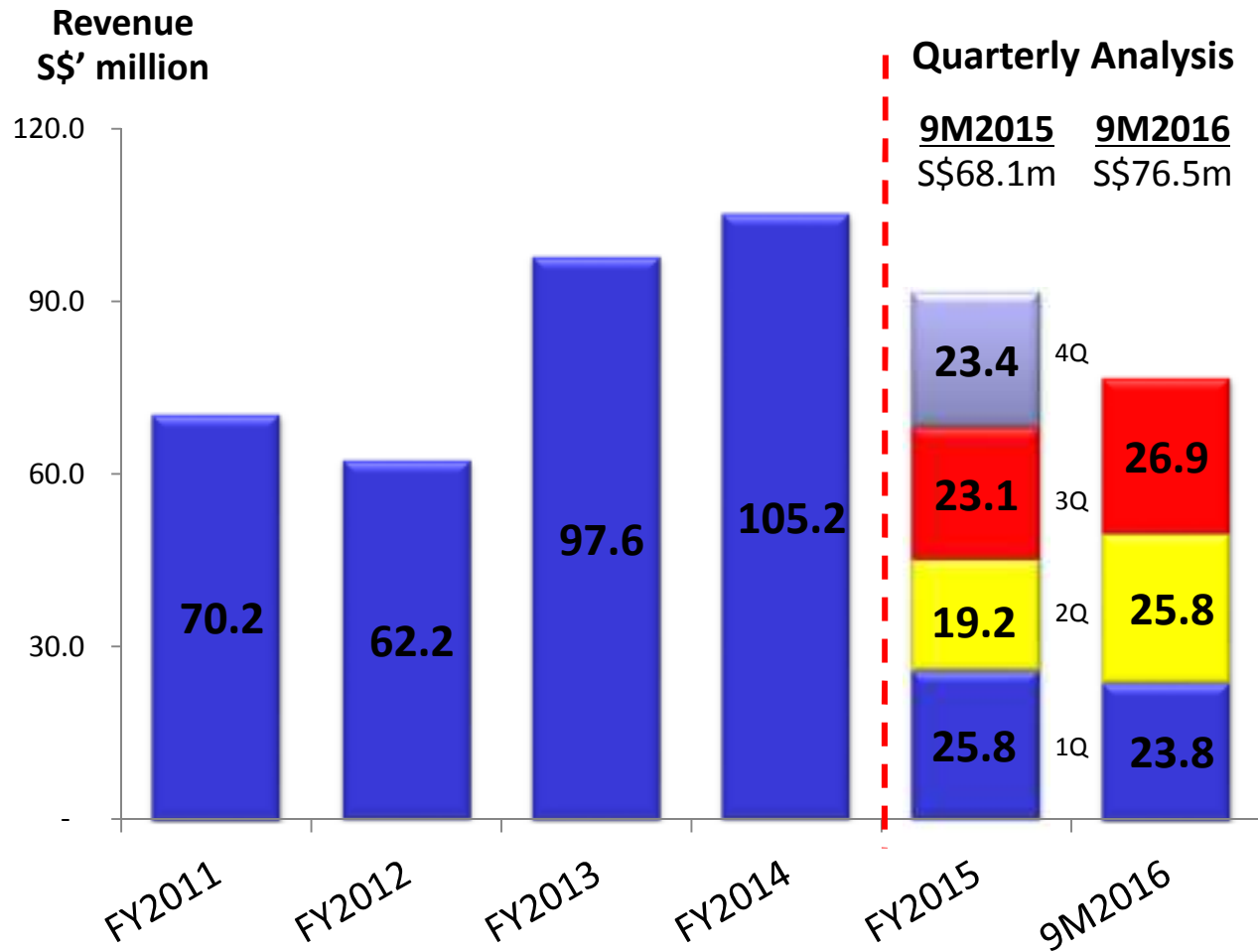
<b>Profit &amp; Loss</b>	<b>9M2016 S\$'000</b>	<b>9M2015 S\$'000</b>	<b>Change %</b>
Revenue	76,506	68,087	12.4
Gross Profit	19,611	19,690	(0.4)
<i>Gross Profit Margin</i>	25.6%	28.9%	<i>(3.3) pp</i>
Operating Expenses*	(16,730)	(13,875)	20.6
Other Income	781	582	34.2
Net Profit	4,696	4,818	(2.5)
<i>Net Profit Margin</i>	6.1%	7.1%	<i>(1.0) pp</i>
EBITDA	7,805	7,516	3.8
Basic EPS (cents)#	1.04	1.11	(6.3)

