

XP Power plc - 2006 Results

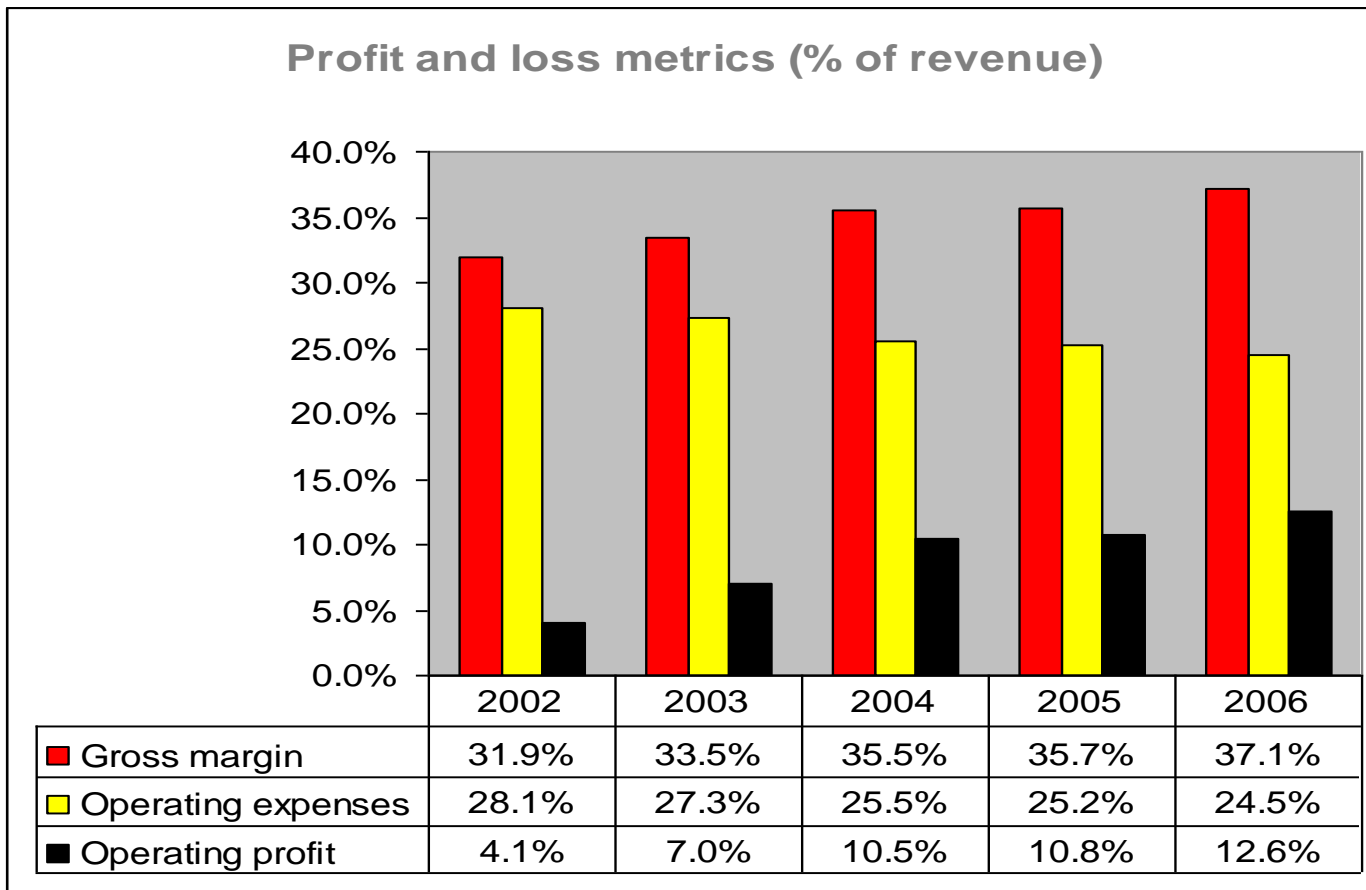


T H E X P E R T S I N P O W E R

Profit and Loss Account

£ Millions	2005	2006	% Increase
Revenue	69.5	78.7	13.2%
Gross Margin	24.8	29.2	17.7%
Gross Margin %	35.7%	37.1%	+1.4%
Selling and administration expenses	14.9	16.7	12.1%
Research and development	2.6	2.6	
Capitalisation of development costs (net of amortisation)	(1.0)	(0.7)	
Amortisation of intangible assets	0.1	0.3	
Share of associates net profit	0.2	-	
Operating profit (excluding restructuring costs)	8.4	10.3	22.6%
Restructuring costs	-	1.0	
Finance costs	0.8	1.3	
Profit before tax	7.6	8.0	5.3%
Basic earnings per share	30.7p	32.2p	4.9%
Diluted earnings per share	30.1p	31.8p	5.6%
Diluted earnings per share (adjusted for restructuring costs and amortisation of intangible assets associated with acquisitions)	30.6p	37.0p	20.9%

Profit and Loss Metrics (% of revenue)



