



# XP Power plc

## 2005 Interim Results



THE X P E R T S I N P O W E R

## Highlights

- Steady progress in more mixed markets
- Significant new product introductions
- XP product now over 56% of revenue
- Tenth successive half year period of gross margin improvement
- Diluted earnings per share increases 33% to 13.7p (2004: 10.3p)
- Interim dividend increased to 7p (2004: 6p)



# International Accounting Standards (IAS)

## Profit Reconciliation

£ Millions	First half 2005	First half 2004	% Increase
Profit before tax under UK GAAP	2.5	2.3	8.7%
Goodwill amortisation	0.7	0.7	-
<b>Profit before tax and goodwill amortisation ("Pre-tax clean")</b>	<b>3.2</b>	<b>3.0</b>	<b>6.7%</b>
Capitalisation of development costs	0.5	-	-
<b>Profit before tax under IAS</b>	<b>3.7</b>	<b>3.0</b>	<b>23.3%</b>

## Profit and Loss Account

£ Millions	2003		2004		2005
	First half	Second half	First half	Second half	First half
Revenues	29.1	30.3	33.2	33.6	32.2
<b>Gross margin</b>	<b>9.7</b>	<b>10.2</b>	<b>11.7</b>	<b>12.0</b>	<b>11.6</b>
Gross Margin %	33.3%	33.7%	35.2%	35.7%	36.0%
Selling and administration expenses	7.1	7.1	7.5	7.3	7.0
Research and development (see note)	0.8	1.1	1.1	1.2	0.8
Share of associates' operating profit	0.1	0.2	0.2	0.2	0.2
<b>Operating profit</b>	<b>1.9</b>	<b>2.2</b>	<b>3.3</b>	<b>3.7</b>	<b>4.0</b>
Net interest expense	0.3	0.3	0.3	0.3	0.3
<b>Profit before tax</b>	<b>1.6</b>	<b>1.9</b>	<b>3.0</b>	<b>3.4</b>	<b>3.7</b>
Basic earnings per share	5.4p	6.6p	10.5p	13.1p	14.0p
Diluted earnings per share	5.4p	6.5p	10.3p	12.8p	13.7p
Dividend per share	5.0p	7.0p	6.0p	8.0p	7.0p

**NB:** 2005 research and development is after capitalising £0.5 million of development costs



# Profit and Loss Account by Geography

Six months ended 30 June 2005

**£ Millions**

	Corporate	USA	UK	Europe	Total
Revenues	-	17.4	9.2	5.6	32.2
<b>Gross Margin</b>		<b>6.1</b>	<b>3.7</b>	<b>1.8</b>	<b>11.6</b>
Gross Margin %	-	35.1%	40.2%	32.1%	36.0%
<i>Gross margin improvement on 2004</i>		<i>2.1%</i>	<i>-1.7%</i>	<i>0.8%</i>	<i>0.8%</i>
Operating expenses	0.6	3.3	2.1	1.0	7.0
Research and development	0.8	-	-	-	0.8
Share of associates' operating profit	0.2	-	-	-	0.2
<b>Operating profit</b>	<b>(1.2)</b>	<b>2.8</b>	<b>1.6</b>	<b>0.8</b>	<b>4.0</b>
Operating profit %		16.1%	17.4%	14.3%	12.4%
<i>Operating profit improvement on 2004</i>		<i>3.0%</i>	<i>0.2%</i>	<i>1.8%</i>	<i>2.5%</i>
Net interest expense	0.2	-	0.1	-	0.3
<b>Profit before tax</b>	<b>(1.4)</b>	<b>2.8</b>	<b>1.5</b>	<b>0.8</b>	<b>3.7</b>