\*: includes distribution and administrative expenses

#: Based on 440,782,840 weighted average number of shares for 9M2016 (9M2015: 445,127,292)

*pp denotes percentage points, NM denotes not meaningful*

# Revenue



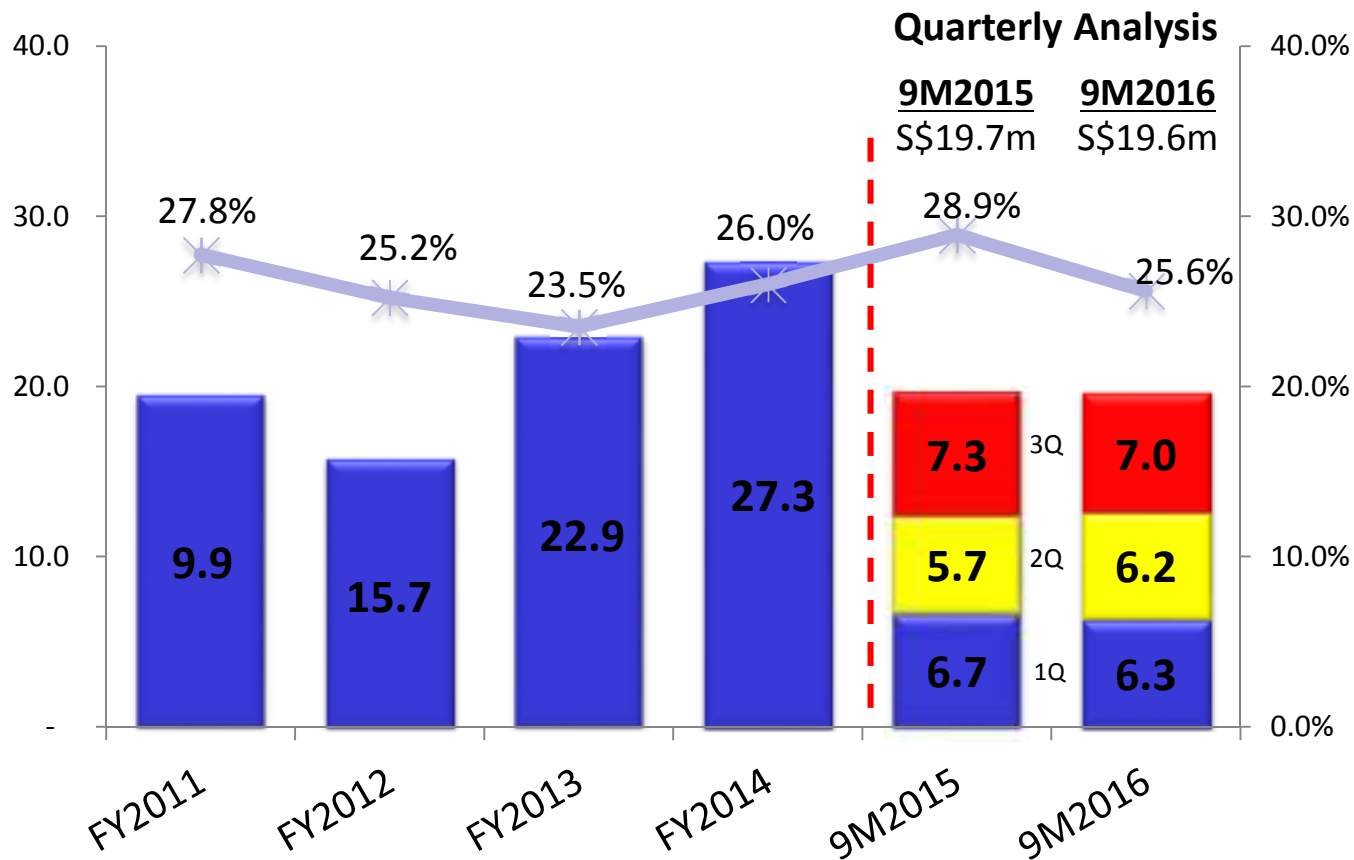
### Increase in Revenue

- Primarily supported by the increase in the “projects” segment, following the inclusion of ZPA’s results
- Offset by a decrease in revenue from the “distribution” and “after sales” business segments

