



Annual Results **2018**

POWERING THE WORLD'S CRITICAL SYSTEMS

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Operational Highlights

- Record order intake, revenues and earnings achieved in 2018
- Excellent progress moving up in power and complexity
- Acquisition of Glassman High Voltage enhances product portfolio and expands addressable market
- Completed construction of second manufacturing facility in Vietnam



Group Financial Performance



	2018	2017	Change	Change at CER ⁽²⁾	"Like for Like" Change ⁽³⁾
<i>GBP/USD</i>	1.34	1.28			
Orders (£m)	198.4	184.3	8%	12%	5%
Revenue (£m)	195.1	166.8	17%	21%	11%
Gross margin (%)	47.3%	46.5%	+80bps		
Adjusted Operating Profit (£m) ⁽¹⁾	42.9	36.4	18%	21%	10%
Adjusted Profit before tax (£m) ⁽¹⁾	41.2	36.1	14%	17%	6%
Adjusted ETR (%) ⁽¹⁾⁽⁴⁾	17.5%	18.8%			
Adjusted diluted EPS (pence) ⁽¹⁾	172.8p	147.0p	18%		
DPS (p)	85.0p	78.0p	9%		
Operating Cash flow	26.7	29.7			
Net (debt) / cash (£m)	(52.0)	(9.0)			

Notes

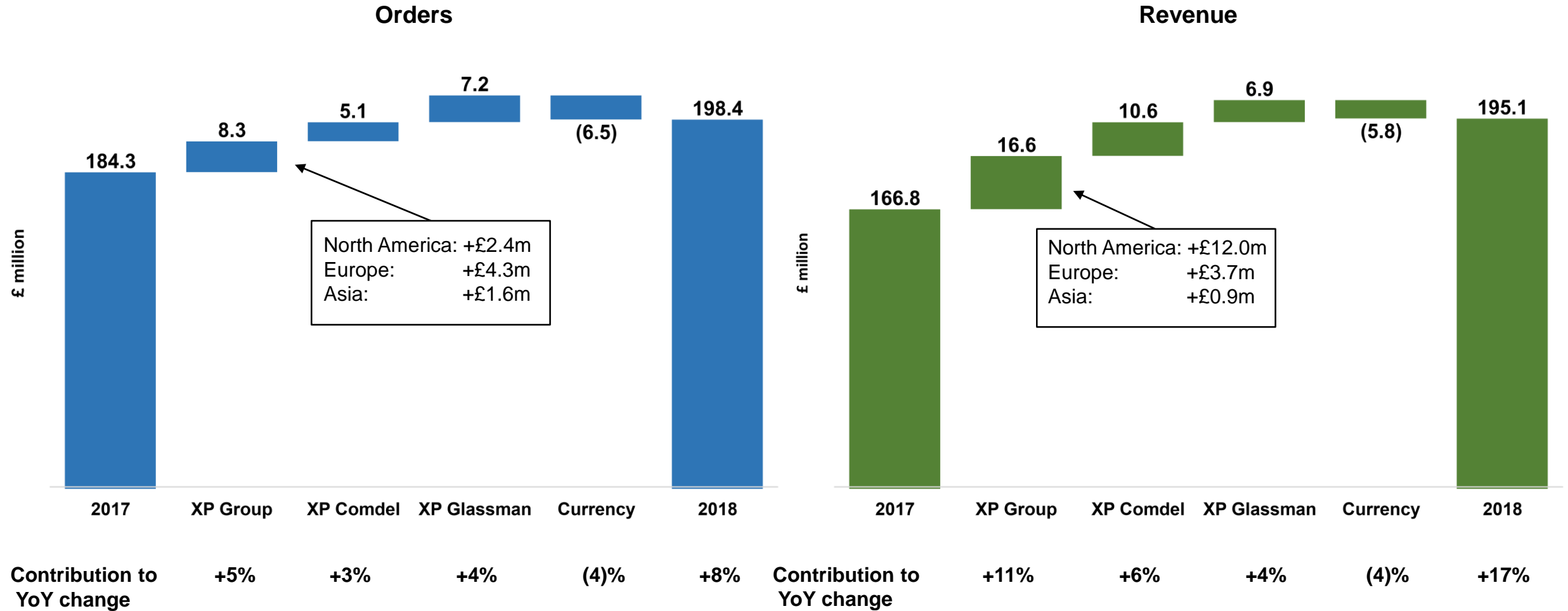
(1) These adjusted performance measures represent the statutory results excluding specific items.

(2) At constant exchange rates ('CER') using the prior period's exchange rates.

(3) At constant exchange rates and excluding acquisitions ('LFL').