## Summary Balance Sheets

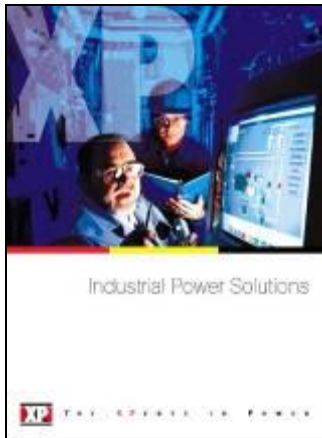
£ Millions	June 2004 (unaudited)	December 2004 (unaudited)	June 2005 (unaudited)
<b>Non-current assets</b>			
Goodwill	23.4	23.1	23.2
Capitalised development	-	-	0.5
Property plant and equipment	2.7	2.5	2.6
Interests in associates	0.6	1.8	2.1
<b>Total non-current assets</b>	<b>26.7</b>	<b>27.4</b>	<b>28.4</b>
<b>Current assets</b>			
Inventories	7.5	7.5	9.1
Receivables	13.8	13.2	14.0
Cash at bank	4.0	2.7	4.0
<b>Total current assets</b>	<b>25.3</b>	<b>23.4</b>	<b>27.1</b>
<b>Current liabilities</b>			
Overdraft	4.8	4.7	5.6
Deferred consideration	-	2.5	2.5
Other payables	11.9	9.6	11.5
<b>Total current liabilities</b>	<b>16.7</b>	<b>16.8</b>	<b>19.6</b>
Deferred consideration	2.2	-	-
Revolving credit facility	8.3	8.1	8.3
<b>Net assets</b>	<b>24.8</b>	<b>25.9</b>	<b>27.6</b>

## Cash Flow Statements

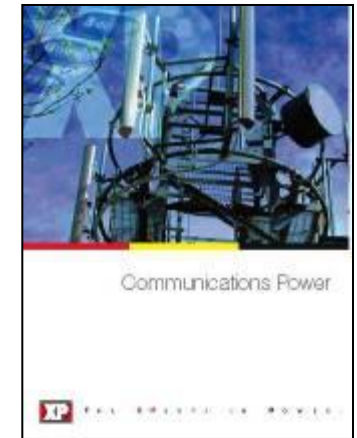
£ Millions	Six months to 30 June 2004	Six months to 30 June 2005
<b>Earnings before interest, tax and depreciation</b>	<b>3.7</b>	<b>4.3</b>
Working capital movements	(0.2)	(2.2)
<b>Net cash flow from operating activities</b>	<b>3.5</b>	<b>2.1</b>
<b><u>Investing activities</u></b>		
Dividends received from associates/(paid) to minorities	0.1	0.2
Net capital expenditure	(0.1)	(0.3)
Acquisition of associate/subsidiary	(0.9)	(0.1)
<b>Net cash used in investing activities</b>	<b>(0.9)</b>	<b>(0.2)</b>
<b><u>Financing activities</u></b>		
Interest paid	(0.3)	(0.3)
Equity dividends paid	(1.4)	(1.5)
Share buy back	(3.5)	-
Sale of shares	-	0.1
Increase/(decrease) in bank loans	(0.1)	0.2
Increase/(decrease) in bank overdrafts	2.2	0.9
<b>Net cash used in financing activities</b>	<b>(3.1)</b>	<b>(0.6)</b>
Net (decrease)/increase in cash	(0.5)	1.3
<b>Cash at the end of the period</b>	<b>4.0</b>	<b>4.0</b>



