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XP Power - 2008 Results

Agenda

1. The Company and its Markets
2. Product development
3. Financials
4. Outlook and Summary

1. The Company and its Markets

Introduction to XP Power

- One of the world's leading developers and manufacturers of mission critical power control solutions
- Supplies industrial, healthcare and technology sectors
- Blue chip client list
- Zero exposure to consumer products
- Historic and ongoing investment in R&D has built a market leading product portfolio
- Focus on higher margin own IP sales
- Significant manufacturing capacity established – ongoing investment will increase capacity by 400%
- Network of 27 offices (and 19 distributors) across North America, Europe and Asia

Market Size and Share

| £ Millions | Market 2008 | Share | Rank | Market 2012 |
|---------------|--------------|-------------|-----------------|--------------|
| Asia | 335 | 1% | - | 524 |
| Europe | 314 | 10% | 3 rd | 467 |
| North America | 418 | 8% | 2 nd | 605 |
| Total | 1,067 | 6.5% | | 1,596 |

| £ Millions | Asia | Europe | North America | Total | % |
|--------------|------------|-------------|---------------|-------------|-------------|
| Healthcare | 0.2 | 5.0 | 9.9 | 15.1 | 22% |
| Industrial | 2.8 | 18.6 | 14.7 | 36.1 | 52% |
| Technology | 0.4 | 8.6 | 9.1 | 18.1 | 26% |
| Total | 3.4 | 32.2 | 33.7 | 69.3 | 100% |
| | 5% | 46% | 49% | 100% | |

Source: Micro-Tech Consultants

Market forecast to grow 50% in sterling

Blue Chip Customer Base

American Customers

We do business with the following proportions of the S&P 500 Equipment Manufacturers:

- Industrial 73%
- Healthcare 94%
- Technology 69%

European Customers



We make it visible.



Over 6,000 customers - largest represents less than 3% of revenue

Growth Drivers

- **Penetration** - The Blue Chip customer base provides good opportunities to win new product programs from their multiple engineering teams
- **Healthcare** - Global population growth and ageing is increasing the demand for medical equipment which is electrically safe for the users
- **Efficiency** - Legislation for our customers' products to consume less energy and reduce harmful environmental impacts, drives the need to develop more efficient power controllers
- **Innovation** - The competitive needs of our customers to offer products giving the users increased productivity and functionality create fresh opportunities for our products
- **New Products** – Customers' diverse product requirements provide opportunities for XP to enter new niches

Industry Consolidation

- XP Power operates in a \$2 Billion sector of the power control market.
- The No. 1 competitor (Lambda) was acquired by TDK of Japan.
- The No. 3 competitor (Cherokee) was recently acquired by private equity (Gores Corp).
- The No. 4 competitor (Astec) is owned by Emerson who have been a serial acquirer in other sectors of the power control market.
- Three of the remaining top 30 competitors have been sold in the past 12 months.
- XP Power has been an active acquirer since 2000 – investing more than £40 Million on 13 acquisitions. The current share price negates further acquisitions.

2. Product Development

New Products Pipeline

Driven by sales experts collecting intelligence from:

- Pending legislation
- Global sales offices
- Industry directors
- **Huge customer database which records all projects**