# Profitability Trend (Gross Profit / Gross Profit Margin)

Gross Profit  
S\$' million

Gross Profit Margin



**Gross Profit remained**

**stable, Gross Profit**

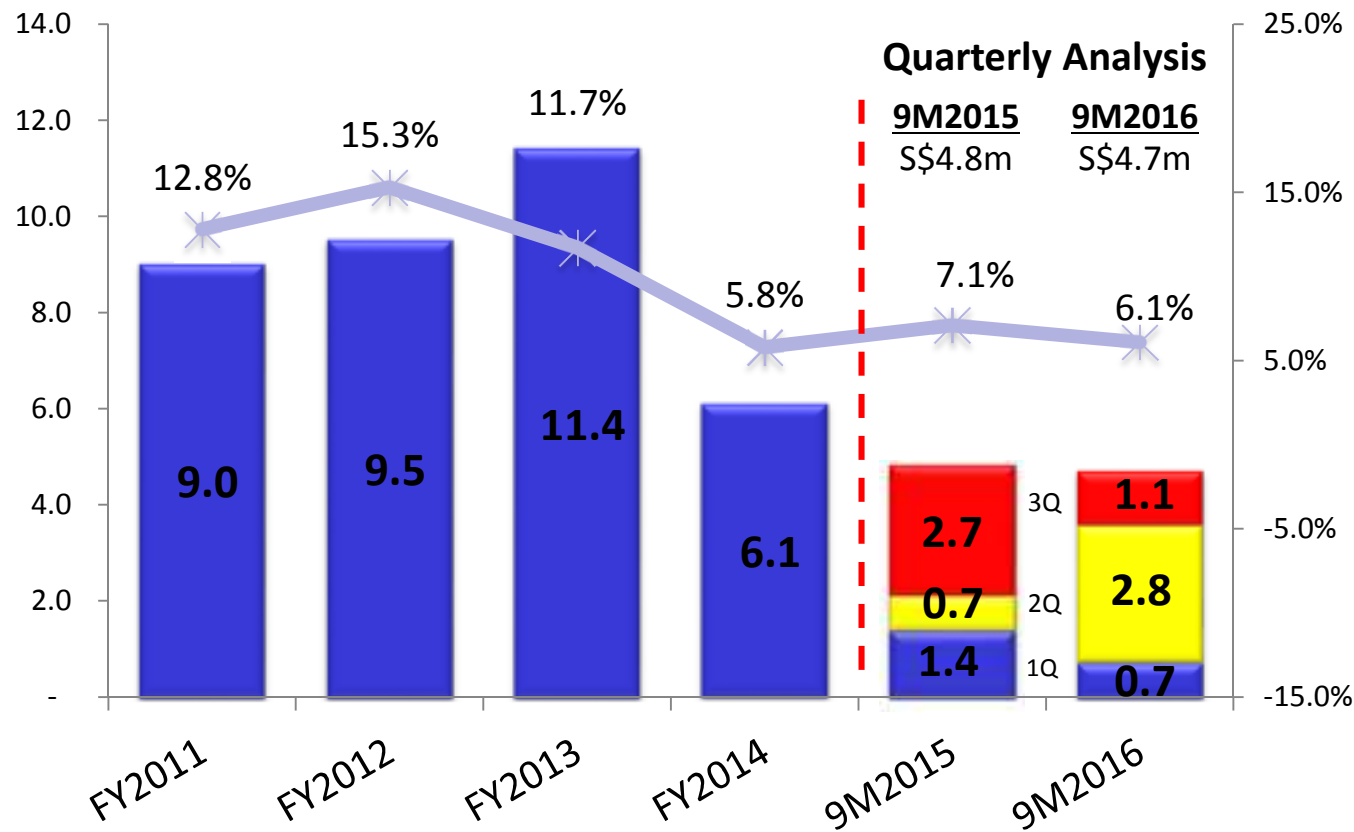
**Margin under pressure**

- Gross profit remained stable
- GPM remained relatively healthy but declined due to stiffer competition

