



XP Power - Interim Results

Six months ended 30 June 2013

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2013 Interim Results - Highlights

- Orders flat on prior year but increase 7% sequentially
- Increase in revenue despite subdued demand for industrial electronics
- Continuing to take market share
- Gross margins improve due to higher factory loading levels, reduction in Vietnam start up costs and improved product mix
- Vietnam factory breaking even from June 2013
- Continued expansion of own designed products to 62% of revenues (2012: 61%)
- Net debt falls to £8.5 million - £8.1 million in constant currency (June 2012: £15.0 million)

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
- Lead our industry on environmental issues



Market Data

Estimated market size and XP share 2012

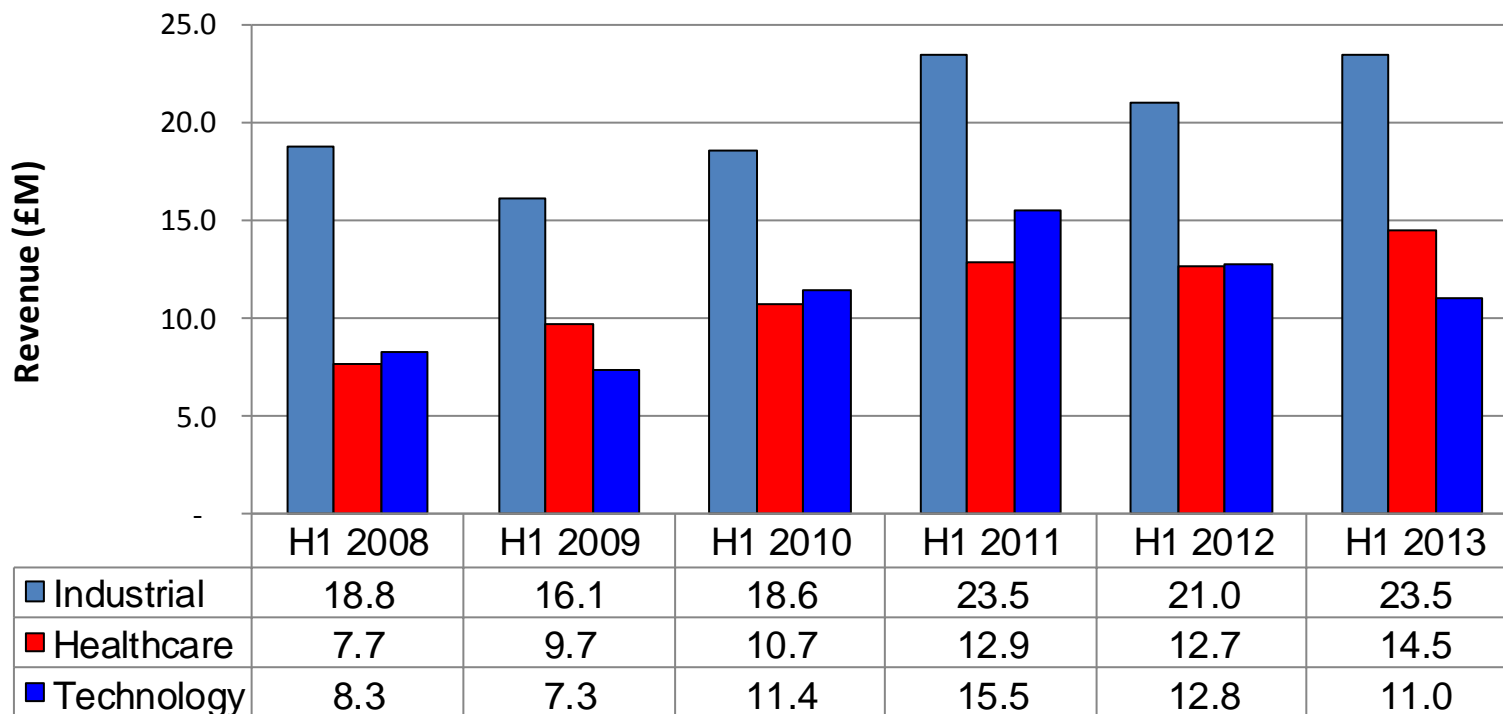
£ Million	Size	Share	Rank
Asia	555	2%	-
Europe	330	12%	1 st (Equal)
North America	435	10%	1 st
Total	1,320	7%	

