



XP Power - Interim Results

Six months ended 30 June 2011

Introduction to XP Power

- Leading developer and manufacturer of critical power control hardware
- Supply industrial, healthcare and technology sectors (no consumer electronics)
- Blue chip client list – over 70% of S&P 500 equipment manufacturers
- Historic and ongoing investment in R&D has built a market leading product portfolio
- Focus on higher margin own design/own manufacture sales
- Asian low cost manufacturing facilitates further penetration of blue chip customers
- Global support through a network of offices across North America, Europe and Asia

2011 Interim Results - Financial Highlights

Total revenue	£51.9M	+ 28%
Own design revenue	£28.8M	+54%
Gross margin	49.5%	+2.8% points
Operating margin	23.9%	+5.0% points
Earnings per share*	52.9 pence	+70%
Dividend per share	19 pence	+46%

* Diluted and adjusted for amortisation of intangibles of £0.1M in 2010

2011 Interim Results - Operational Highlights

- Strategic repositioning of the Group now complete
- New program wins are driving growth as market share gains gather pace
- Increased gross margins of 49.5%
- XP products now represent 55% of revenues, when combined with 28% revenue growth drives operating margins to 23.9%
- Construction of new production facility in Vietnam remains on track

Strategy

- Target key Blue Chip customer accounts
- Increase penetration of existing key accounts
- Further expansion of high efficiency (“Green”) product offering
- Increase high margin contribution of own designed/manufactured products
- Extend manufacturing capacity outside China



Market Data

Market size and XP share - 2010

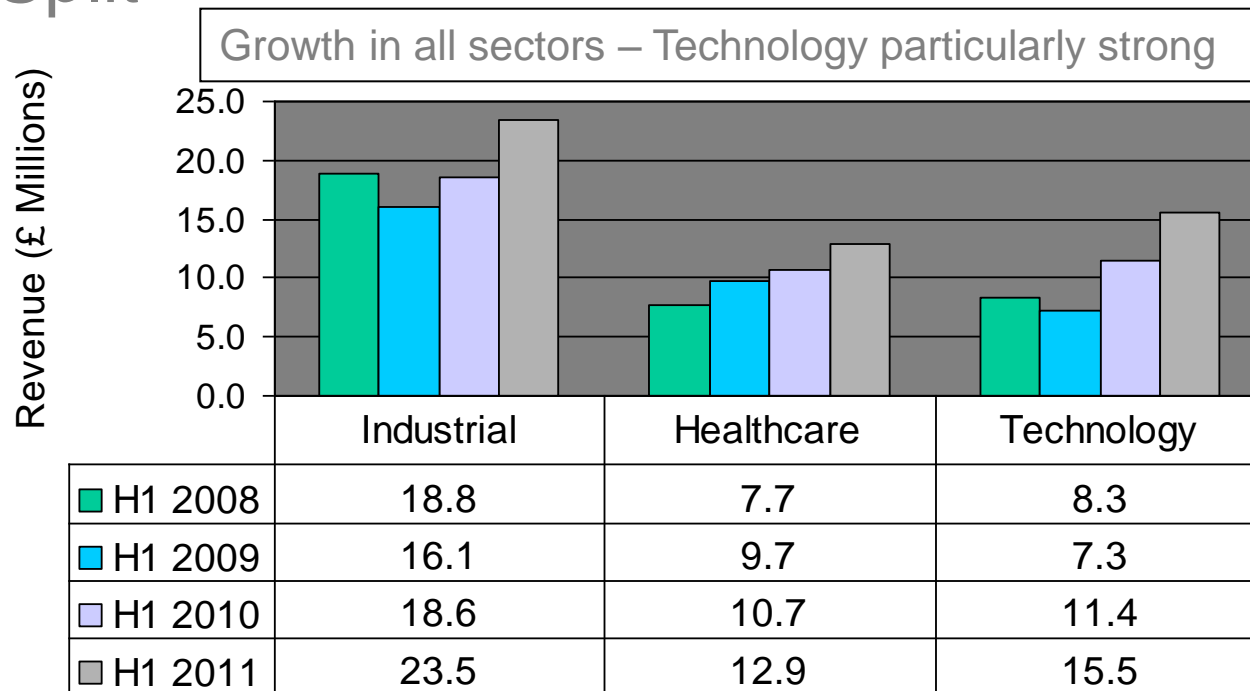
£ Millions	Size	Share	Rank
Asia	605	1%	-
Europe	365	11%	1 st (Equal)
North America	470	10%	1 st
Total	1,440	6%	