# Profitability Trend (Net Profit / Net Profit Margin)

Net Profit  
S\$' million

Net Profit Margin

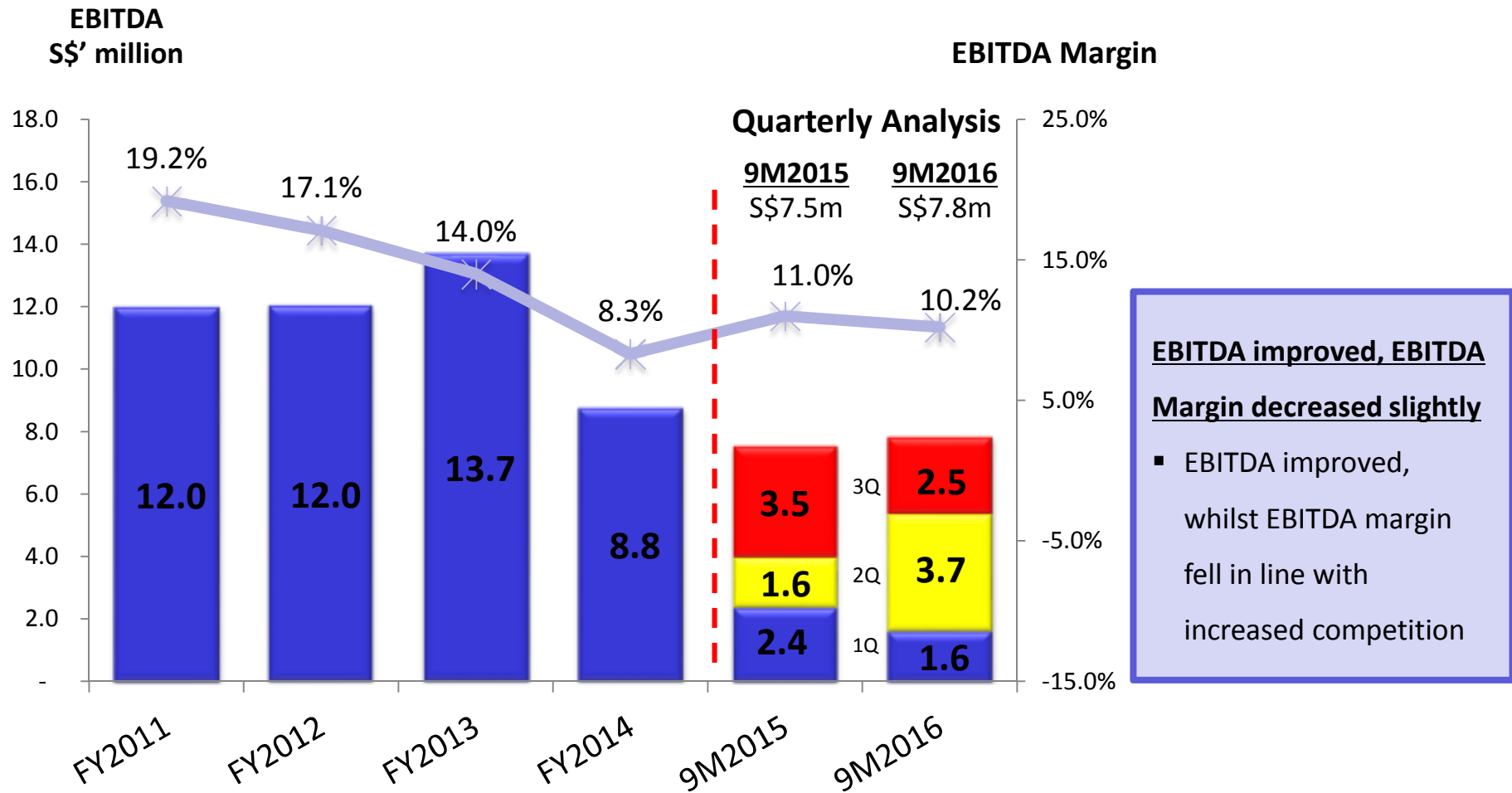


**Net profit and NPM decreased**

- Net profit decreased in line with decrease in gross profit



# Profitability Trend (EBITDA / EBITDA Margin)



# Balance Sheet

Balance Sheet	31 January 2016 S\$'000	30 April 2015 S\$'000
Property, plant and equipment	58,779	32,467
Intangible assets	15,608	16,470
Inventories	25,969	32,367
Trade and other receivables	27,556	31,113
Contract work-in-progress	12,589	9,443
Cash and cash equivalents	8,157	24,698
Loans and borrowings	60,489	32,690
Total equity	68,282	60,369
Net gearing ratio	0.77	0.13
Net asset value per ordinary share (S\$' cents) <sup>#</sup>	14.69	13.27

<sup>#</sup>: Based on 445,127,292 number of shares as at end 31 January 2016 (30 April 2015: 434,126,661)



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# Outlook, Strategies & Developments