Source: Micro-Tech Consultants

XP Power's revenue mix – First half 2013

£ Millions	Asia	Europe	North America	Total	%
Healthcare	0.5	4.6	9.4	14.5	30%
Industrial	1.4	12.6	9.5	23.5	48%
Technology	1.3	4.9	4.8	11.0	22%
Total	3.2	22.1	23.7	49.0	100%
	7%	45%	48%	100%	

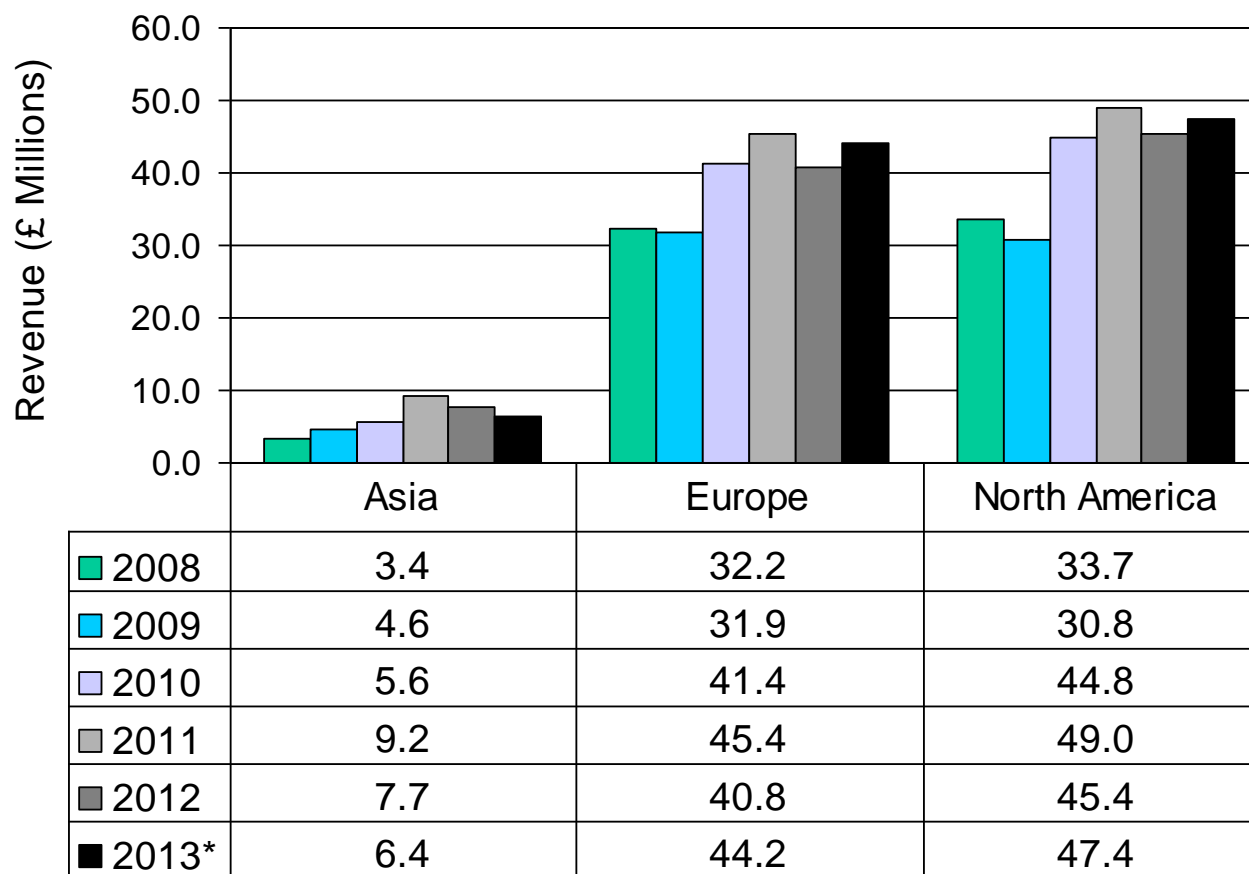
Sector Split



Growth rates

Industrial		-14%	+16%	+26%	-11%	+12%
Healthcare		+26%	+10%	+21%	-2%	+14%
Technology		-12%	+56%	+36%	-17%	-14%

