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XP Power – Investor Presentation May 2009

Agenda

1. The Company and its Markets
2. Sales process and Value Proposition
3. Product development
4. Financial highlights
5. Outlook and Summary

Appendices

- I Industry consolidation
- II Detailed financials

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 to further penetrate blue chip clients
- Network of 27 offices (and 19 distributors) across North America, Europe and Asia

XP Power – Strategic Development

Business transformed since Listing in 2000:

- Listed in 2000 by the existing management team as a specialist distributor of power control components
- Since then the business has been moved up the value chain to become a designer and manufacturer with its own IP, growing gross margins from 28% to over 44%;
- Established a number of design centres which have developed a portfolio of industry leading products transforming XP into a technology-led business;
- Established the largest most technical direct sales force in the industry with 27 locations throughout North America, Europe and Asia;
- Rolled out a proprietary database across the sales force to capture all key project information for sales management and product development purposes; and
- Established a significant manufacturing facility in China to further penetrate a blue chip customer base.

Consistent delivery on this strategy has created genuine value to customers enabling XP to build a blue chip customer base while maintaining profitability and strong cash flow

Further penetration of this blue chip customer base underpins future growth potential

What is a power controller?

A power controller is a piece of electronic hardware that performs the following functions:

- Converts electrical power from one voltage to another;
- Converts alternating current (AC) to direct current (DC) or vice versa, or converts one DC voltage to another DC voltage;
- Meets the critical safety requirement of shielding the user from the dangerous mains supply;
- Filters electrical noise and the spikes and dips in power from the mains supply so it does not produce undesirable effects in the customer's equipment;
- Prevents electrical noise from being transferred into the mains supply by the customer's equipment; and
- Meets the increasingly demanding regulatory, legislative and environmental requirements.



All electronic equipment needs a power controller to function!

Product Examples



ECM140
- Healthcare/Industrial



Military grade externals



fleXPower Configurable
- High power healthcare
and technology

“Green power” externals



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

Market forecast to grow 50% in sterling

£ 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

Industry consolidation continues to take place (see Appendix I)

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.



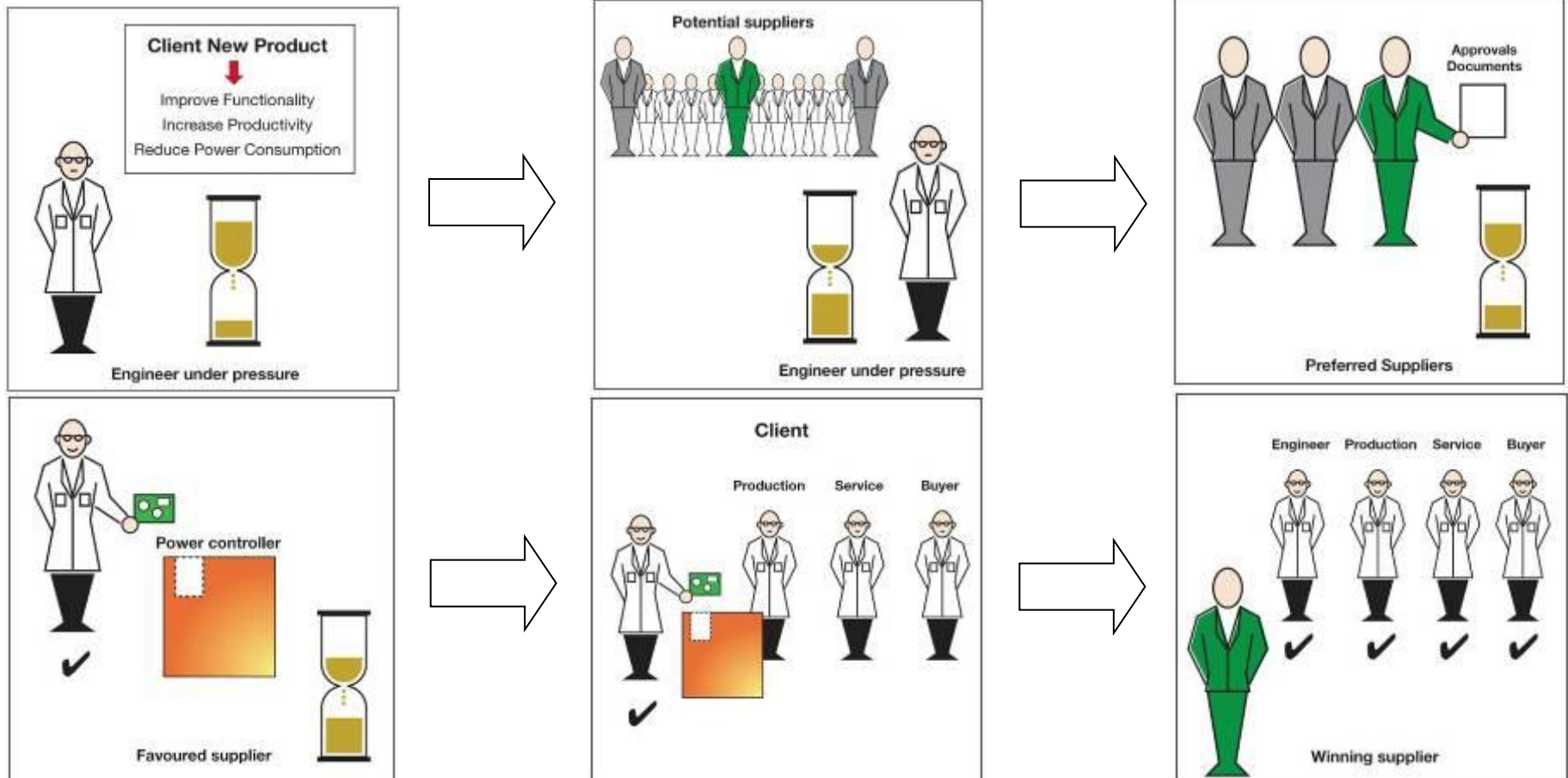
**Over 6,000 active customers -
largest is less than 3% of revenue**