## Outlook

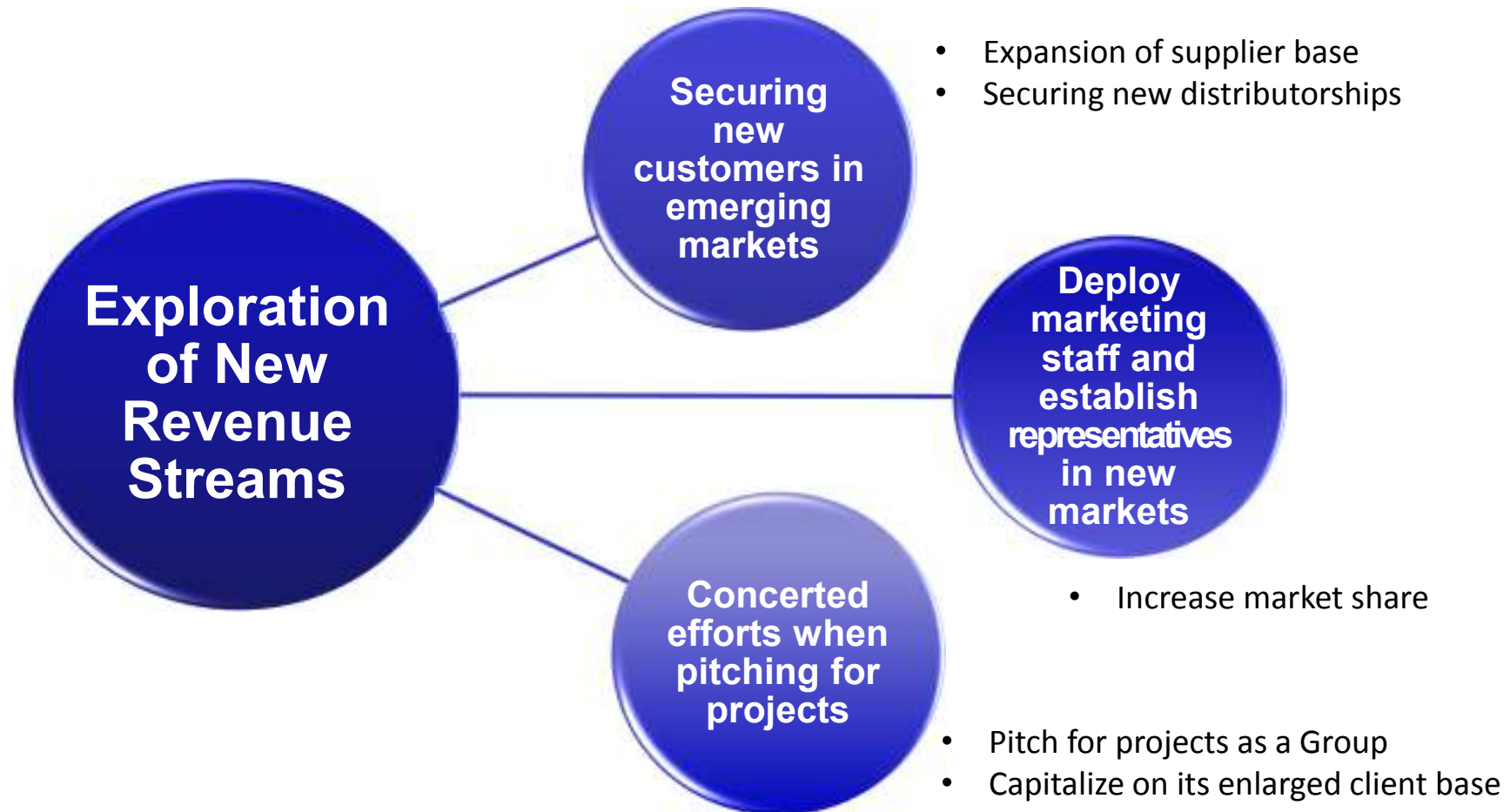
### Challenging operating environment

- Intense competition across all segments pressuring profit margins
- Slow down in offshore and marine industry