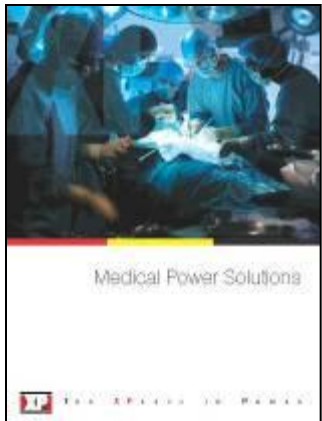
# Industry Focus - Four Key Sectors



Industrial



Communications



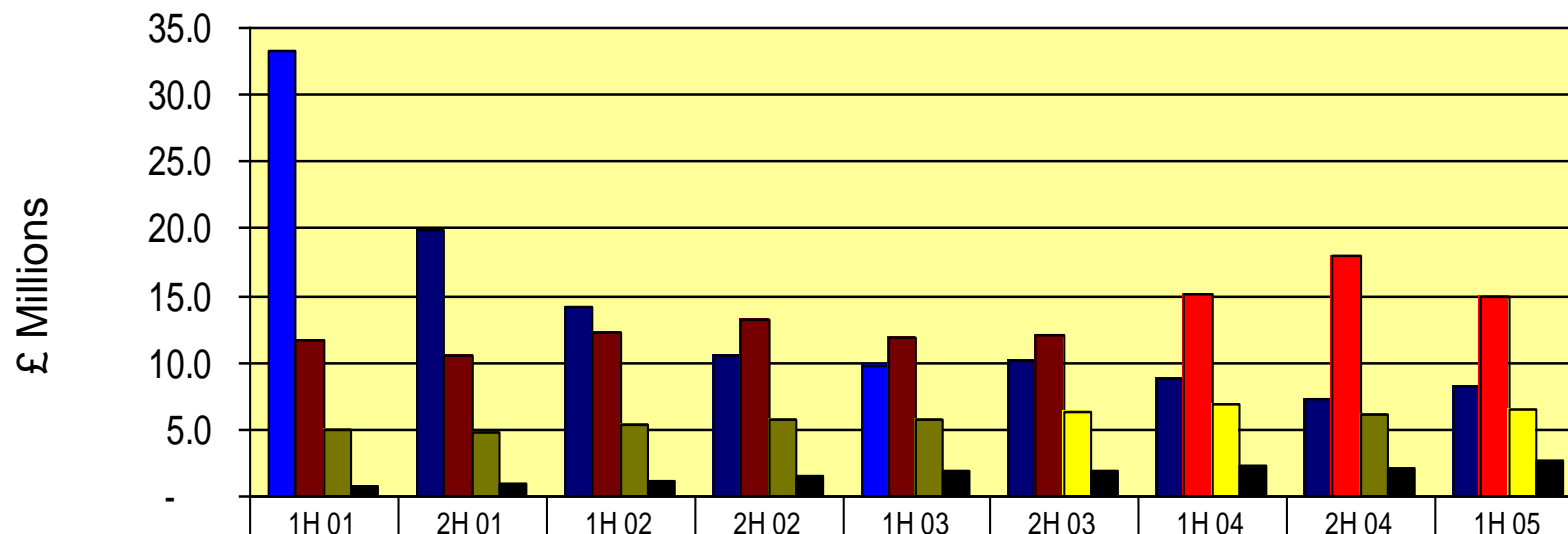
Medical



Defence



## Industry Sector Split



	1H 01	2H 01	1H 02	2H 02	1H 03	2H 03	1H 04	2H 04	1H 05
■ Communications	33.2	19.9	14.1	10.5	9.7	10.0	8.9	7.2	8.2
■ Industrial	11.6	10.6	12.3	13.2	11.9	12.1	15.2	18.0	14.9
■ Medical	4.9	4.7	5.5	5.7	5.7	6.3	6.9	6.2	6.5
■ Defence and avionics	0.8	1.0	1.1	1.5	1.8	1.9	2.2	2.1	2.7

## Products

- First worldwide catalogue launched April 2005
- 11 new product families introduced
- Specifically developed for our customers
- New product development is focussed around owning more of the IP
- Continue to partner with strategic third party power supply companies
- Widest range of products from any one source



## New products



### fleXPower

- 400-1000 watt modular series
- Rich feature set
- 24 hour sample delivery
- Industrial, medical and IT approvals



