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XP Power Limited - 2007 Results

Highlights

- Gross margin improves by 5.1% to 42.2% (2006: 37.1%) resulting from an increased amount of XP Power intellectual property
- Own brand sales now represent 73% of revenues (2006:66%)
- Improved competitive position due to move to Asia
- Transition of the Company to a manufacturer enables penetration of larger customers
- Dividend to be increased by 11% to 20p per share

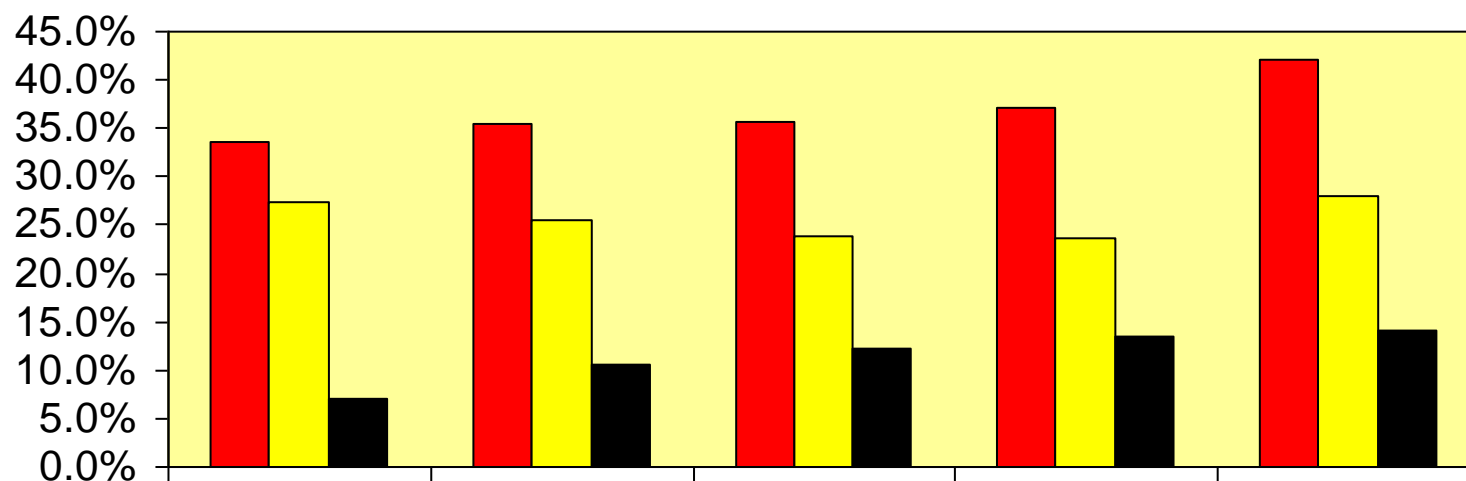
Income and Expenditure Statement

	2007		2006	
	£ M	%	£ M	%
Revenue	66.3	100%	78.7	100.0%
Gross margin	28.0	42.2%	29.2	37.1%
Development cost (gross)	2.7	4.1%	2.6	3.3%
Capitalised development	(0.9)	(1.4%)	(0.7)	(0.9)%
Development cost (net)	1.8	2.7%	1.9	2.4%
Operating expenses	16.8	25.3%	16.7	21.2%
Reorganisation costs	2.4	3.6%	1.0	1.3%
Amortisation	0.3	0.5%	0.3	0.4%
Operating profit	6.7	10.1%	9.3	11.8%
Profit before tax	5.0	7.5%	8.0	10.2%
Pre tax clean (1)	7.7	11.6%	9.3	11.8%
Adjusted diluted earnings per share (2)	31.4p		32.8p	

(1) Pre tax clean = Profit before tax plus reorganisation costs and amortisation of goodwill

(2) Adjusted for reorganisation costs and amortisation (2006: restated by 4.2p for payments to minorities)

Profit and Loss Metrics (% of revenue)



	2003	2004	2005	2006	2007
■ Gross margin	33.5%	35.5%	35.7%	37.1%	42.2%
■ Operating expenses	27.3%	25.5%	23.8%	23.6%	28.0%
■ Operating profit	7.0%	10.5%	12.2%	13.5%	14.2%

Note: Restructuring costs and amortisation of intangible assets associated with acquisitions added back