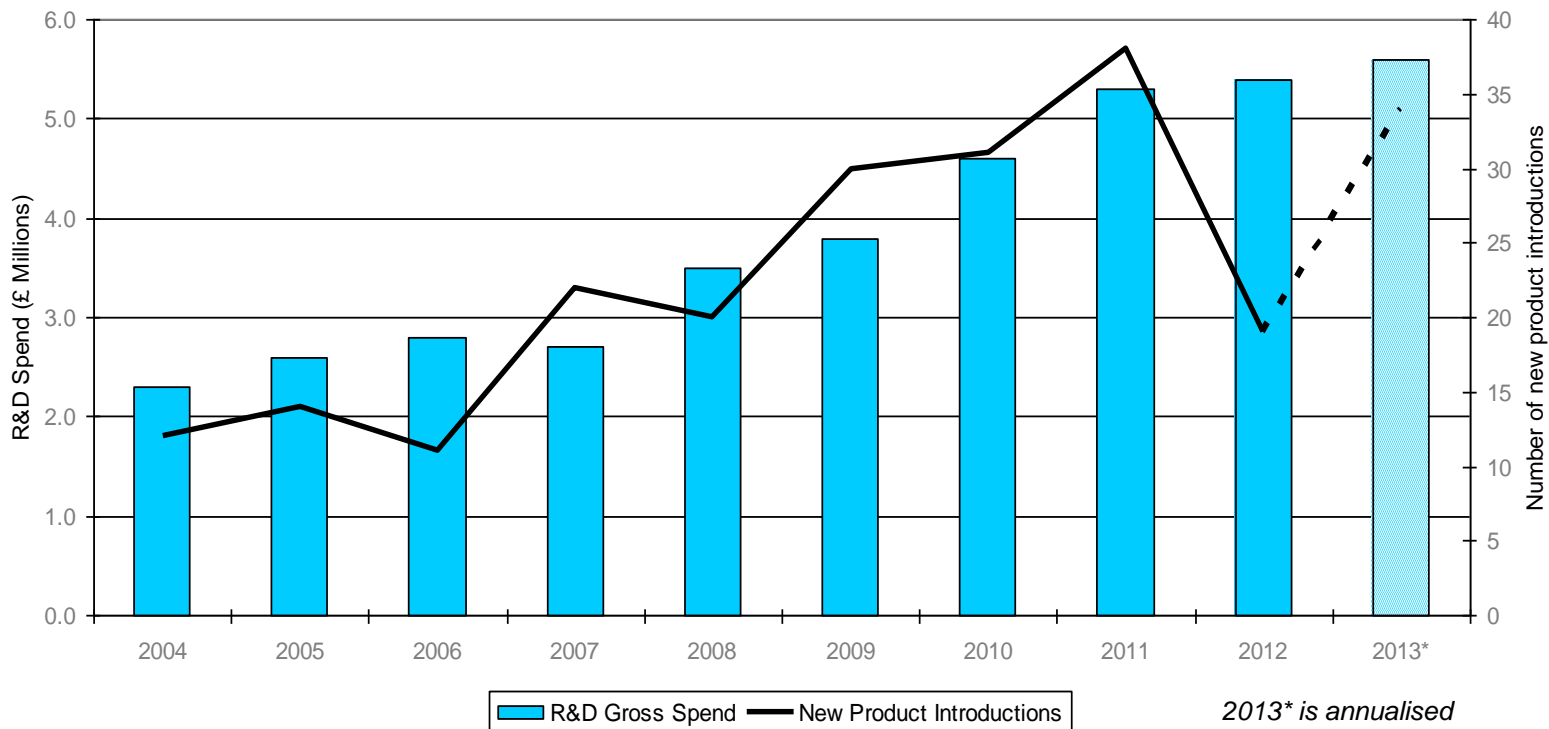
Geographic Split



Customers – Selection of Top 30

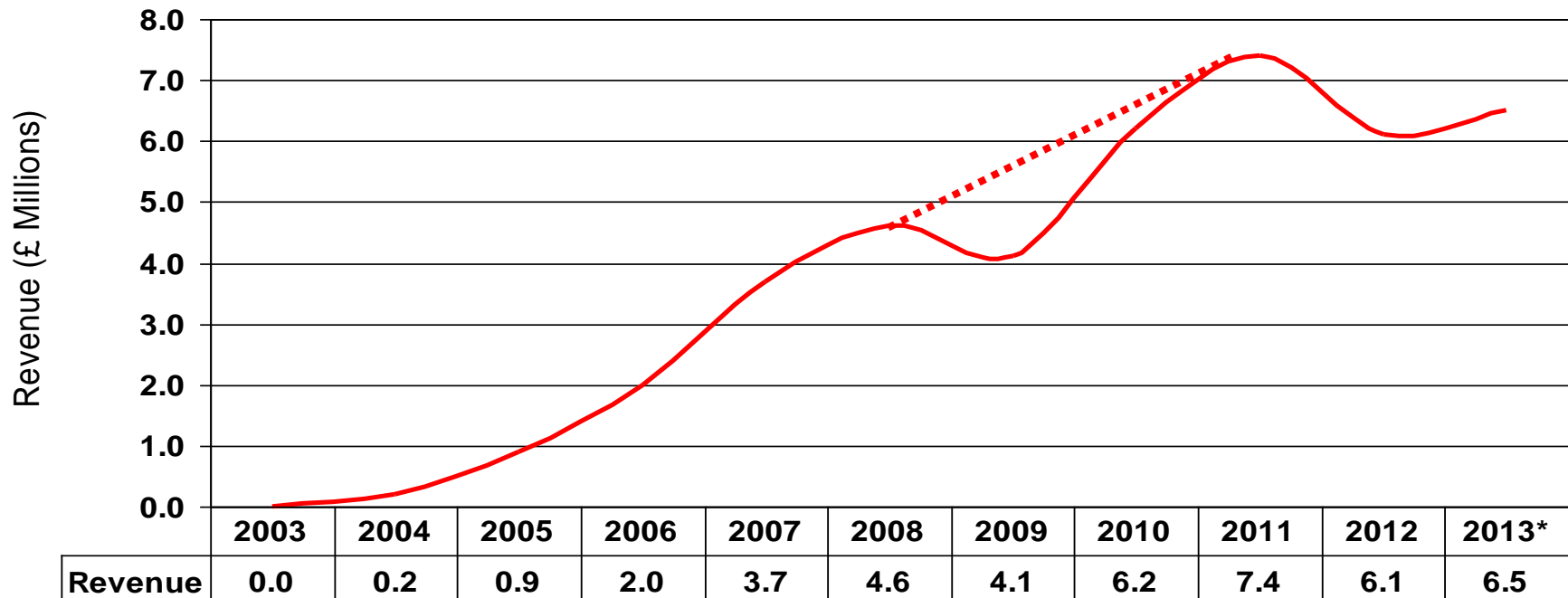
- We do business with over 70% of the S&P 500 Equipment Manufacturers
- Top 30 customers account for 40% (2012: 39%) of revenue (largest customer <5%)

Gross R&D Spend and New Product Introductions



- The success of our new products has led directly to significant gains in new programs
- Greater focus on modified standards in recent years following a wave of new product family launches
- 31 new product introductions planned for 2013

Typical Product Life Cycle



- Substantial revenue annuity
- Design in cycle typically 18 months
- 2009 and 2012 dips due to market downturn and not typical