Our Product Development Resources

ANAHEIM &
SUNNYVALE, CA

PANGBOURNE &
FYFIELD, UK

WAGHUESEL + MTC,
GERMANY

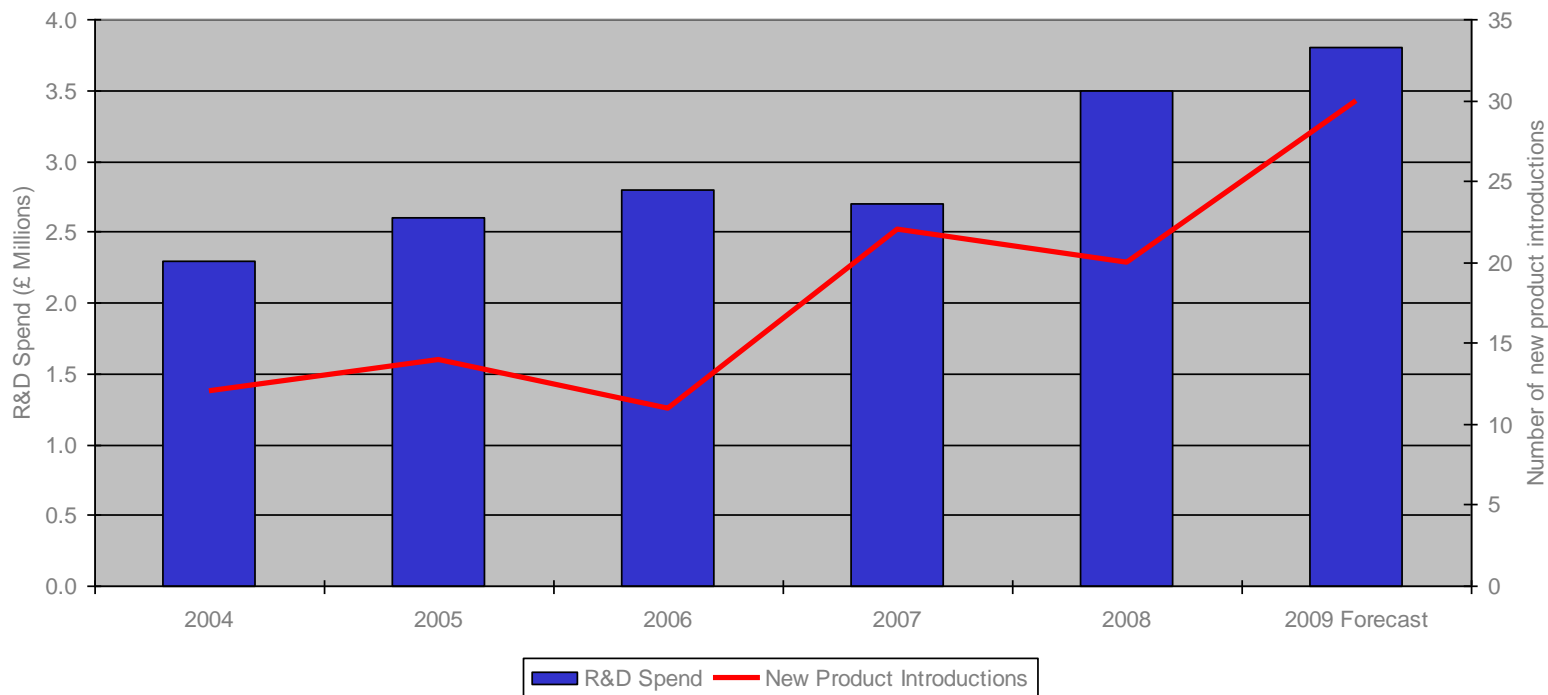
SINGAPORE

3 PARTNERS,
CHINA

5 PARTNERS,
TAIWAN



Product Development



The success of our new product development programs has directly led to significant gains in the value we add. Gross margins have shown strong growth, improving to 44.2% in the year (2007: 42.2%).