Source: Micro-Tech Consultants (note market numbers for Asia have been revised up significantly since last report)

XP Power's revenue mix – First half 2011

£ Millions	Asia	Europe	North America	Total	%
Healthcare	0.6	5.1	7.2	12.9	25%
Industrial	0.7	12.3	10.5	23.5	45%
Technology	2.7	5.8	7.0	15.5	30%
Total	4.0	23.2	24.7	51.9	100%
	8%	45%	47%	100%	

Sector Split



Growth rates

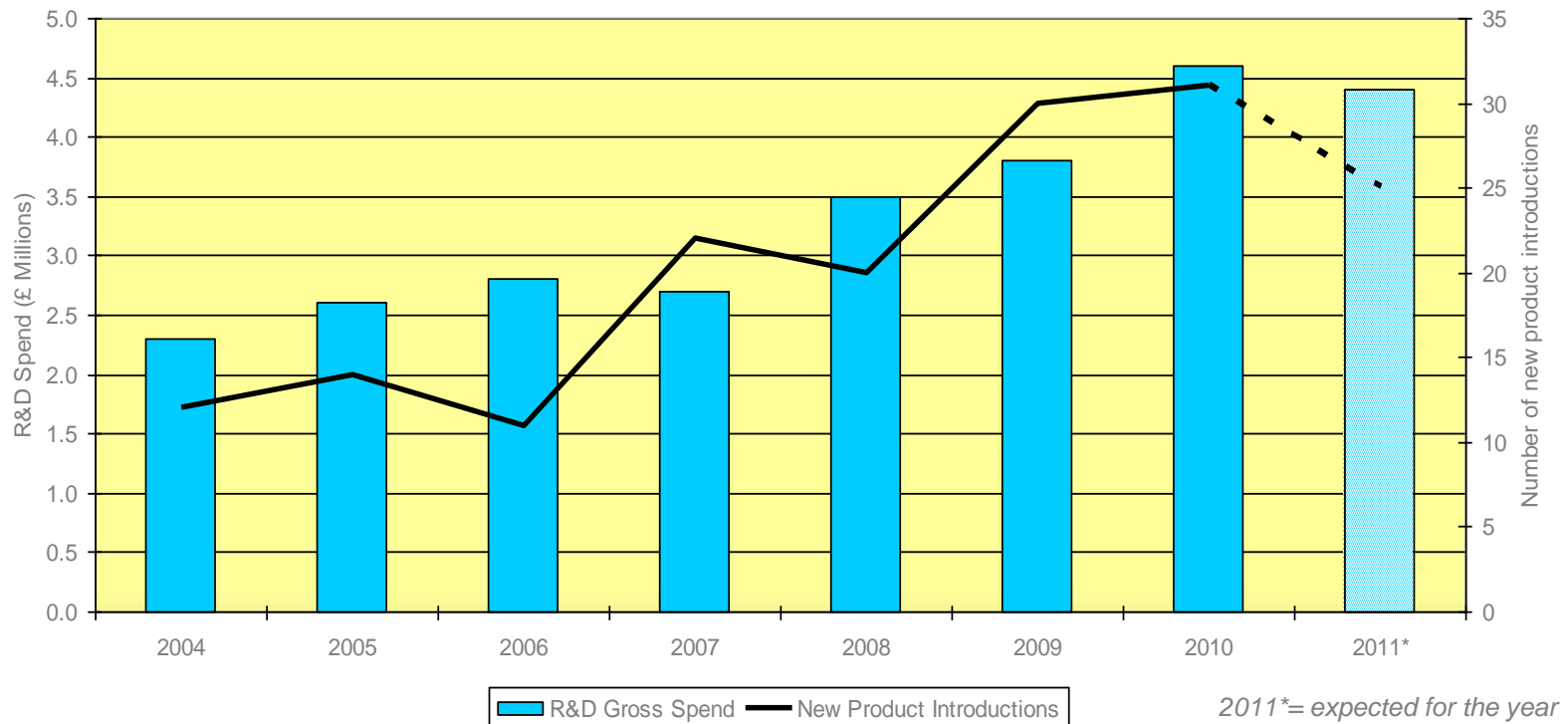
2009	(14%)	26%	(12%)
2010	16%	10%	64%
2011	26%	21%	36%