(4) ETR = Effective tax rate

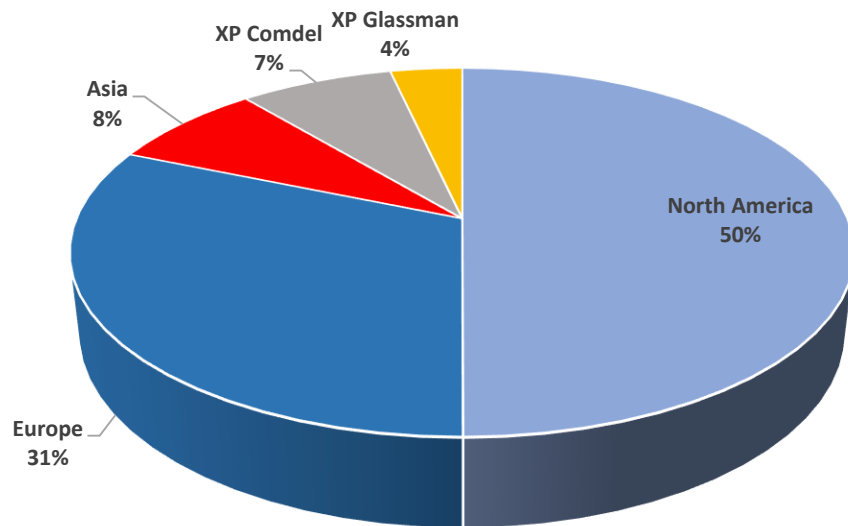
Group Orders & Revenue Performance



Regional Revenue Performance



2018 Reported Revenue

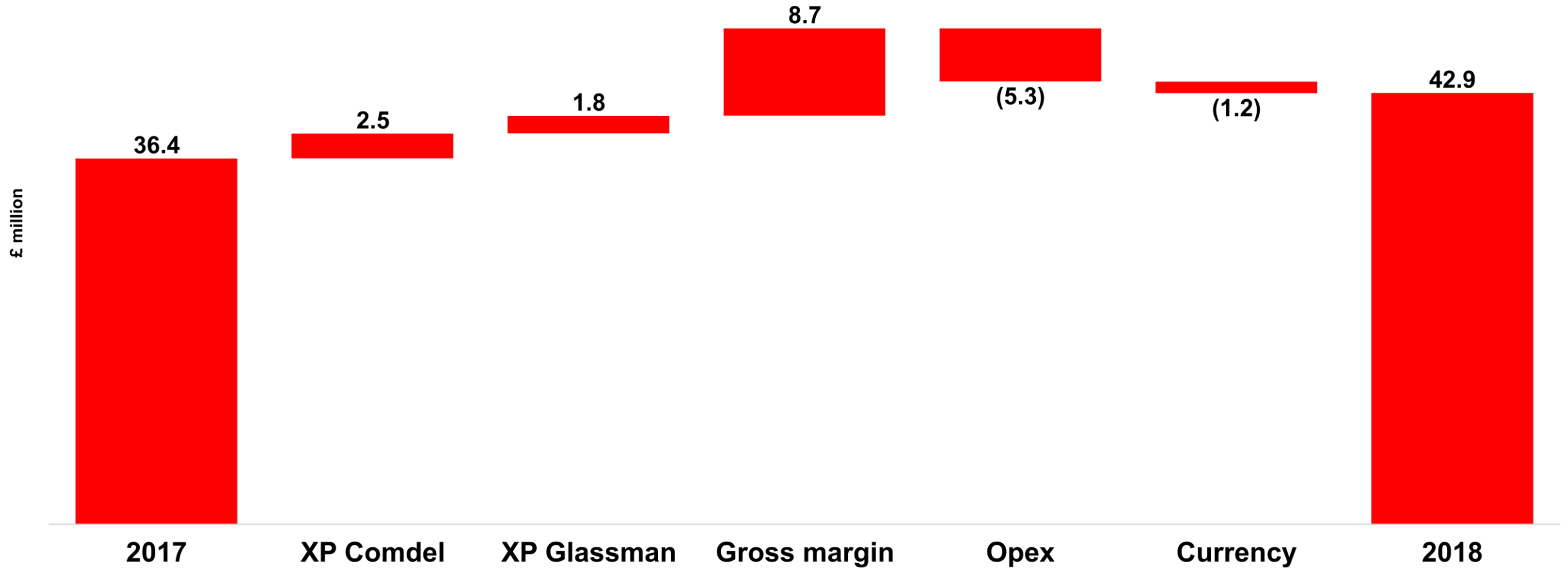


Region	2018 £m	Change vs. 2017	LFL change 2018 vs 2017	2018 “Book to Bill”
North America	97.5	8%	14%	1.02
Europe	61.1	6%	6%	1.06
Asia	14.9	0%	6%	1.06
XP Comdel ⁽¹⁾	14.7			0.74
XP Glassman	6.9			1.04
Group	195.1	17%	11%	1.02

(1) XP Comdel received large (c. \$4m) frame order in Q4 2017 for 2018 delivery. Normalised 2018 XP Comdel Book to Bill ~ 0.95.