Growth Drivers

- **Penetration** - Our 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 together with accelerating innovation and sophistication of medical diagnostic equipment
- **Efficiency** – growing volume of regulation on efficient power usage and limiting harmful consequences to the environment
- **Legislation** – increasing legislation relating to the amount of energy consumed by electronic equipment when it is not working but in standby mode
- **New Products** – Customers' new product designs which require less space and heat generation

2. Sales Process and Value Proposition

Sales Process and Value Proposition



3. 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

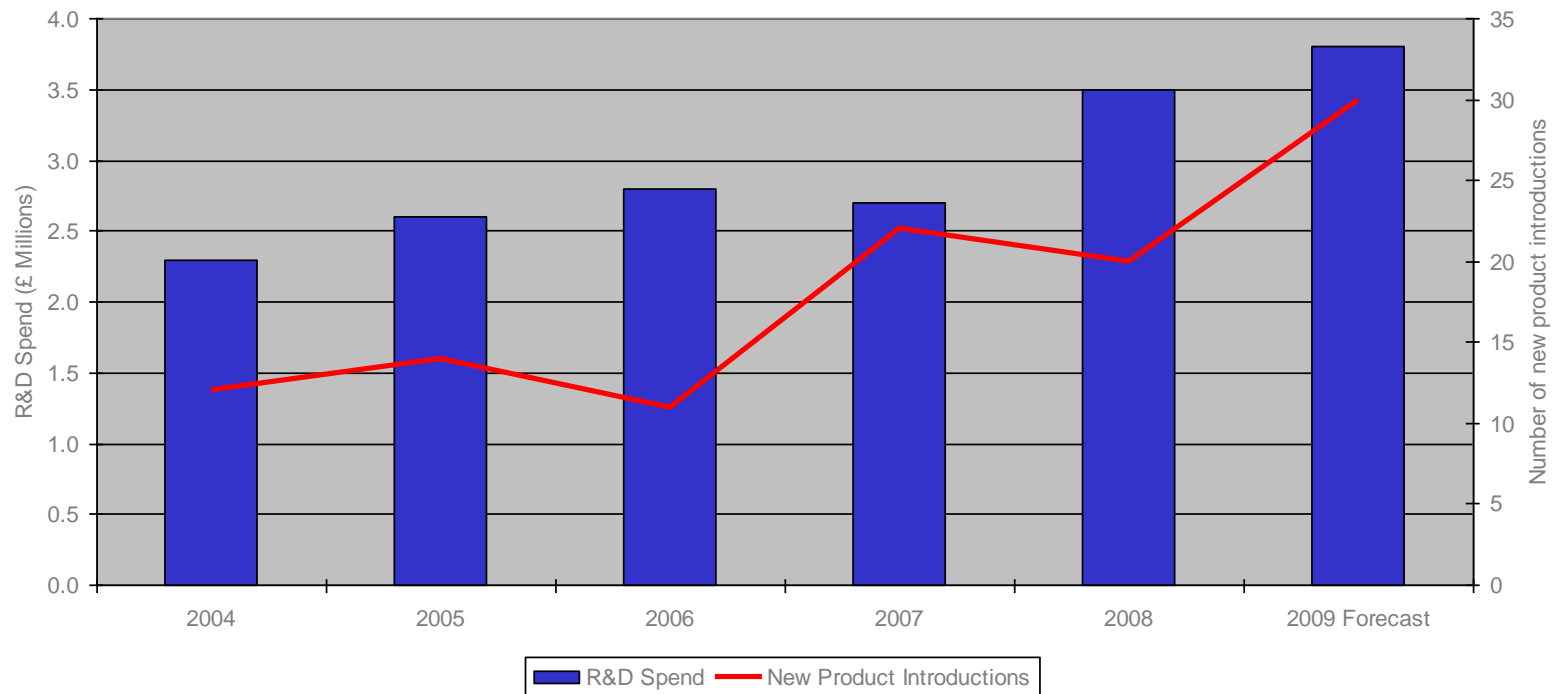
SINGAPORE

3 PARTNERS,
CHINA

5 PARTNERS,
TAIWAN

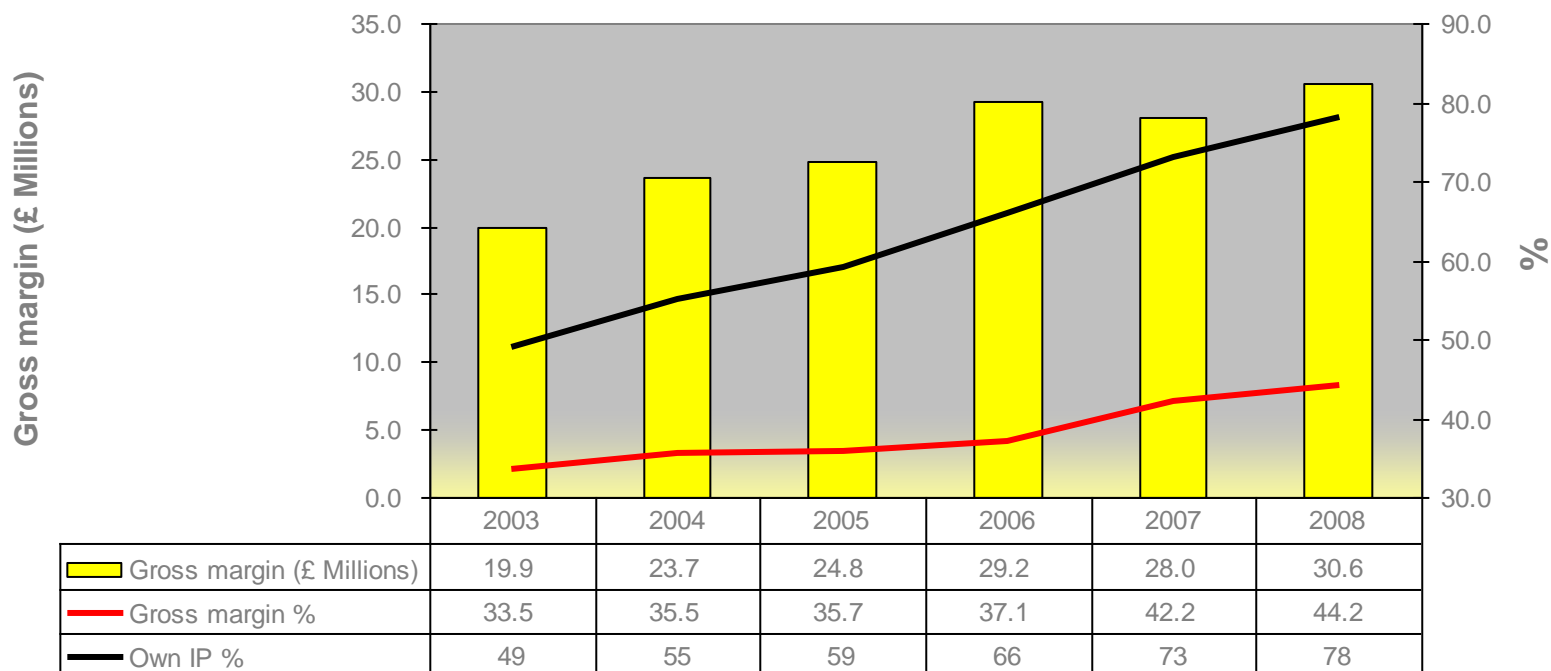


Product Development