Customers – Selection of Top 30



- We do business with over 70% of the S&P 500 Equipment Manufacturers:
- Over 5,000 active customers the largest of which is <5% of revenue

Gross R&D Spend and New Product Introductions

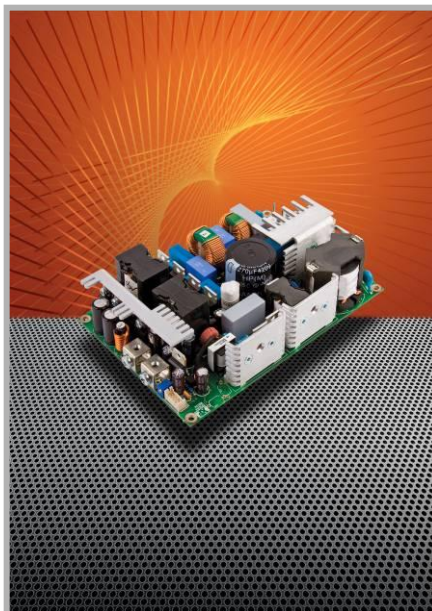


- The success of our new products has led directly to significant gains in new programs
- More resource focused on modified standards following a wave of new product family launches
- 25 new product introductions planned for 2011

New Product Introductions



ESC65 – next generation ECM



CCB250 - 95% efficiency



SHP/MHP – 1,000 watts

25 new product families planned for 2011

Improving Environmental Performance

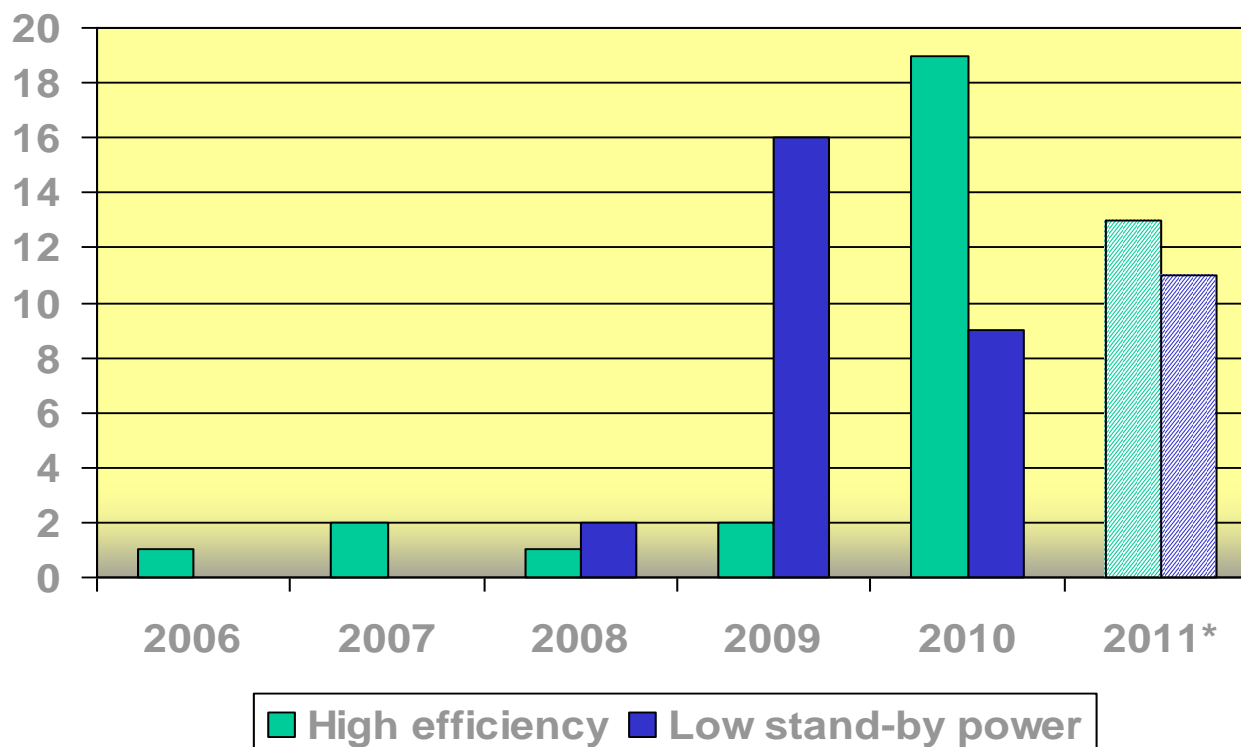
Our goal is to become the leader in our industry on environmental issues