Equivalent 2019 frame order received in January 2019

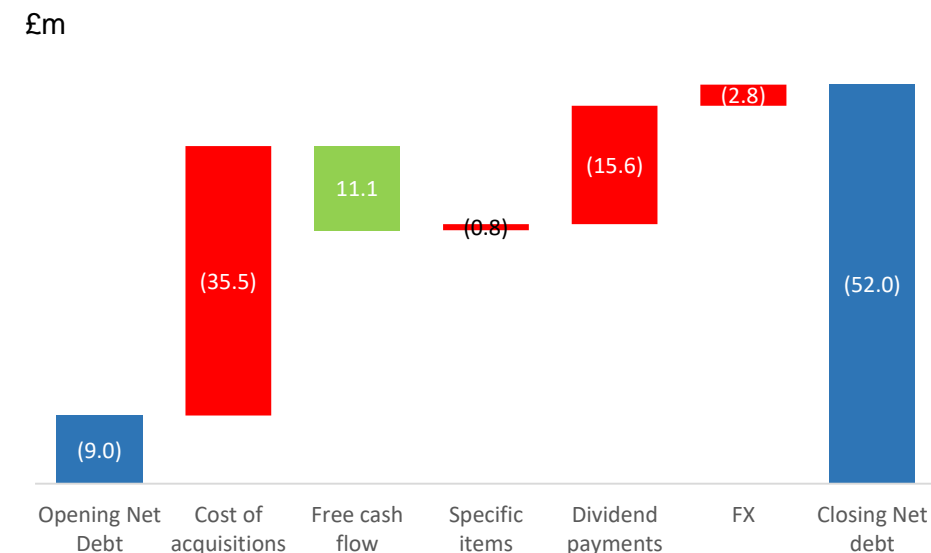
Adjusted Operating Profit Performance



Cash Flow Statement and Net Debt



£m	2018	2017
Adjusted Operating Profit	42.9	36.4
Amortisation of product development costs	2.9	2.5
Depreciation	3.4	2.8
Unrealised currency losses/(gains)	3.2	(3.4)
Equity award charges	0.8	0.4
Change in working capital	(21.6)	0.4
Cash generated from operations	31.6	39.1
Income tax paid, net of refund	(4.1)	(6.1)
Purchase of property and equipment (net of disposals)	(7.8)	(4.5)
Capitalised product development costs	(6.2)	(5.2)
Capitalised software development costs	(0.9)	-
Interest paid	(1.5)	(0.2)
Free cash flow	11.1	22.3



Net debt bridge

2019 Technical Guidance



- Recent design wins, Glassman acquisition, level of backlog and order performance supports further revenue growth in 2019
 - Revenue growth likely to be H2 weighted, very strong H1 2018
- Investment in the business to support future growth
 - Working capital will reduce as component lead times come back down
 - Planned capital expenditure around £10 million
 - Expect specific items of circa £2m
- Finance charge at circa £1.7m – £2.0m
 - US Dollar denominated debt
- Effective tax rate of around 17 - 19%
 - Regional mix of profits
- Foreign exchange sensitivities

Our Strategy is Delivering

- ✓ Develop a market leading range of competitive products
- ✓ Target accounts where we can add value
- ✓ Vertical penetration of target accounts
- ✓ Build a Global Supply Chain which balances high efficiency with market leading customer responsiveness
- ✓ Lead our industry on environmental matters
- ✓ Make selective acquisitions in identified strategic markets to expand our product offering