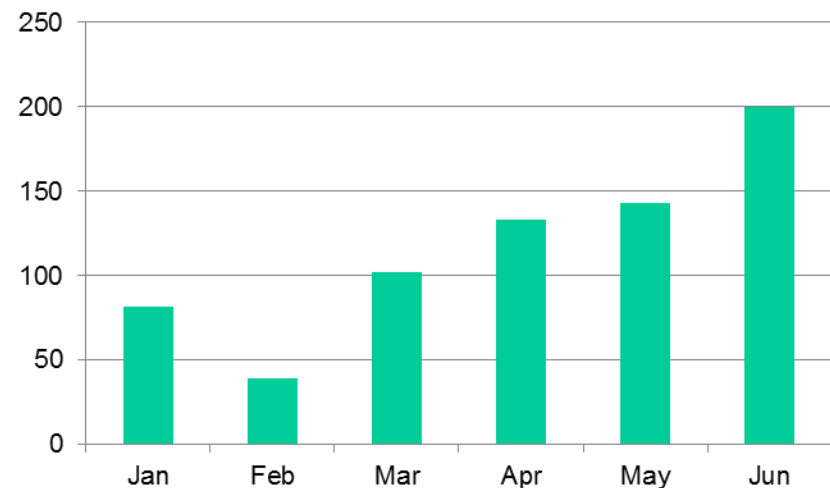
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Vertical Integration – Vietnam Magnetics Facility

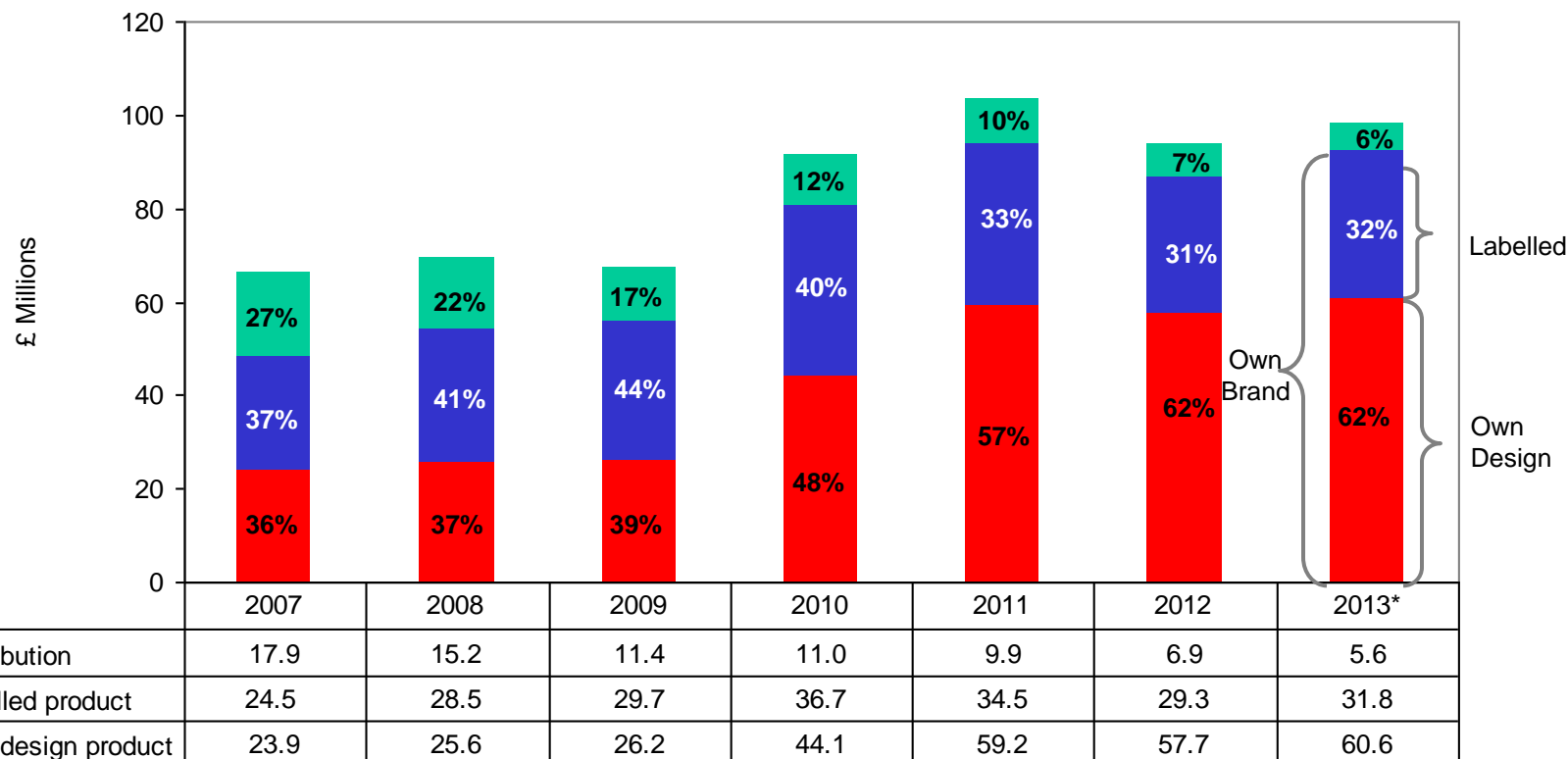
- Primarily a magnetics manufacturing facility – a critical component
- Further vertical integration offers an additional value proposition to customers - control of manufacturing, flexibility and lead times
- Currently producing ~50% of overall magnetics demand
- Sufficient area to add an additional factory when demand dictates
- Breaking even from June 2013