- Board level Environmental Committee focussed on minimising our environmental impact
- Environmental concerns and legislation drive demand for energy efficient products
- Full member of the Electronic Industry Citizenship Coalition (EICC)
- 80% of revenues covered by ISO14001
- Responsible corporate behaviour is a major market opportunity



GREEN•POWER

“Green” Product Introductions



Environmental concerns and legislation drive demand for energy efficient products

Manufacturing – Kunshan, China Factory



- Low cost, best in class manufacturing facility with competitive lead times
- Fundamental in achieving preferred supplier status with key customers

Manufacturing - State of the Art



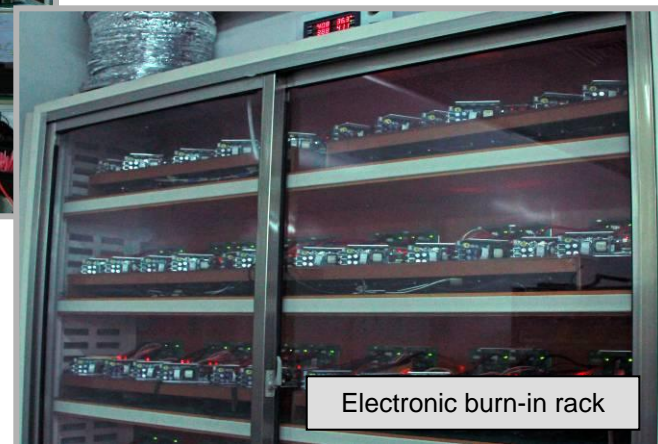
Automated pick and place



Lean manufacturing techniques and computer controlled operating instructions

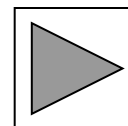


Automatic Optical Inspection



Electronic burn-in rack

100% success rate with 7 customer audits in period



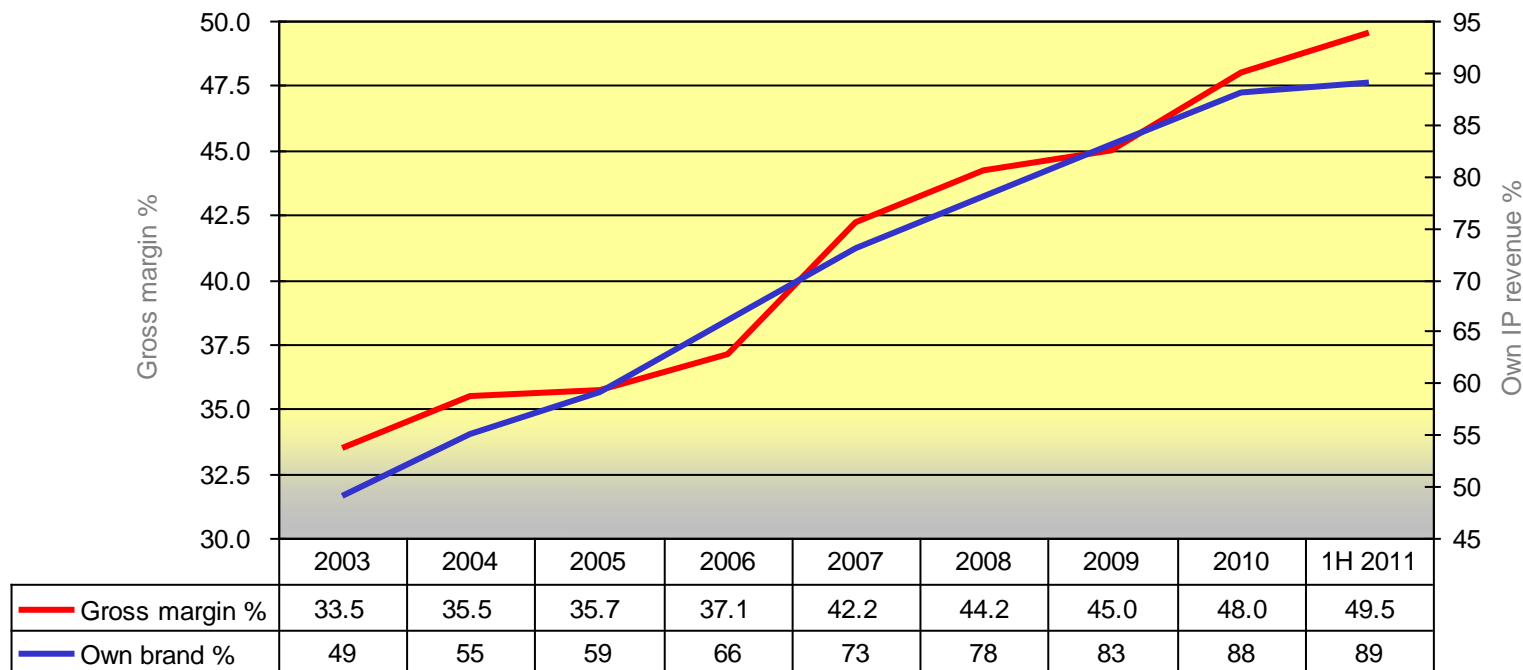
Capacity Expansion in Vietnam

- China facility now above 50% of capacity
- Purchased 13,000m² of land in Ho Chi Minh City, Vietnam in 2008
- Land can accommodate two factories the size of the current China facility
- Work on the first of two factories and admin block in Vietnam started in December 2010
- Operations to build magnetics are expected to start in Q1 2012
- Cost of the first factory and admin building is expected to be around £5.5M

Mitigates continued rises in China costs from salary inflation and currency appreciation and spreads geopolitical risk