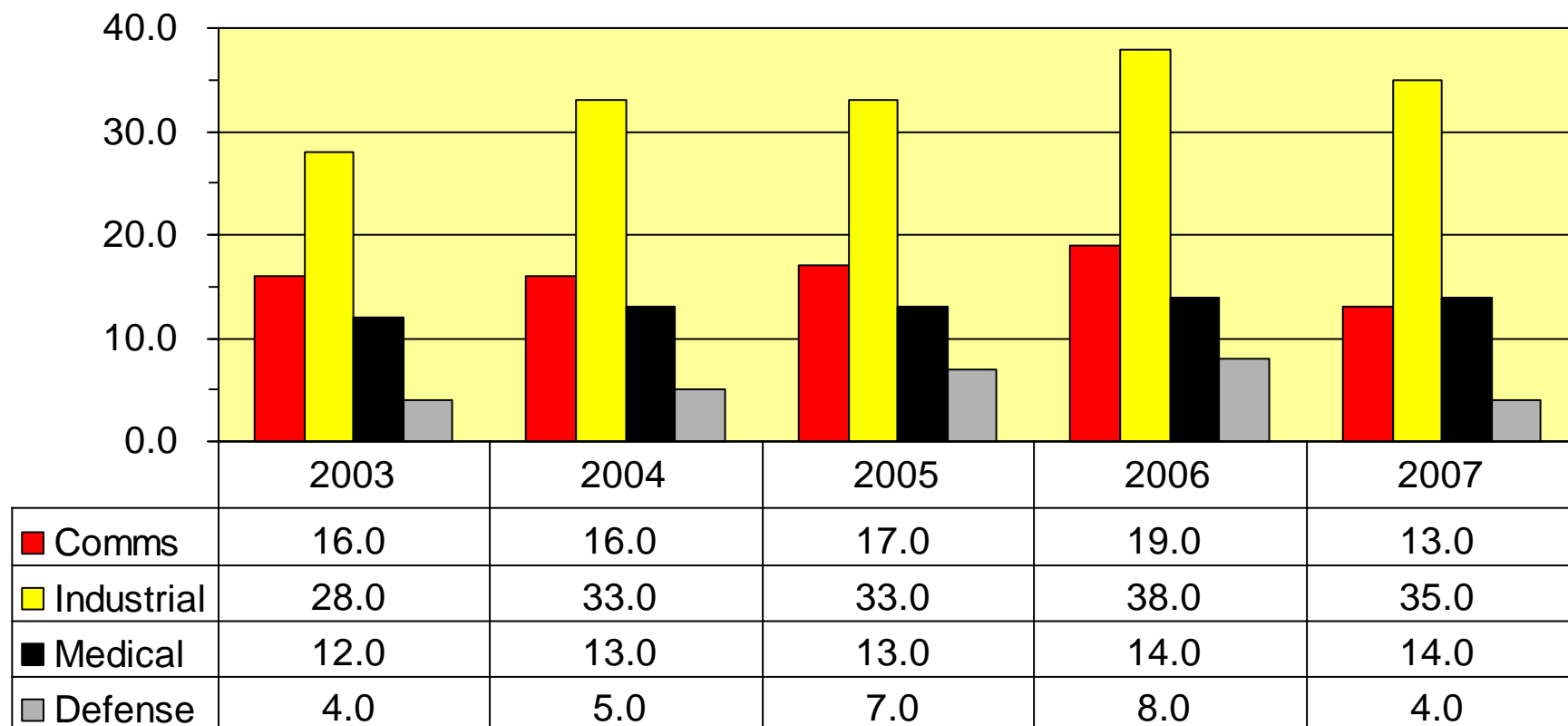
Summary Balance Sheets

£ Millions	2007	2006
Current assets		
Cash	3.6	4.2
Trade and other receivables	13.2	14.7
Inventories	10.5	11.1
Total current assets	27.3	30
Non-current assets		
Interests in associates	0.1	0.1
Property plant and equipment	3.4	3.2
Goodwill	29.6	30.1
Other intangible assets	3.2	2.6
ESOP loans to employees	3.0	2.6
Deferred tax	0.4	0.6
Total non-current assets	39.7	39.2
Current liabilities		
Trade and other payables	8.0	9.6
Current income tax liabilities	2.4	2.4
Bank loans and overdrafts	2.7	7.6
Provisions for other liabilities	0.1	1.9
Total current liabilities	13.2	21.5
Borrowings	20.3	14.4
Deferred income tax liabilities	1.4	1.4
Provisions for other liabilities	2.3	2.5
Net assets	29.8	29.4