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

Vietnam Magnetics Production (Thousands of units)

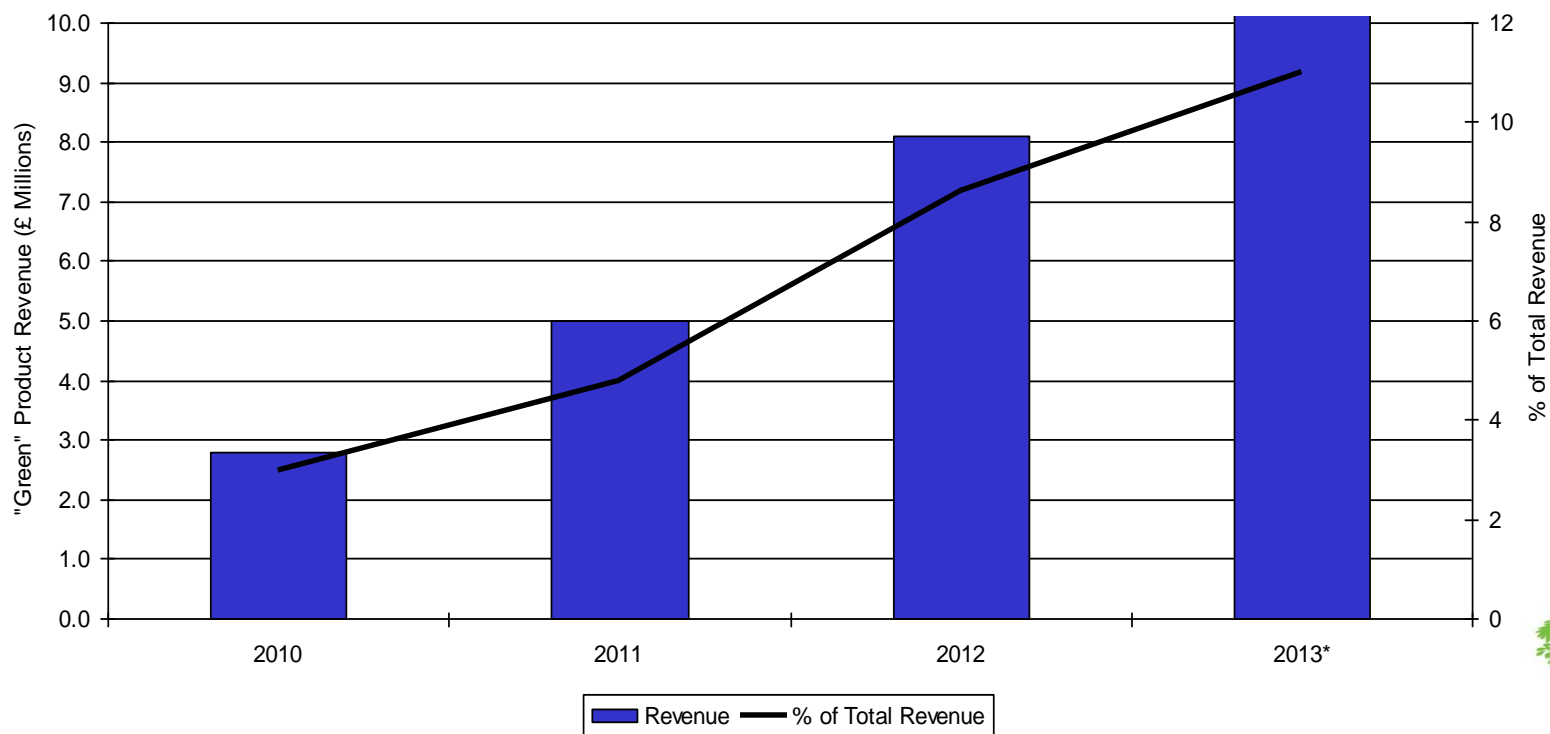


Own Design Revenue Trend



Average compound annual growth rate of 12% for own brand revenue to 2012 (own design 19%)

Revenue from “Green” Products



- “Green” products are starting to gain traction
- Reliability remains the key demand driver for these products
- Green products remains a major market opportunity



GREEN **XP** POWER

Income and Expenditure Statement

£ Millions	2013 First Half		2012 First Half		Change
GBP/USD exchange rate	1.55		1.57		
Revenue	49.0	100.0%	46.5	100.0%	+5%
Gross margin	23.8	48.6%	21.8	46.9%	+9%
Research and development (net)	2.4		2.0		+20%
Other operating expenses	10.8		9.9		+9%
Operating profit	10.6	21.6%	9.9	21.3%	+7%
Net interest expense	0.2	0.4%	0.3	0.7%	-33%
Profit before tax	10.4	21.2%	9.6	20.6%	+8%
Taxation and minority interest	2.4	4.9%	1.9	4.1%	+26%
Profit after tax	8.0	16.3%	7.7	16.6%	+4%
Diluted earnings per share	41.8p		40.4p		+3%
Dividend	23.0p		21.0p		+10%