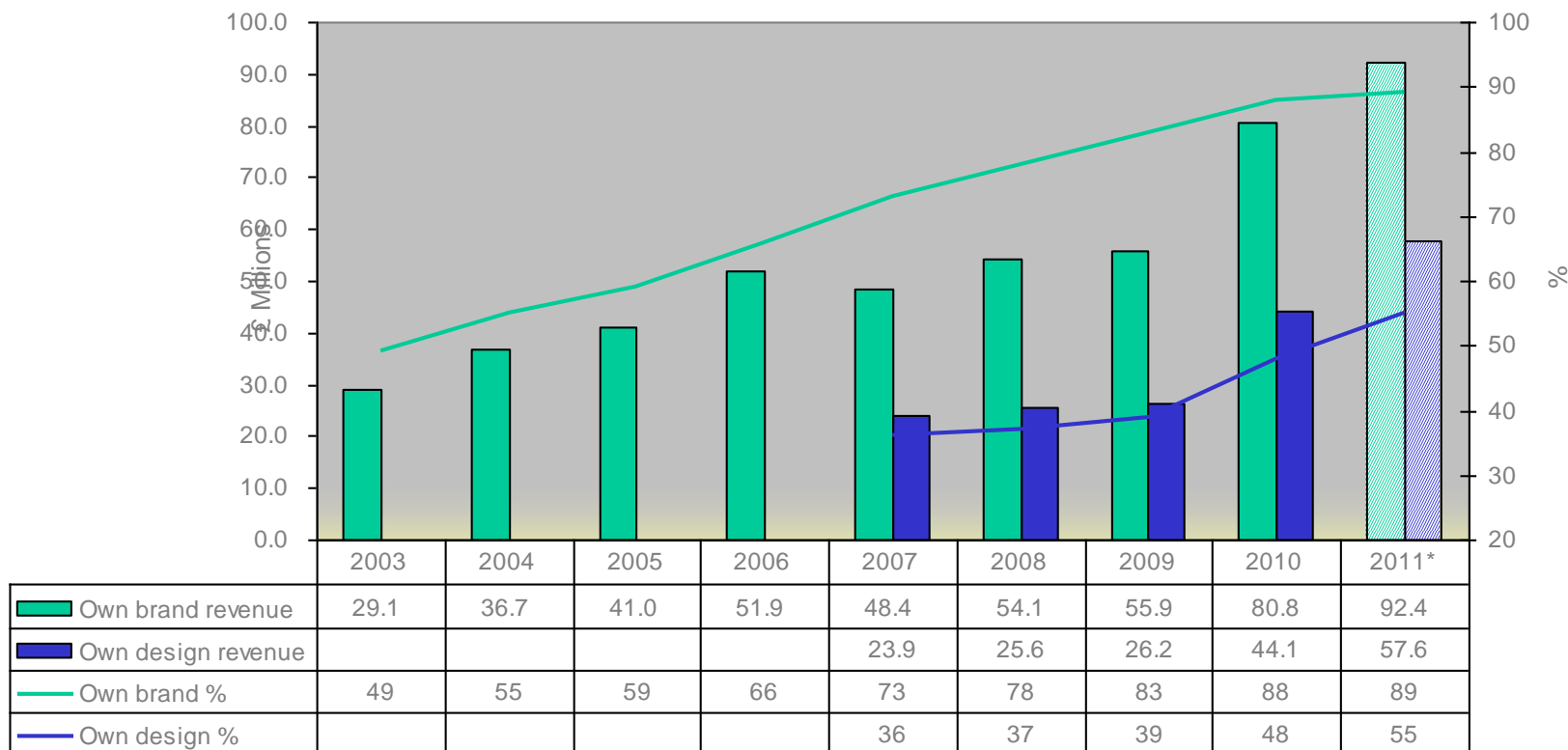


Own Brand Revenues Drive Gross Margin Increase