XP Power Converters Everywhere

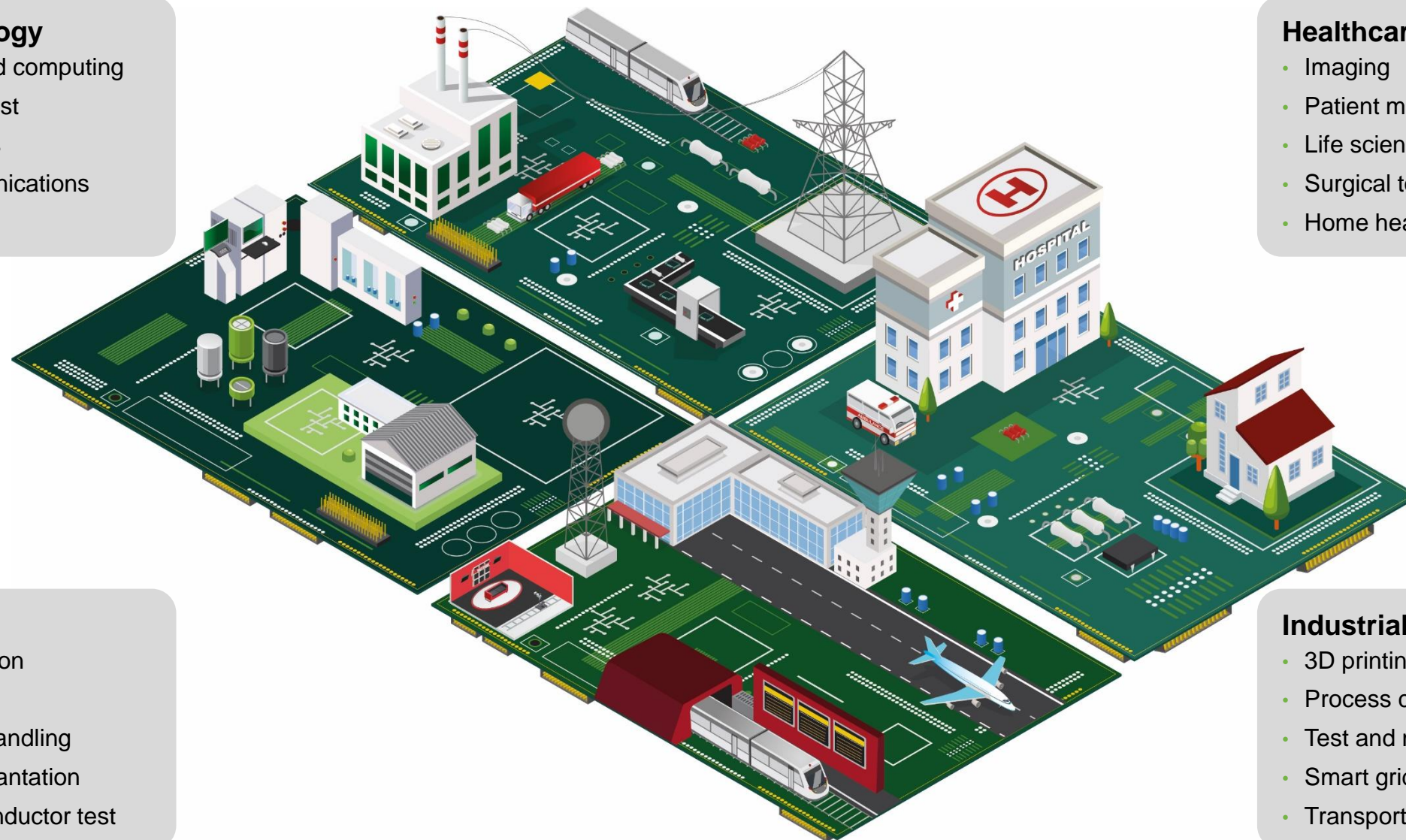


Technology

- High end computing
- Broadcast
- Displays
- Communications
- Security

Healthcare

- Imaging
- Patient monitoring
- Life science
- Surgical tools
- Home healthcare



Semifab

- Deposition
- Etch
- Wafer handling
- Ion implantation
- Semiconductor test

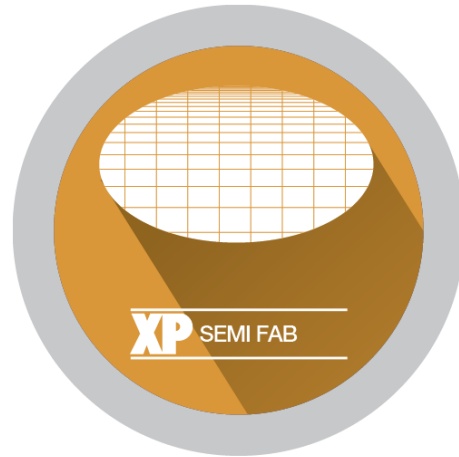
Industrial

- 3D printing
- Process control
- Test and measurement
- Smart grid
- Transport

Sector Dynamics



- **43% of revenue**
- **Grew 11%** (constant currency year on year)
- Most diverse sector with high level of innovation
- 3D printing
- Industrial printing
- Industrial LED lighting
- Smart Grid
- Signage



- **24% of revenue**
 - **Grew 64%** (constant currency year of year)*
 - Comdel and Glassman facilitate greater penetration
 - Attractive long term growth drivers
- *39% LFL growth



- **22% of revenue**
- **Grew 8%** (constant currency year on year)
- Building a leading position, strong order performance
- High efficiency products well received due to high reliability
- Corporate approvals with all the major players



- **11% of revenue**
- **Grew 23%** (constant currency year on year)
- Broadcast
- Communications – Satellite, secure, harsh environments
- High end computing

What makes XP Power Successful?