Note: capitalisation of development costs, restructuring costs and amortisation of intangible assets associated with acquisitions added back

Summary Balance Sheets

£ Millions	2005	2006
Non-current assets		
Goodwill	28.0	30.1
Other intangible assets	2.2	2.6
Property plant and equipment	3.0	3.2
Interests in associates	0.1	0.1
Deferred tax	0.3	0.6
Total non-current assets	33.6	36.6
Current assets		
Inventories	8.1	11.1
Trade and other receivables	17.2	17.3
Cash	4.8	4.2
Total current assets	30.1	32.6
Current liabilities		
Overdraft	(8.7)	(7.6)
Deferred consideration	(0.4)	(1.4)
Other creditors	(11.7)	(12.5)
Total current liabilities	(20.8)	(21.5)
Deferred consideration	(3.3)	(2.5)
Deferred tax	(1.2)	(1.4)
Bank loan	(11.2)	(14.4)
Net assets	27.2	29.4

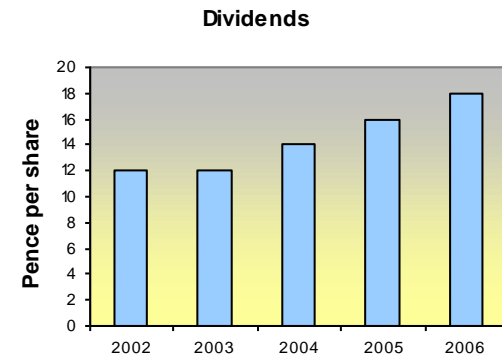
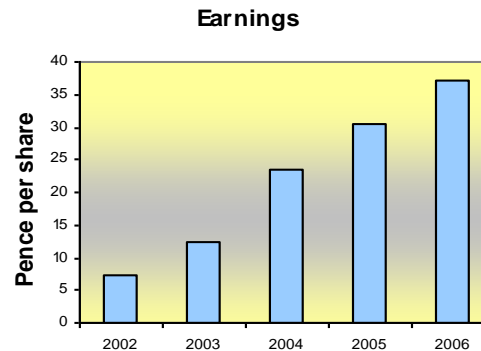
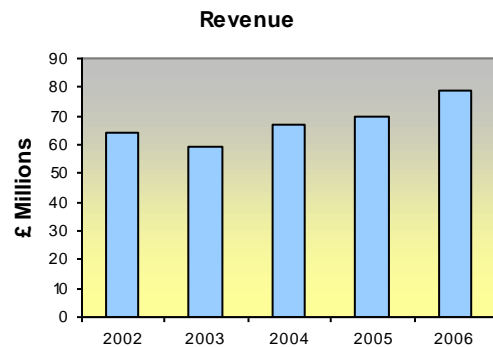
Cash Flow Statements