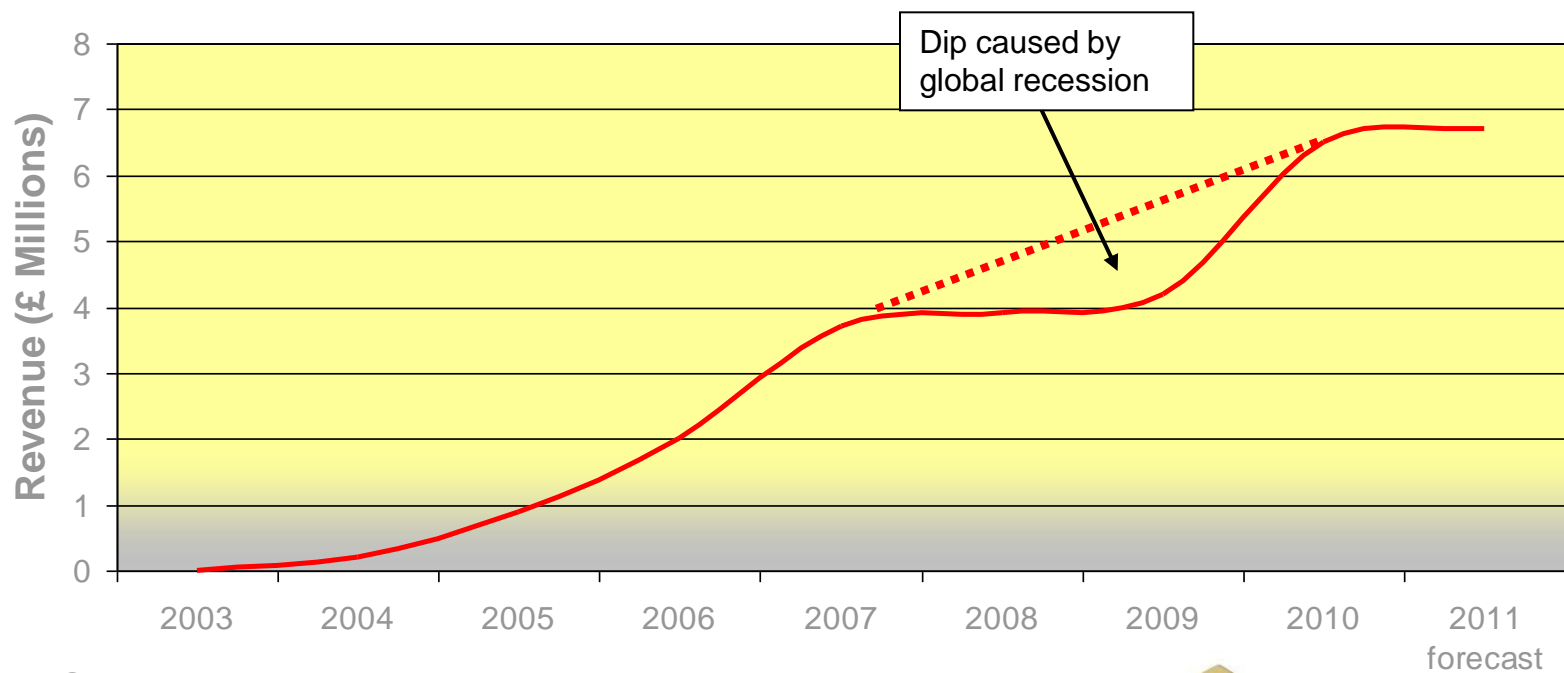
Record gross margins from growth in own brand sales; own design now having more impact