Product Examples



ECM140
- Healthcare/Industrial



Military grade externals

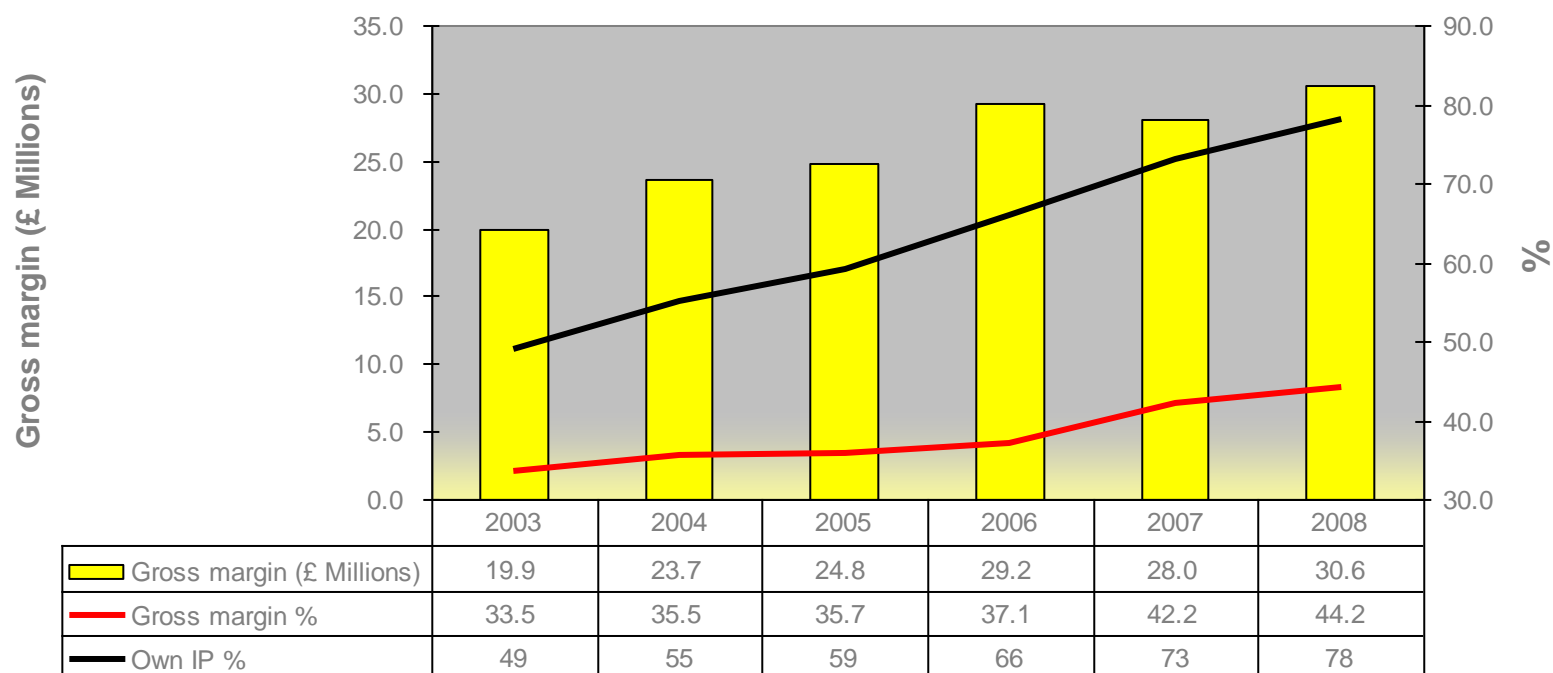


fleXPower Configurable
- High power healthcare
and technology

“Green power” externals



Own IP Revenues Drive Gross Margin Increase



Record gross margins from growth in own IP sales and own manufacturing

Kunshan – New Factory



Increases manufacturing capacity by a factor of four

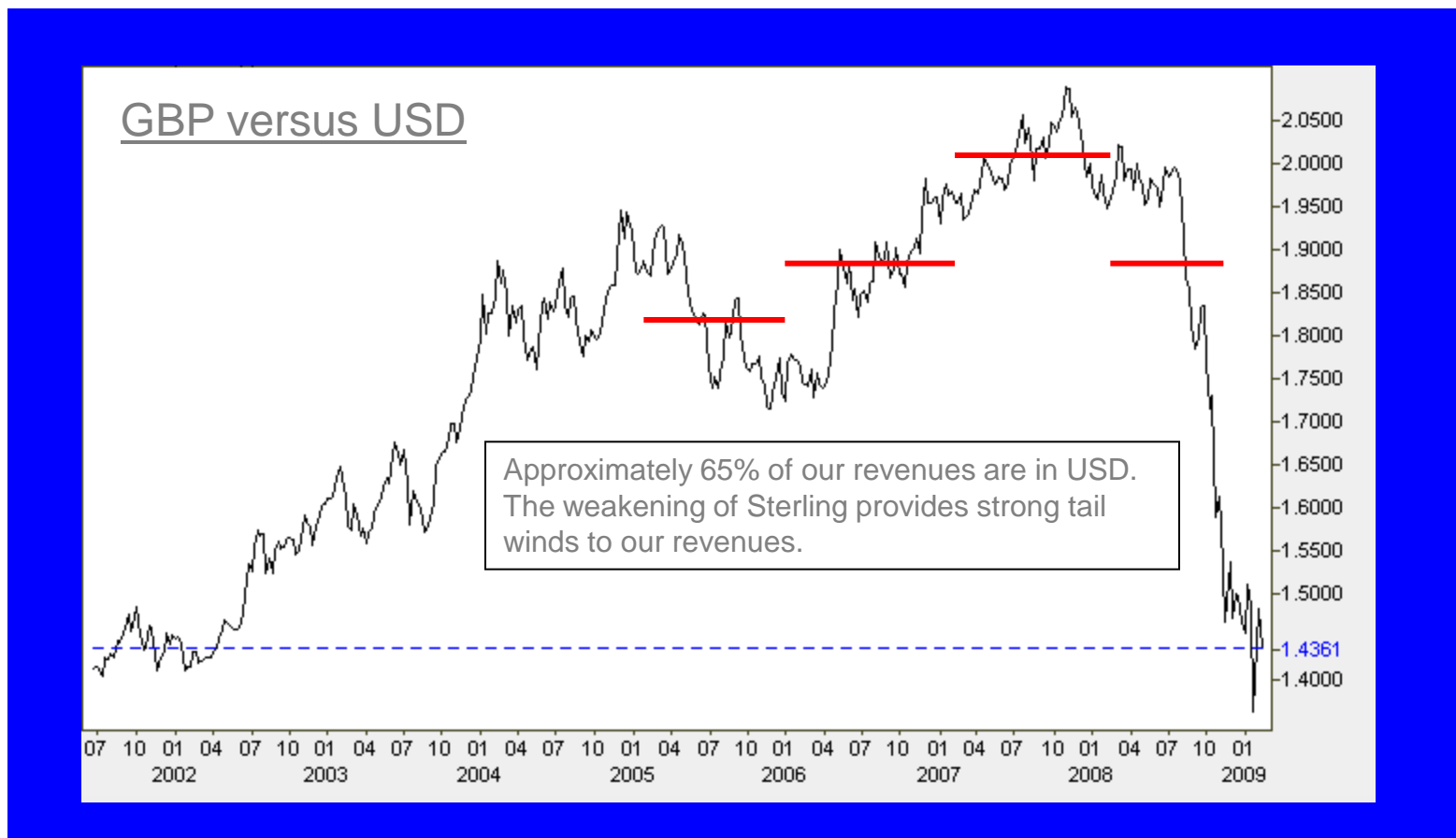
3. Financials

2008 Financial Highlights – record results

- Own IP revenue £53.9M + 11%
- Gross margin 44.2% +5%
- Earnings per share* 34.8 pence +11%
- Operating cash flow +23%
- Dividend 21p per share +5%

* Diluted and adjusted for amortisation of intangibles and non- cash foreign exchange gain

Currency Movements



Income and Expenditure Statement

| | 2008 | | 2007 | |
|-------------------------------------|-------------|--------------|-------------|---------------|
| | £ M | % | £ M | % |
| Revenue | 69.3 | 100% | 66.3 | 100.0% |
| Gross margin | 30.6 | 44.2% | 28.0 | 42.2% |
| Research and Development (net) | (2.9) | (4.2%) | (1.8) | (2.7%) |
| Operating expenses | (18.1) | (26.1%) | (16.8) | (25.3%) |
| Reorganisation costs | - | - | (2.4) | (3.6%) |
| Amortisation | (0.3) | (0.4%) | (0.3) | (0.5%) |
| Operating profit | 9.3 | 13.4% | 6.7 | 10.1% |
| Non cash FX gain | 2.4 | 3.5% | - | - |
| Finance cost | (1.5) | (2.1%) | (1.7) | (2.6%) |
| Profit before tax | 10.2 | 14.7% | 5.0 | 7.5% |
| Tax | (1.2) | (1.7%) | (1.4) | (2.1%) |
| Profit after tax | 9.0 | 13.0% | 3.6 | 5.4% |
| Diluted earnings per share | 46.5p | | 17.8p | |
| Adjusted diluted earnings per share | 34.8p | | 31.4p | |