£ Millions	2005	2006
Net cash flow from operations	7.3	5.3
Dividends received from associates	0.6	-
Capitalisation of product development	(1.0)	(0.9)
Net interest	(0.8)	(1.3)
Net capital expenditure	(0.8)	(1.2)
Free cash flow	5.3	1.9
Acquisitions	(3.9)	(1.8)
Share buy back	(3.5)	-
Sale of shares	0.2	0.5
Dividends paid	(3.1)	(3.2)
(Increase) in net debt	(5.0)	(2.6)
Net debt	15.1	17.7

Five Year Financial History

£ Millions	2002	2003	2004	2005	2006
Revenue	64.0	59.4	66.8	69.5	78.7
Profit from operations (adjusted for restructuring)	1.1	2.7	5.7	8.4	10.3
Diluted earnings pence per share*	7.3p	12.4p	23.6p	30.6p	37.0p
Earnings growth %		+70%	+90%	+30%	+21%
Dividends	12.0	12.0	14.0	16.0	18.0

*(adjusted for restructuring costs and amortisation of intangible assets associated with acquisitions)



Why re-domicile to Asia?

- Our supplier base is in Asia
- Our customers are moving there
- Our competitors manufacture there
- More competitive corporate tax cost
- Higher calibre and lower cost people

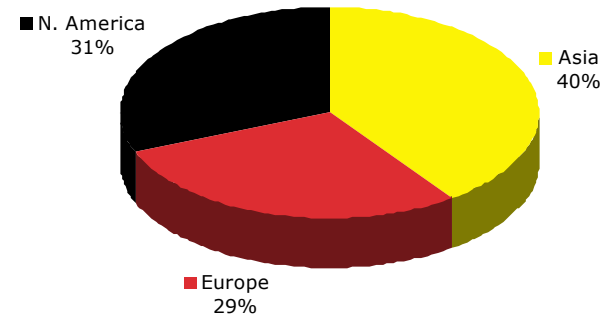


Regional Payroll Comparisons

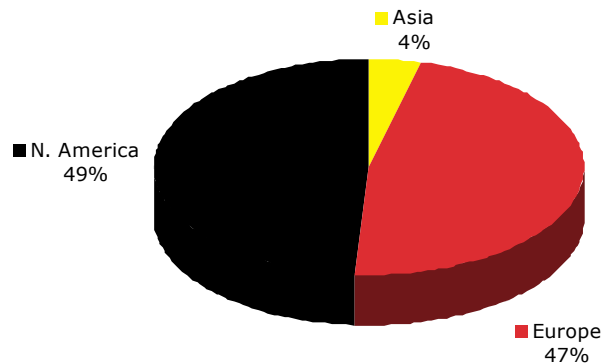
2006
Number of Employees
Total 432



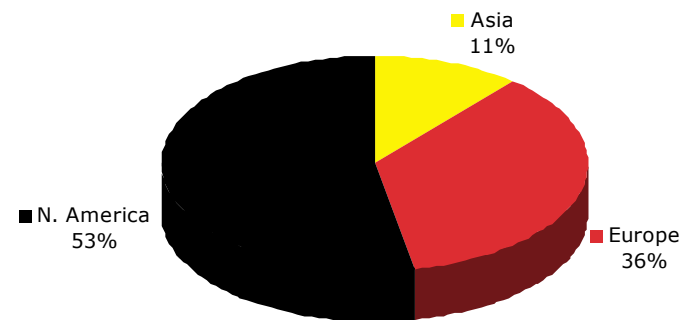
2007
Number of Employees
Total 539



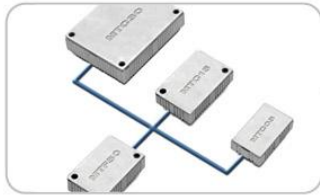
2006
Payroll Costs
£13.1M



2007
Payroll Costs
£12.4M



Product Overview



DC-DC Converters



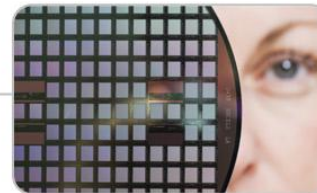
AC-DC Power Supplies



Configured Supplies

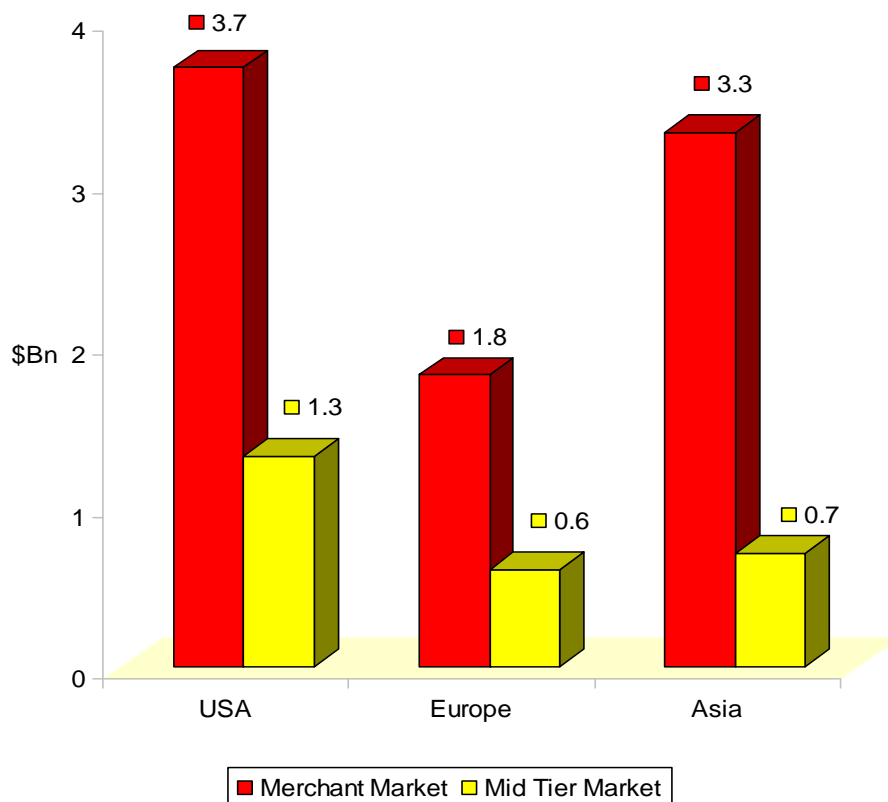


Added Value Solutions



Market Data

Merchant market (less consumer) \$Bn



Merchant Market - \$8.8 Bn

Mid Tier Market - \$2.6 Bn

Market Share (by end market)

- USA - \$70M 5.4%
- Europe - \$64M 10.7%
- Asia - \$11M 1.6%

Overall - \$145M 5.6%

Source: MTC Global report, management estimates for mid tier

Competitors

Mid Tier Players >\$100m

• TDK Lambda*	\$355m
• Vicor	\$195m
• Cosel*	\$168m
• Emerson (Astec & Artesyn)	\$160m
• XP Power	\$145m
• Volgen*	\$120m
• Meanwell	\$100m