Own Design Revenue Trend



Average compound annual growth rate of 16% to 2011 (own design 25% from 2007)

Typical Product Life Cycle



- Substantial revenue annuity
- Design in cycle typically 18 months
- 2009 dip was due to market down turn and not typical
- Bodes well for future revenue growth



ECM40/60

Own Designed Products Released Since 2004

£ Millions	2008 Sales	2009 Sales	2010 Sales	1H 2011 Sales Annualised	Design Wins (Best year)
2004 releases	4.6	4.1	6.2	6.7	14.0
2005 releases	1.5	1.8	3.3	3.9	7.1
2006 releases	1.8	2.2	7.6	9.1	22.0
2007 releases	1.2	1.4	1.9	2.2	7.8
2008 releases	0.2	0.6	1.1	2.4	9.3
2009 releases	-	0.1	1.7	2.9	13.7
2010 releases	-	-	0.3	0.9	4.3
2011 releases	-	-	-	-	0.2
Total	£9.3	£10.2	£22.1	£28.1	£78.4
Growth rate		10%	117%	27%	

Notes:

- (1) Only includes products released since 2004 (excludes MP and LP)
- (2) 45 Product families included in the above data
- (3) Sourced from Projects Database

Strong pipe of new products and design wins

Income and Expenditure Statement

£ Millions	2011 First Half		2010 First Half		Growth
Revenue	51.9	100.0%	40.7	100.0%	28%
Gross margin	25.7	49.5%	19.0	46.7%	35%
Research and development (net)	1.9	3.7%	1.6	3.9%	19%
Other operating expenses	11.4	21.9%	9.6	23.6%	19%
Operating profit <small>Note 1</small>	12.4	23.9%	7.8	19.2%	59%
Net interest expense	0.5	1.0%	0.5	1.2%	-
Profit before tax (clean) <small>Note 1</small>	11.9	22.9%	7.3	18.0%	63%
Taxation and minority interest	1.8	3.5%	1.4	3.9%	29%
Profit after tax (clean) <small>Note 1</small>	10.1	19.4%	5.9	14.0%	71%
Adjusted diluted earnings per share	52.9p		31.1p		70%

Note 1: Adjusted for amortisation associated with acquisitions £nil million (2010: £0.1 million)