Summary Balance Sheets

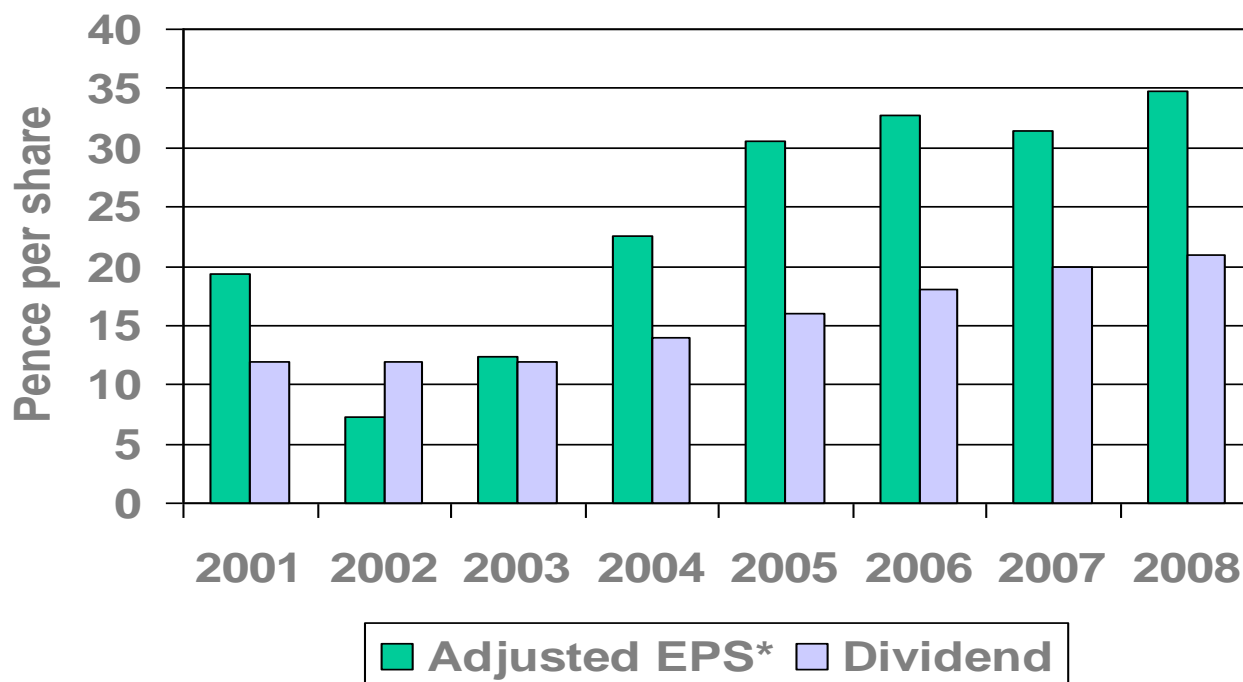
| | 2008 | 2007 |
|----------------------------------|-------------|-------------|
| | £ Millions | £ Millions |
| Current assets | | |
| Cash | 3.4 | 3.6 |
| Trade and other receivables | 14.9 | 13.2 |
| Inventories | 17.5 | 10.5 |
| Total current assets | 35.8 | 27.3 |
| Non-current assets | | |
| Property plant and equipment | 6.7 | 3.4 |
| Goodwill | 29.9 | 29.6 |
| Others | 6.5 | 6.7 |
| Total non-current assets | 43.1 | 39.7 |
| Current liabilities | | |
| Trade and other payables | 12.3 | 8.1 |
| Current income tax liabilities | 3.1 | 2.4 |
| Bank loans and overdrafts | 7.3 | 2.7 |
| Total current liabilities | 22.7 | 13.2 |
| Borrowings | 23.9 | 20.3 |
| Deferred income tax liabilities | 1.4 | 1.4 |
| Provisions for other liabilities | 1.9 | 2.3 |
| Net assets | 29.0 | 29.8 |
| Net debt | 27.8 | 19.4 |

Cash Flow Statements

| £ Millions | 2008 | 2007 |
|--|---------------|---------------|
| Cash provided by operating activities | 8.5 | 6.9 |
| Capitalised development costs | (1.0) | (1.0) |
| Interest expense | (1.5) | (1.5) |
| Free cash flow | 6.0 | 4.4 |
| Opening net debt | (19.4) | (17.8) |
| Free cash flow | 6.0 | 4.4 |
| Acquisitions/deferred consideration | (1.0) | (1.8) |
| Purchase of property and equipment | (3.5) | (0.9) |
| Sale/(purchase) of treasury shares | (0.2) | 0.1 |
| Dividends | (4.2) | (3.6) |
| Effects of currency translation on cash | (5.5) | 0.2 |
| Closing net debt | (27.8) | (19.4) |