The success of our new product development programs has directly led to the penetration of new blue chip customers.

Own IP Revenues Drive Gross Margin Increase



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

Kunshan – New Factory



Enables the further penetration of our blue chip customer base

4. Financials (See Appendix II for detailed financials)

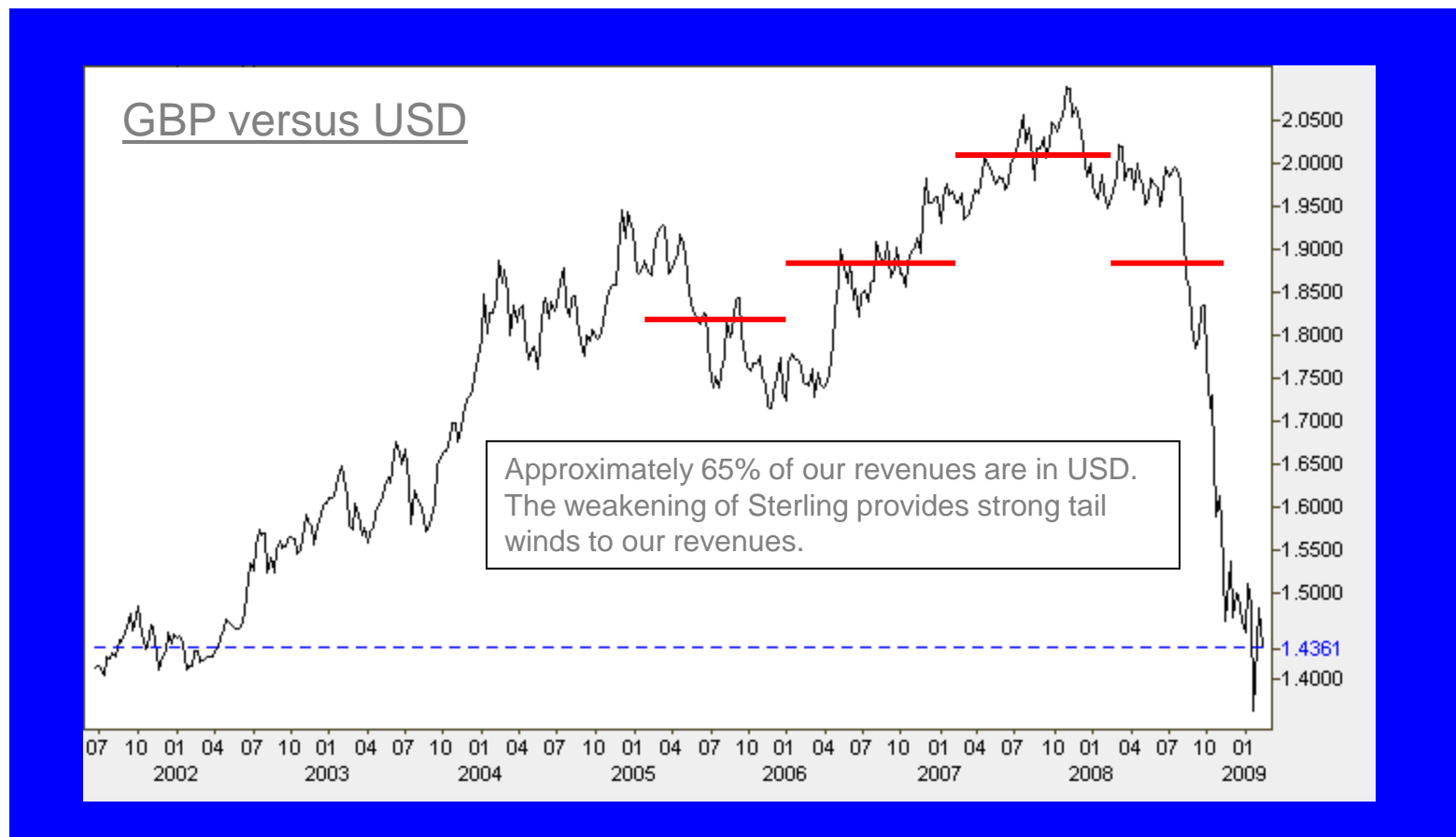
2008 Financial Highlights – record results