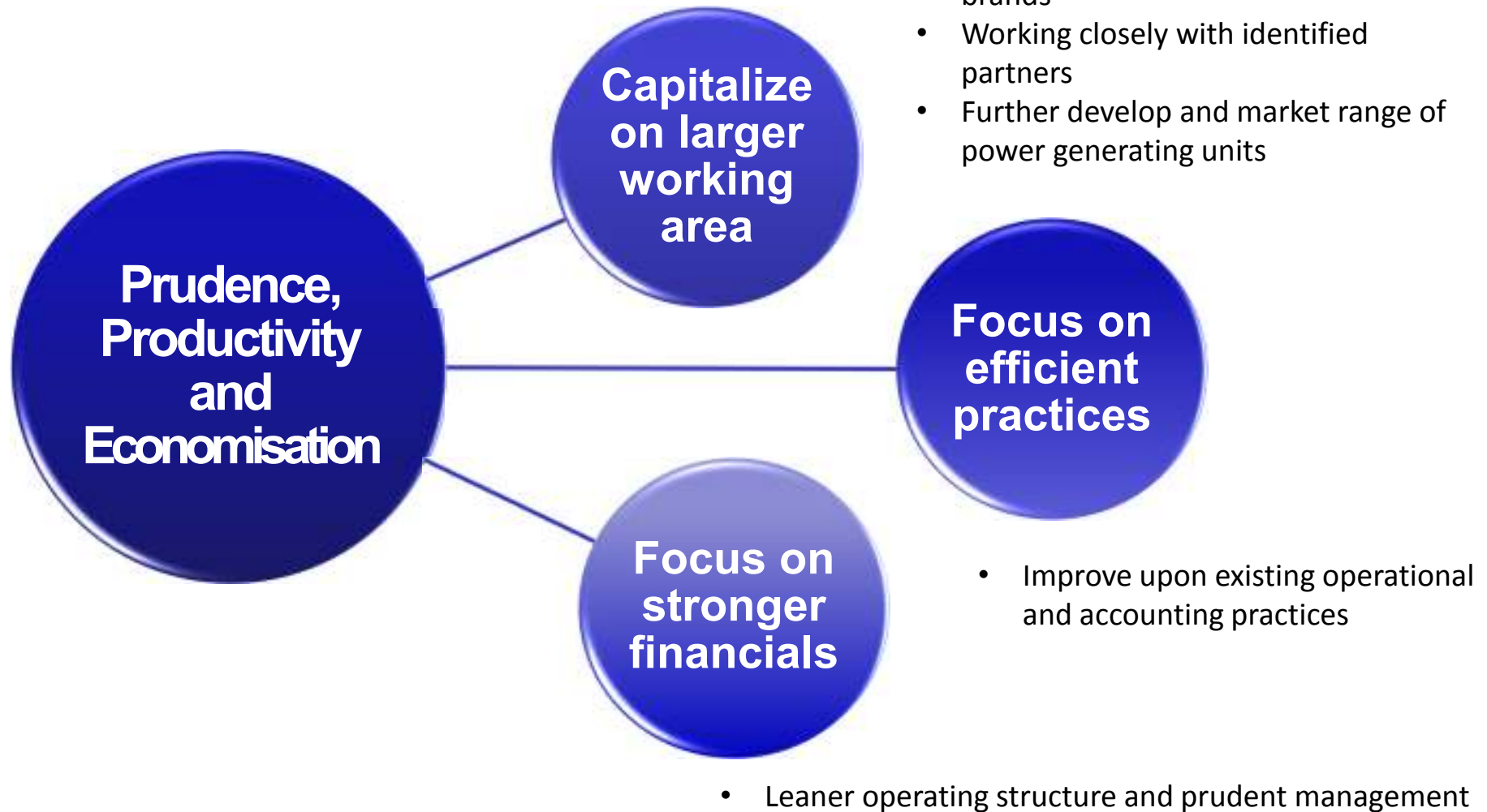
### Riding on developments in the region

- Increased enquires and demand for retrofit, service related work and onshore application projects
- Gradual increased activities from emerging markets in general

# Growth Strategies



## Growth Strategies



## Recent Developments

- **Feb 2016 – Completed move into new facility**
  - All segments completed move into 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 – 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

## 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
- **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
- **Nov 2014 – MPG secures contracts worth S\$11.3 million**
  - Contracts to supply infrastructure projects and a data centre with standby generators
  - First delivery scheduled for December 2014 and final delivery by February 2015



## Share Statistics

<b>Bloomberg code</b>	XMH SP EQUITY	
<b>Reuters code</b>	XMHL.SI	
Share Price	S\$0.41	
Market Capitalization (111.3M shares)	S\$45.6 million	
P/E	6.70	
NAV per share	S\$0.15	
Free Float	23.5%	
Substantial Shareholders	Insiders	49.7%
	Credence Capital	18.8%
<b>House</b>	<b>Call / Target Price</b>	
RHB (Lee Yue Jer)	BUY / S\$0.96	

Source: Company Statements  
Bloomberg as at 10 Mar 2016

## Summary

- **Business remains resilient**
  - “Projects” business segment underpinned the Group’s performance;
  - Increased avenues from concerted efforts of pitching for projects as a group
- **Negative macro factors still persist**
  - Offshore and Marine industries are still suffering the uncertainty of low oil prices;
  - The Group looks towards emerging markets, retrofit and service related work demand to partially offset negative factors in the O&M sector
  - The Group also looks towards diversifying further into onshore application projects
- **Group will remain competitive**
  - Group will continue to make concerted efforts to pitch for project as a whole, thus optimizing the enlarged client base, maximizing revenue and reducing costs
  - Healthy order book flow through 2017
  - The Group is on track to deliver portion of the current order book in FY2016 and has started to build up its order book flow for FY2017



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**THANK YOU**

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