Debt facilities converted to one US\$36 term loan running to September 2011

Dividend History

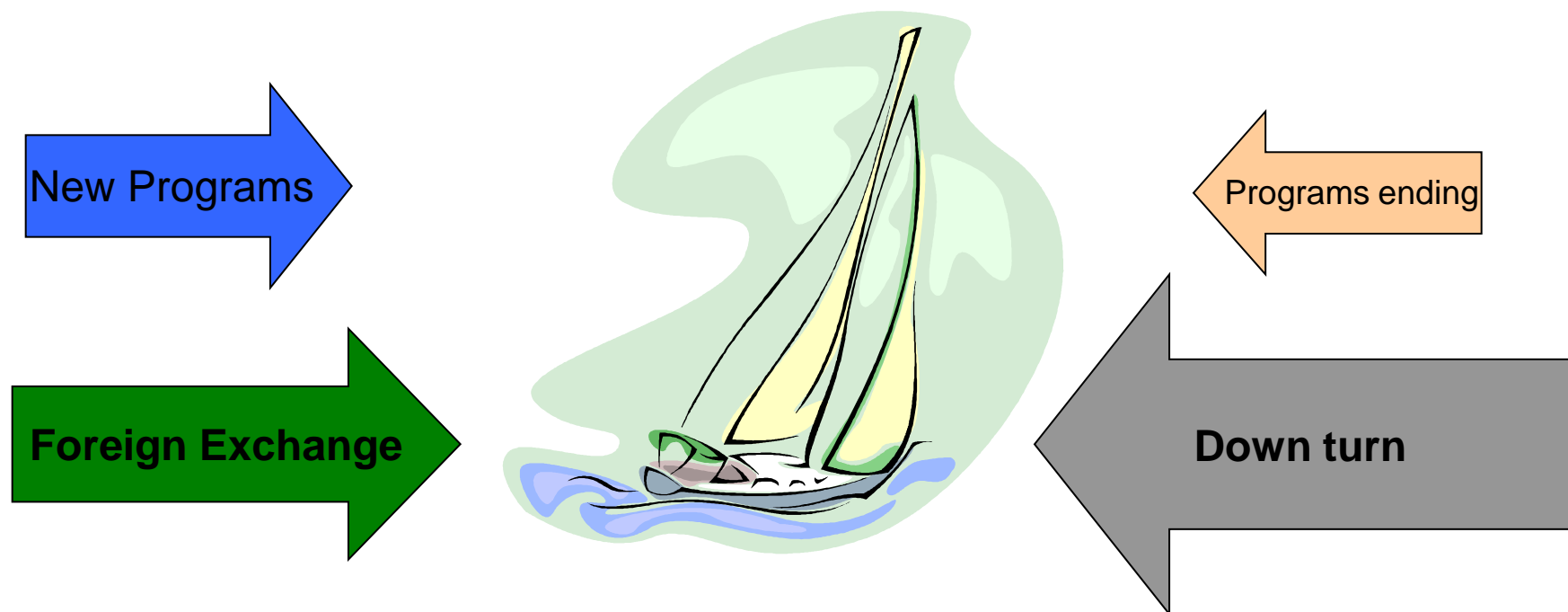


- Cash generative business model allows consistent dividend growth
- Dividends maintained in prior down turns

* Diluted and adjusted for amortisation of intangibles, non-cash foreign exchange gain, and reorganisation costs