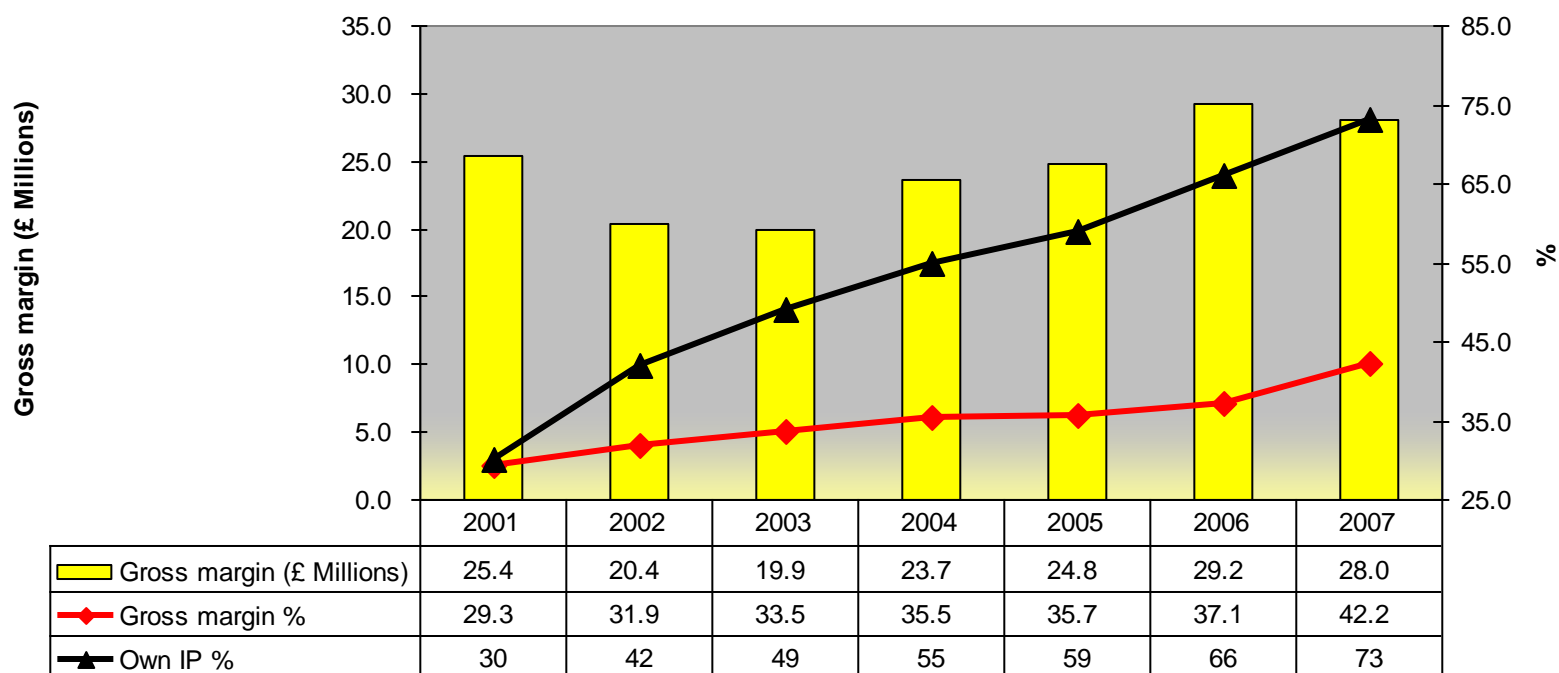
Cash Flow Statements

£ Millions	2007	2006
Cash provided by operating activities	6.9	6.1
Purchases of property plant and equipment	(0.9)	(1.2)
Capitalised development costs	(1.0)	(0.9)
Interest expense	(1.7)	(1.3)
Reorganisation costs	2.4	1.0
Free cash flow	5.7	3.7
Opening net debt	(17.8)	(15.1)
Free cash flow	5.7	3.7
Acquisitions/deferred consideration	(1.4)	(1.8)
Sale of treasury shares	0.4	0.4
Dividends	(3.8)	(3.2)
Reorganisation costs	(2.4)	(1.0)
Effects of currency translation on cash	(0.1)	(0.8)
Closing net debt	(19.4)	(17.8)