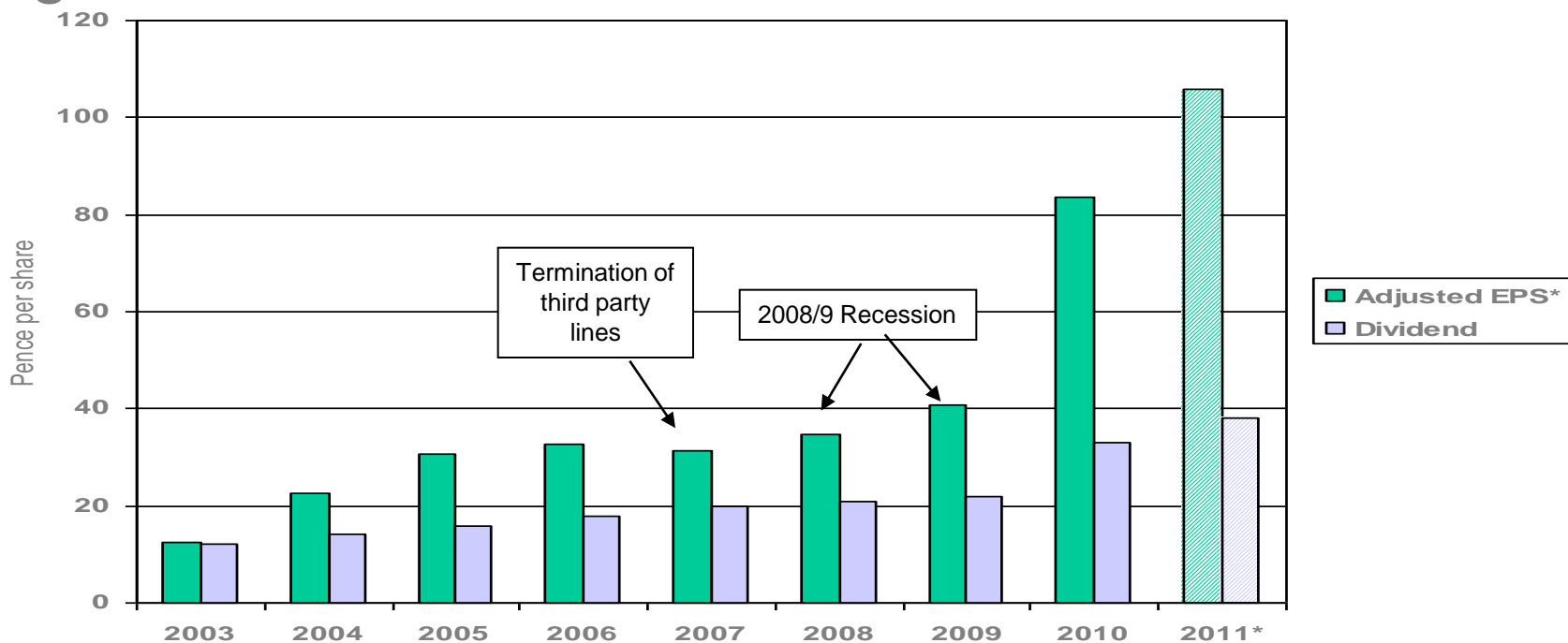
Summary Balance Sheets

£ Millions	2011 June	2010 December	2010 June
GBP/USD exchange rate	1.61	1.54	1.49
Cash	4.7	5.0	2.9
Trade and other receivables	18.5	17.1	15.7
Inventories	23.3	21.0	15.2
Total current assets	46.5	43.1	33.8
Property, plant and equipment	9.6	8.3	7.9
Other non-current assets	39.0	39.4	39.0
Total non-current assets	48.6	47.7	46.9
Trade and other current payables	20.6	19.3	17.2
Short term borrowings	15.9	12.7	4.0
Total current liabilities	36.5	32.0	21.2
Non-current provisions and liabilities	1.7	5.3	5.4
Long term borrowings	8.4	10.7	18.1
Net assets	48.5	42.8	36.0
Net debt	19.6	18.4	19.2

Cash Flow Statement

£ Millions	2011 First Half	2010 First Half
Operating profit	12.4	7.7
Depreciation and amortisation	1.0	1.1
Working capital movements	(4.7)	(2.3)
Taxation	(2.9)	(1.3)
Net cash flow from operating activities	5.8	5.2
Capitalised expenditure on product development	(0.6)	(0.9)
Interest	(0.4)	(0.4)
Free cash flow	4.8	3.9
Purchases of property, plant and equipment	(2.1)	(1.0)
Dividends	(4.0)	(2.5)
Net cash flow	(1.3)	0.4

Earnings and Dividend Trend



Earnings growth	88%	20%	7%	(4%)	11%	17%	105%	26%
Dividend growth	17%	14%	12%	11%	5%	5%	50%	9%

- Cash generative business model allows consistent dividend growth
- Dividend payment cycles now moved from half yearly to quarterly
- Earnings CAGR 31%, dividend CAGR 16%

Management Succession

- Strategic transformation of the Group from distributor to designer and manufacturer of its own range of products is now complete
- Larry Tracey and James Peters have held executive Board roles since the IPO in 2000 and now wish to address management succession
- Strong, stable second management tier
 - Top 19 managers below Board level have an average age of 41 and average length of service of over 11 years
- Managed succession process to provide opportunities to core team and confirm future management structure
- Benefit of significant experience retained on the Board as Larry and James move to non-executive roles in April 2012
- Progressive transition of responsibilities over the next 9 months

Management Succession

Larry Tracey	James Peters	Duncan Penny	Mike Laver	Andy Sng	Mickey Lynch
Executive Chairman	Deputy Chairman	Chief Executive	President, North America	General Manager, Asia	Finance Director
Strategy Germany	Europe Sales Marketing	IT Manufacturing Operations Quality	North America Sales	Asia Sales	Finance
	R&D				

Red arrows show transition of responsibilities to be completed by April 2012

Positioned for Growth

- Successfully completed transition from distributor to manufacturer
- World class manufacturing facility enabling new corporate approvals from Blue Chip customers
- New market leading products introduced over the last two years should drive growth
- Direct sales team with target customer approach resulting in Blue Chip approvals and new market opportunities
- Advantage over major competitors – knowledge, flexibility and speed
- Confident on full year prospects

XP Power



www.xppower.com