- 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%

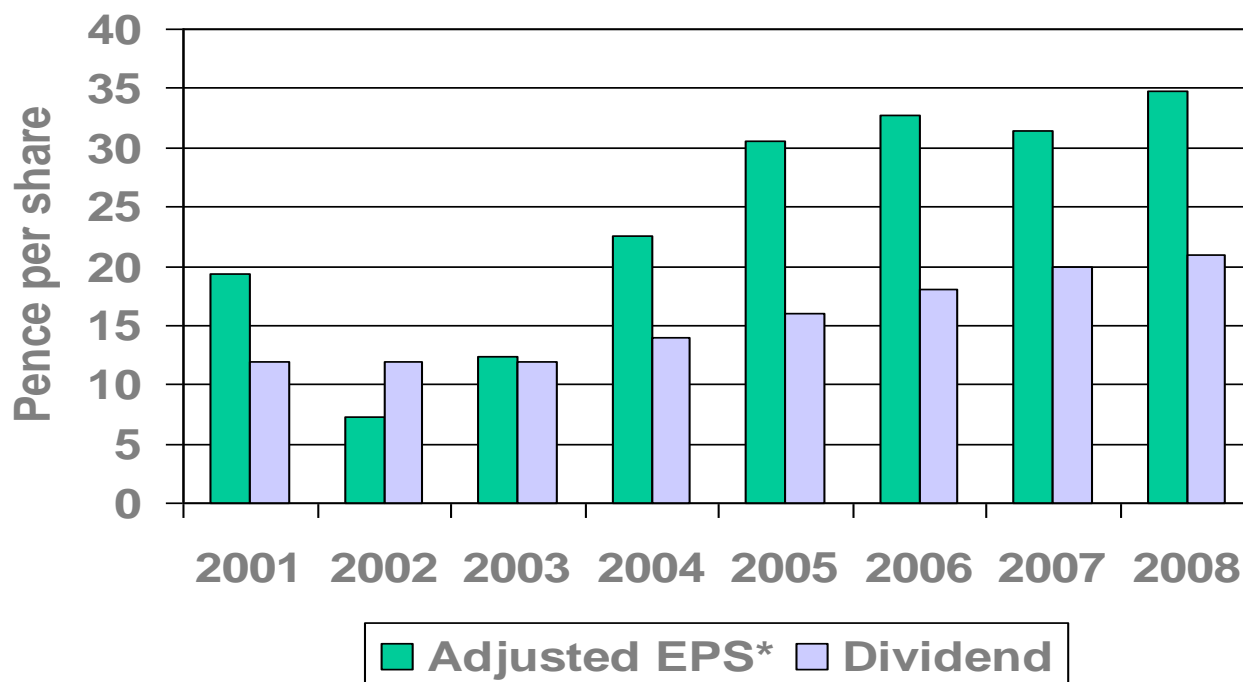
Debt facilities converted to one US\$36 term loan running to September 2011