Revenue by Industry (£ Millions)



Gross Margin Trend and Product Mix

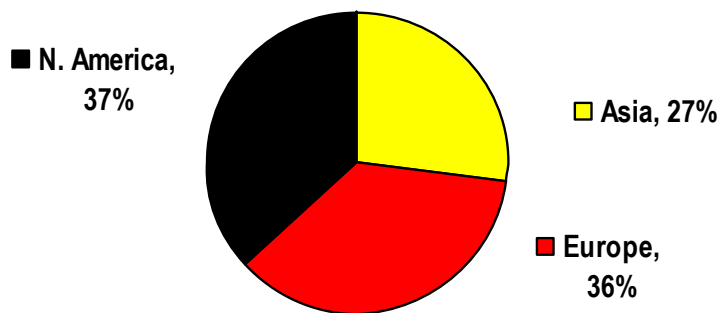


Asia update

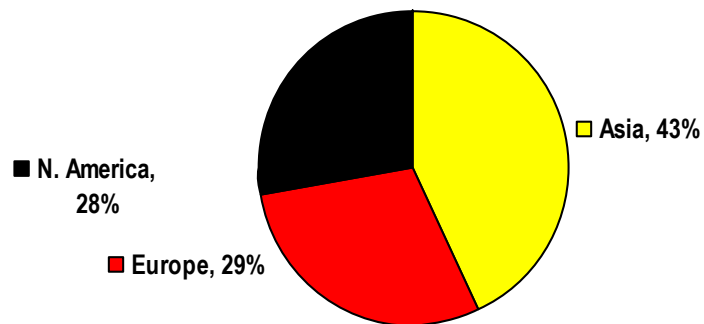
- Corporate finance in place
- Supply chain management in place
- Design verification testing in place
- China factory 100% ownership
- New design centre in 2008

Regional Payroll Comparisons

2006 Number of Employees
Total 432



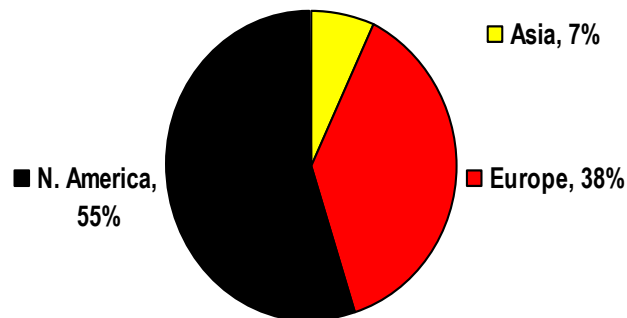
2007 Number of Employees
Total 516



2006 Payroll Costs
£13.1M



2007 Payroll Costs
£12.4M



Competitors

Mid Tier Players >\$100m

- TDK Lambda* \$325m
- Vicor \$175m
- Cosel* \$160m
- Emerson (Astec & Artesyn) \$150m
- **XP Power** **\$133m**
- Volgen* \$110m
- MeanWell \$100m

*Principal revenue is in Japan

Source: Management estimates



Product Overview



DC-DC Converters



AC-DC Power Supplies



Configured Supplies



Added Value Solutions



New Products – ECL Family

Launched July '07

- Lower power industrial AC-DC unit
- Ultra compact size
- Three mechanical formats
- Class II earth
- 10 and 15 Watt series currently available



New Products – ECM100 multi

Launched Oct 2007

- Industrial & medical approvals
- Compact size - high power density
- Convection cooled
- Unique industry footprint, 2.5" x 4.5"
- Class II earth



New Products – JCA Family

Launched Dec 2007

- Lower power (2 to 6 Watt) industrial DC-DC units
- Industry standard pin out - smaller package size
- Operating temperature -40°C to $+100^{\circ}\text{C}$
- High 1500 VDC isolation
- Ideal for Catalogue distribution



Outlook

Macro economic situation uncertain

Focus on revenue growth by:

- Improving penetration of target accounts
- Geographic expansion in Asia
- More product introductions





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