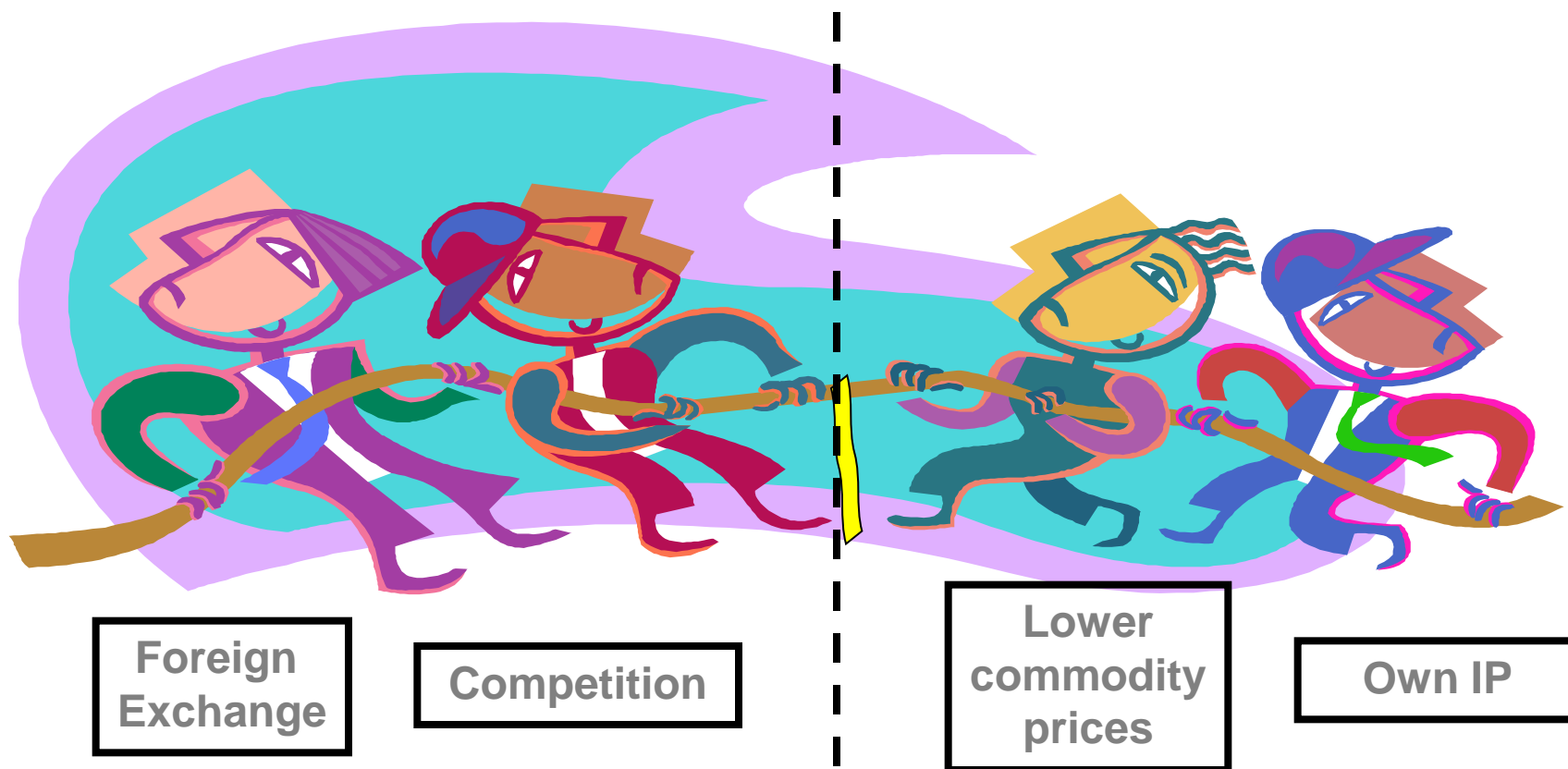
4. Outlook

Revenue Outlook

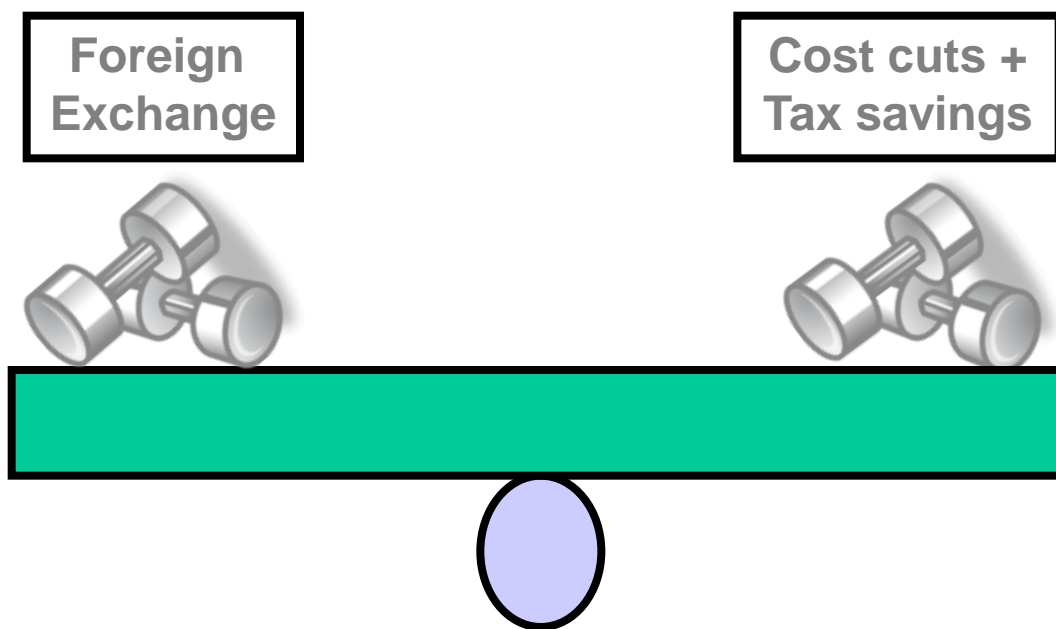


We believe the strength of the tail winds in our business are at least as strong as the current economic head winds

Gross Margin Outlook



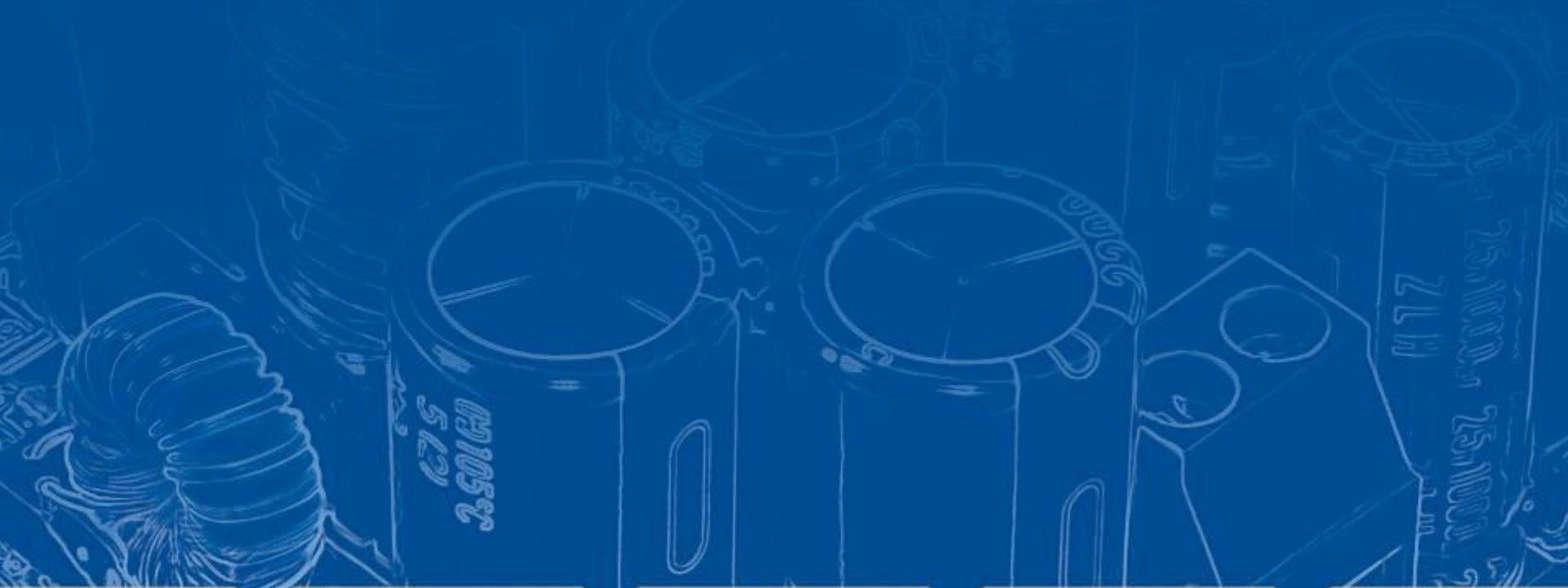
Expenses Outlook



Summary

- Exploit market leading sales resource
- Increase pace of new product releases
- Improve penetration of top accounts utilising new production facility
- Improve the massively undervalued share price





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