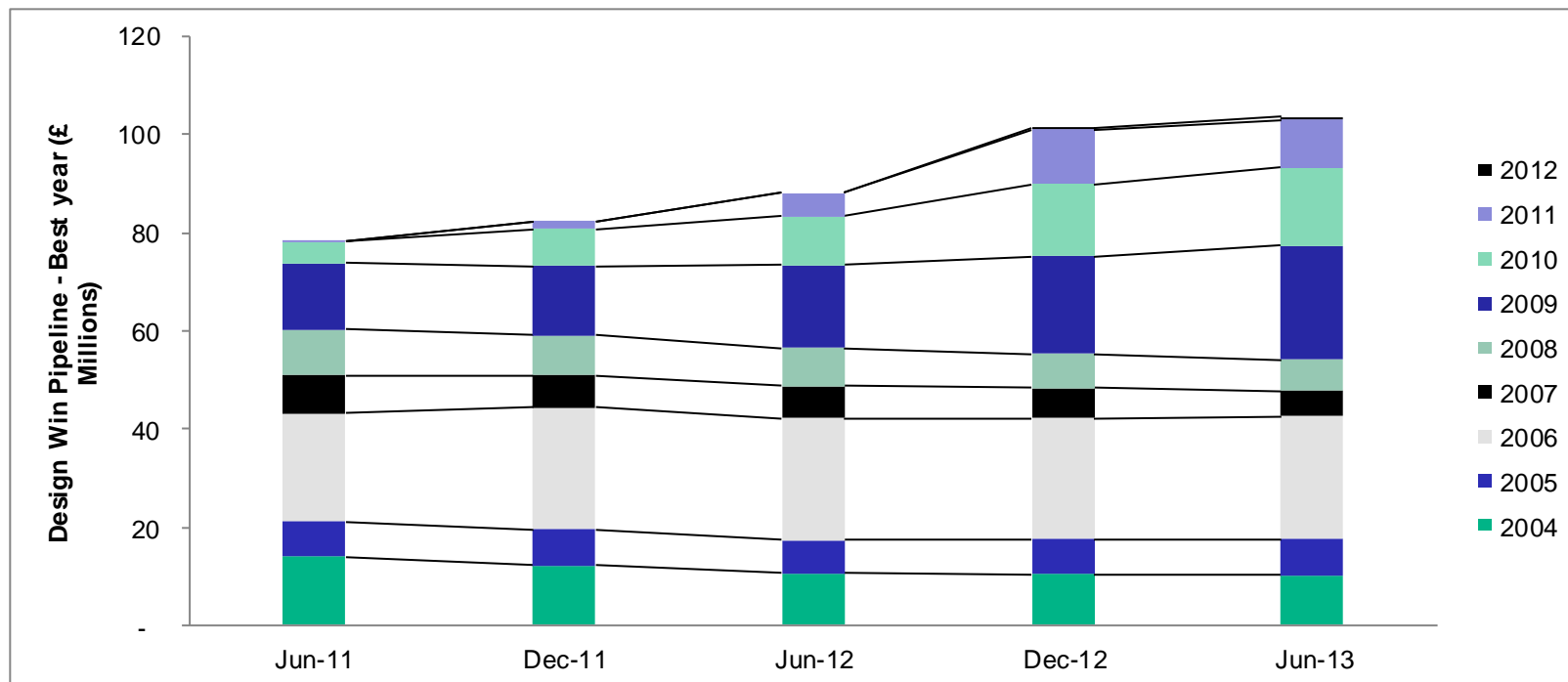
Summary Balance Sheets

£ Millions	2013 June	2012 December	2012 June
GBP/USD exchange rate	1.52	1.63	1.57
Cash	4.2	4.1	4.5
Trade and other receivables	17.1	15.4	16.1
Inventories	20.5	19.8	22.0
Total current assets	41.8	39.3	42.6
Property, plant and equipment	13.8	13.2	14.0
Other non-current assets	40.0	39.6	40.1
Total non-current assets	53.8	52.8	54.1
Trade and other current payables	14.2	12.9	14.2
Short term borrowings	6.8	7.3	10.0
Total current liabilities	21.0	20.2	24.2
Non-current provisions and liabilities	3.3	3.2	4.3
Long term borrowings	5.9	7.4	9.5
Net assets	65.4	61.3	58.7

Cash Flow Statement

£ Millions	2013 First Half	2012 First Half
Operating Profit	10.6	9.9
Depreciation and amortisation	1.3	1.2
Currency translation losses / (gains)	0.8	(0.1)
Change in working capital	(0.9)	3.5
Income tax paid	(2.5)	(2.0)
Cash provided by operating activities	9.3	12.5
Capitalised development costs	(1.0)	(1.2)
Interest paid	(0.2)	(0.3)
Free cash flow	8.1	11.0
Opening net debt	(10.6)	(18.6)
Purchase of property and equipment (net of disposals)	(0.5)	(1.8)
Acquisitions / ESOP loan repayments	0.2	(0.5)
Dividends	(5.5)	(5.1)
Effects of currency translation on cash	(0.2)	-
Closing net debt	(8.5)	(15.0)

Design Win Pipeline - Trend



- Design win pipeline trend for products released from 2004
- Represents estimated “best year” revenue (note best years will not all occur at the same time)

Outlook

- Capital goods markets remain subdued
- Order intake for first half of 2013 is 7% above that achieved in the second half of 2012
- Vietnam no longer dragging margins
- Continued success in winning new customer programs
- Broad up to date product portfolio and excellent service and support should continue to generate market share gains

XP Power



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