### ECM100

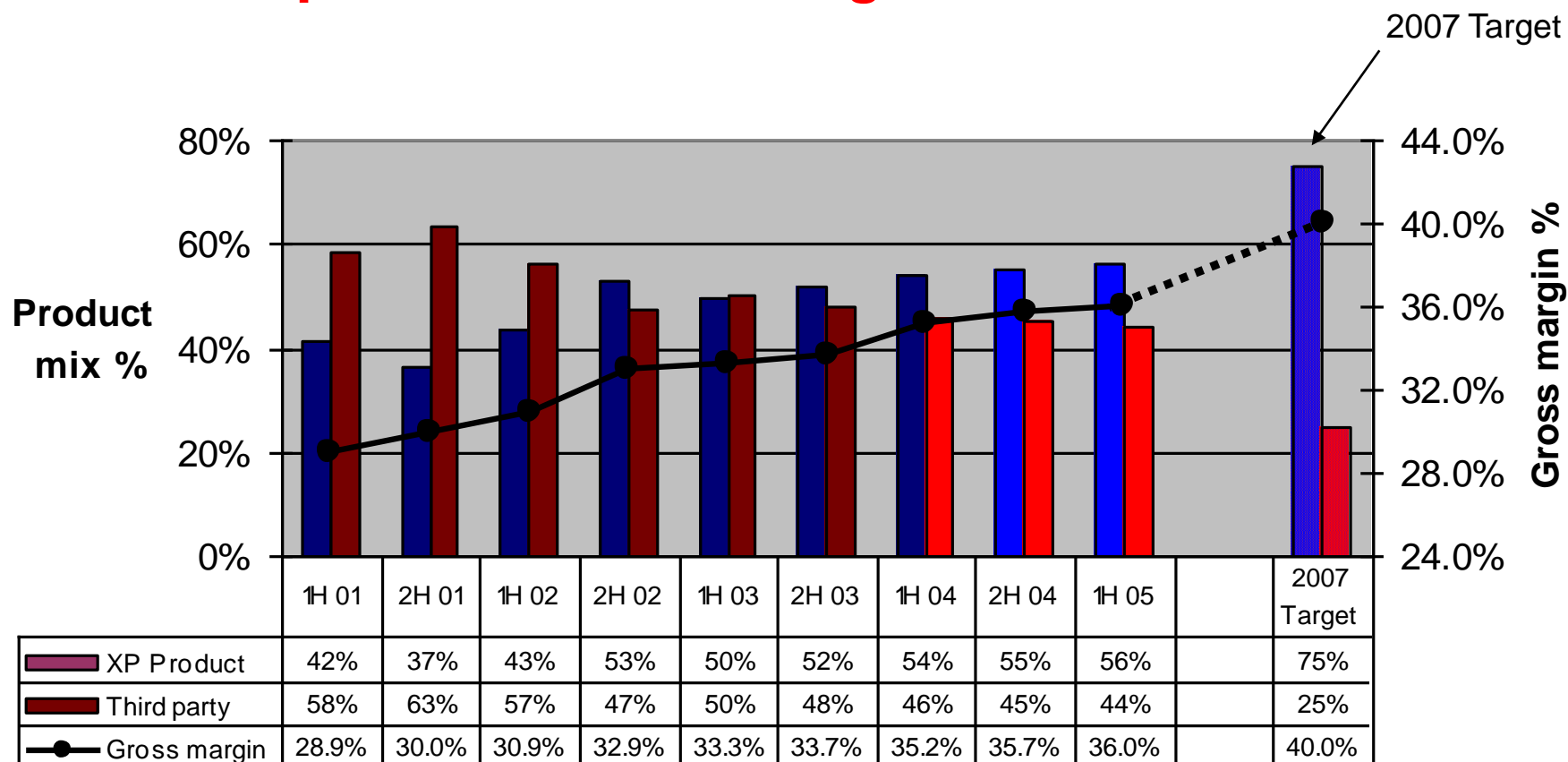
- 2.5" by 4.5" by 1.2" high density package
- 1 to 4 outputs, all fully regulated
- Convection and forced cooled ratings
- Medical and IT approvals
- Class II construction



### RCL175

- 175 Watt multi-output
- Highly flexible power
- Industrial, IT and medical approvals
- 120 Watt convection cooled rating
- Class I or class II installations
- **Fully approved** modified standards within one week!

## Product Split and Gross Margin Trend



## Summary

- Industry focus on larger customers
- Increased IP with new product introductions
- Product mix and margin continue to improve
- Dividend raised to 7p per share
- Remain on track to reach 40% gross margin in 2007