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

Currency Movements



Dividend History

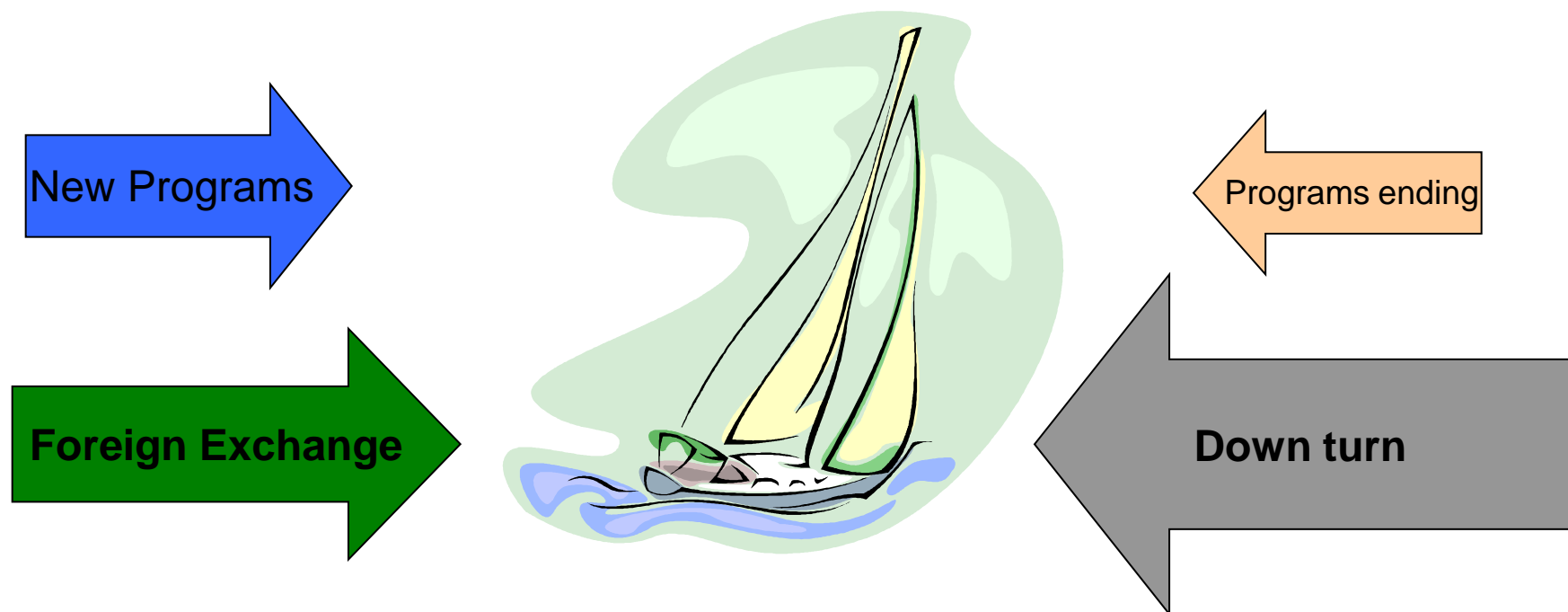


- Cash generative business model allows consistent dividend growth
- Dividends maintained in prior down turns