* Principal revenue is in Japan

Source: Management estimates

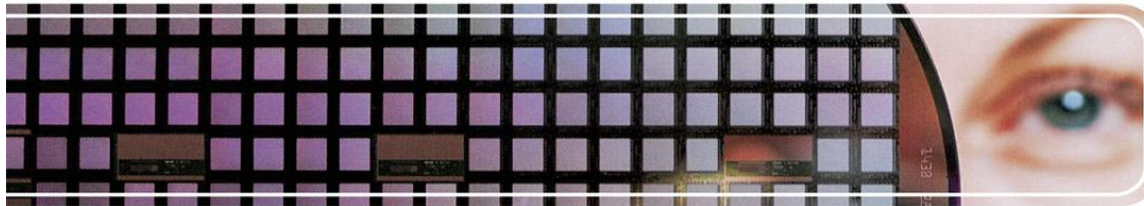


Industry Segmentation



Communications

25%



Industrial

48%



Medical

18%



Defence and Avionics

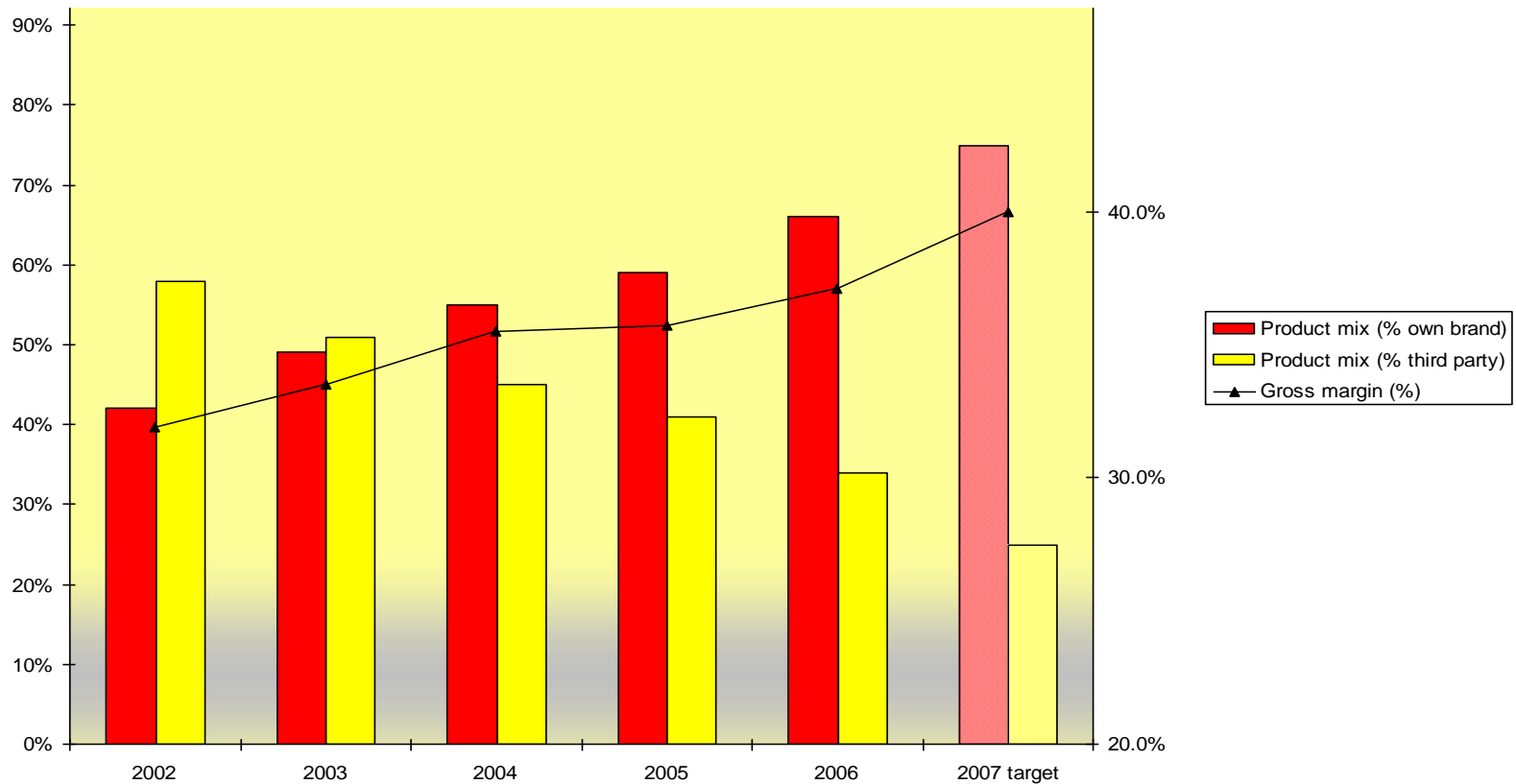
9%

Major Customers

Top 20 customers accounts for 23% of revenue (largest customer 3.7%)



Product Split and Gross Margin Trend



Outlook

- Improving penetration of target accounts
- Higher gross margins from increasing sales of own product
- Lower operational costs resulting from move to Singapore