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

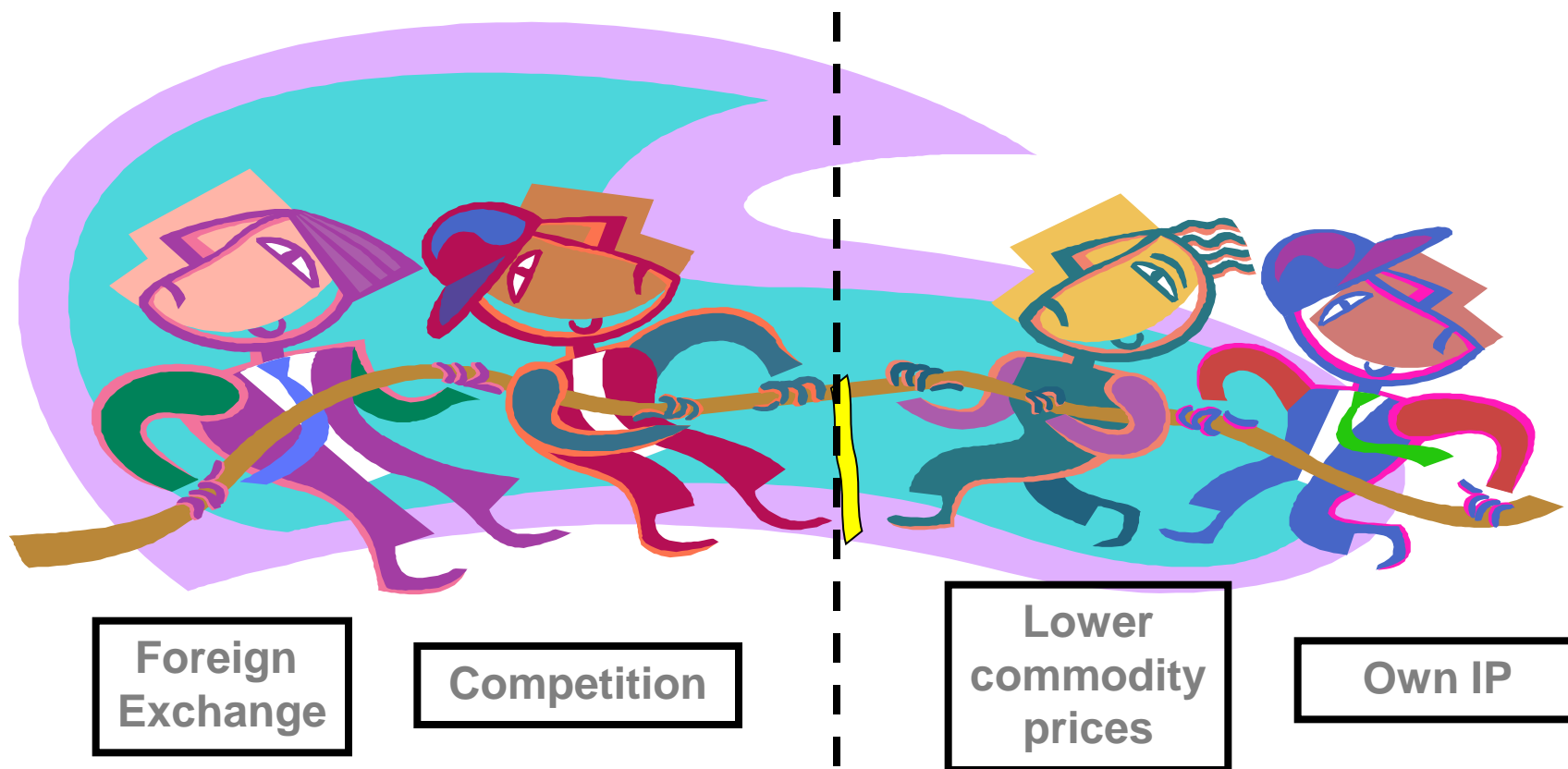
5. Outlook

Revenue Outlook

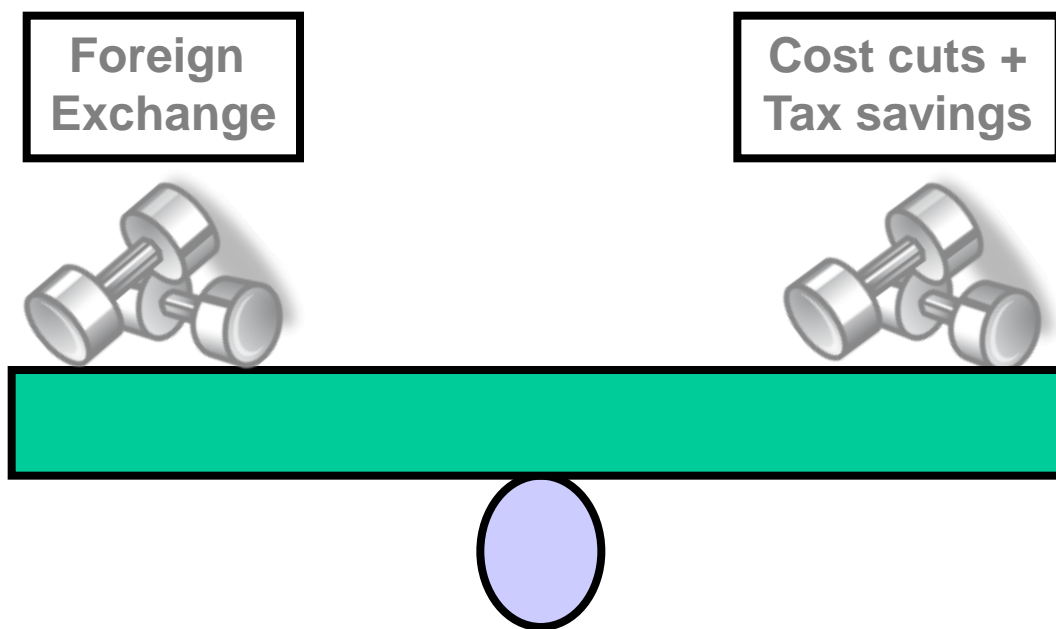


We believe the strength of the tail winds in our business are at least as strong as the current economic head winds

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 and new products
- New factory to open in Q2
- Trading year to date is in line with expectations



Appendix I - 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.

Appendix II - 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	

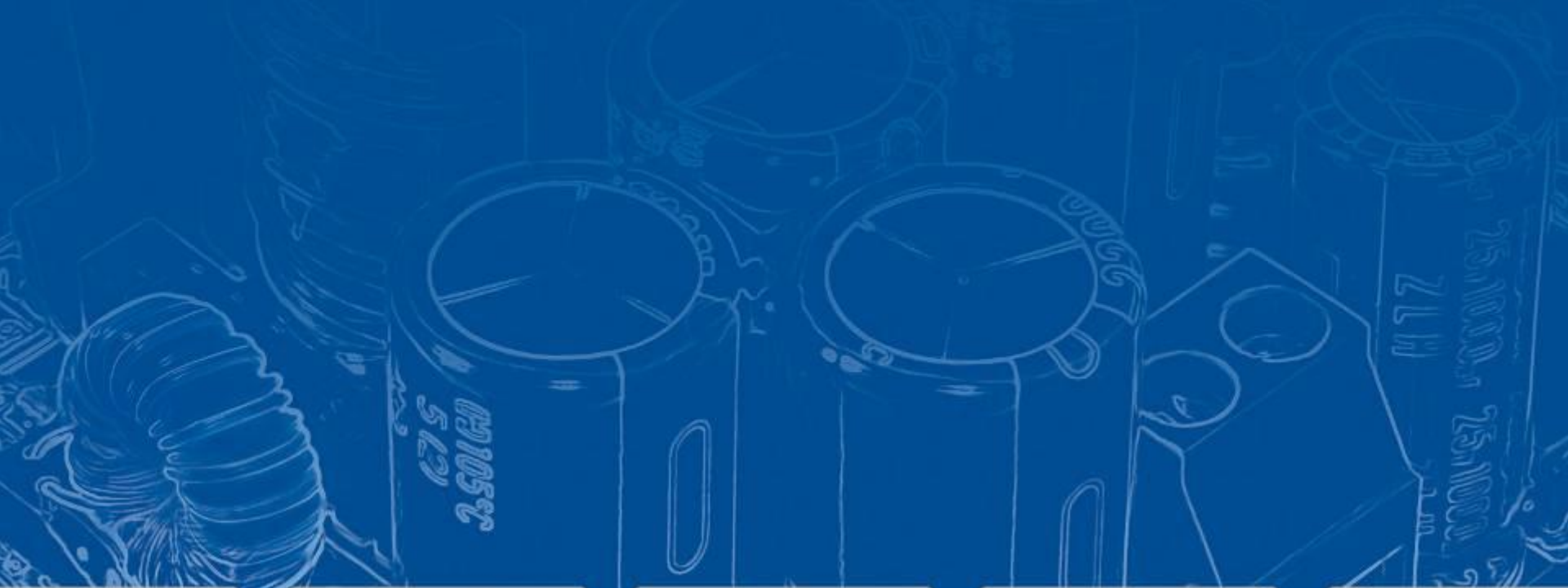
Summary Balance Sheets

	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



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