Service and Support - Key Differentiators:

- Large technical sales team
- Significant support at the design-in stage allowing customer faster time to market
- Flexibility in terms of product modifications and logistics
- Speed and agility



Quality

- Quality is a given and paramount for mission critical solutions



Product Offering

- Product has to solve the customer's power problem and work in their application
- XP Power breadth of product is a competitive advantage
- Customers prefer standard/modified standards over custom solutions

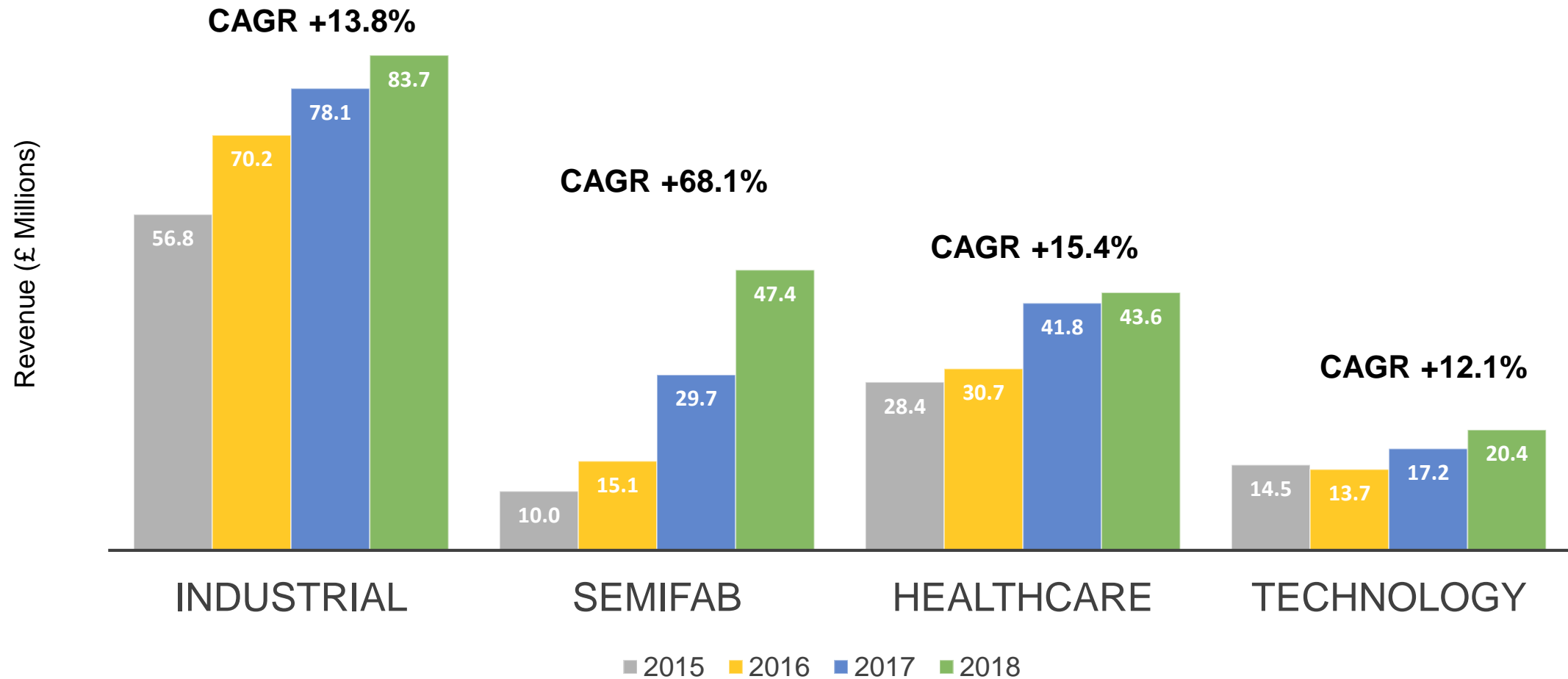


Cost

- Not the customers' top priority but product needs to be cost competitive
- Low cost Asian manufacturing is an advantage against local/smaller in competition

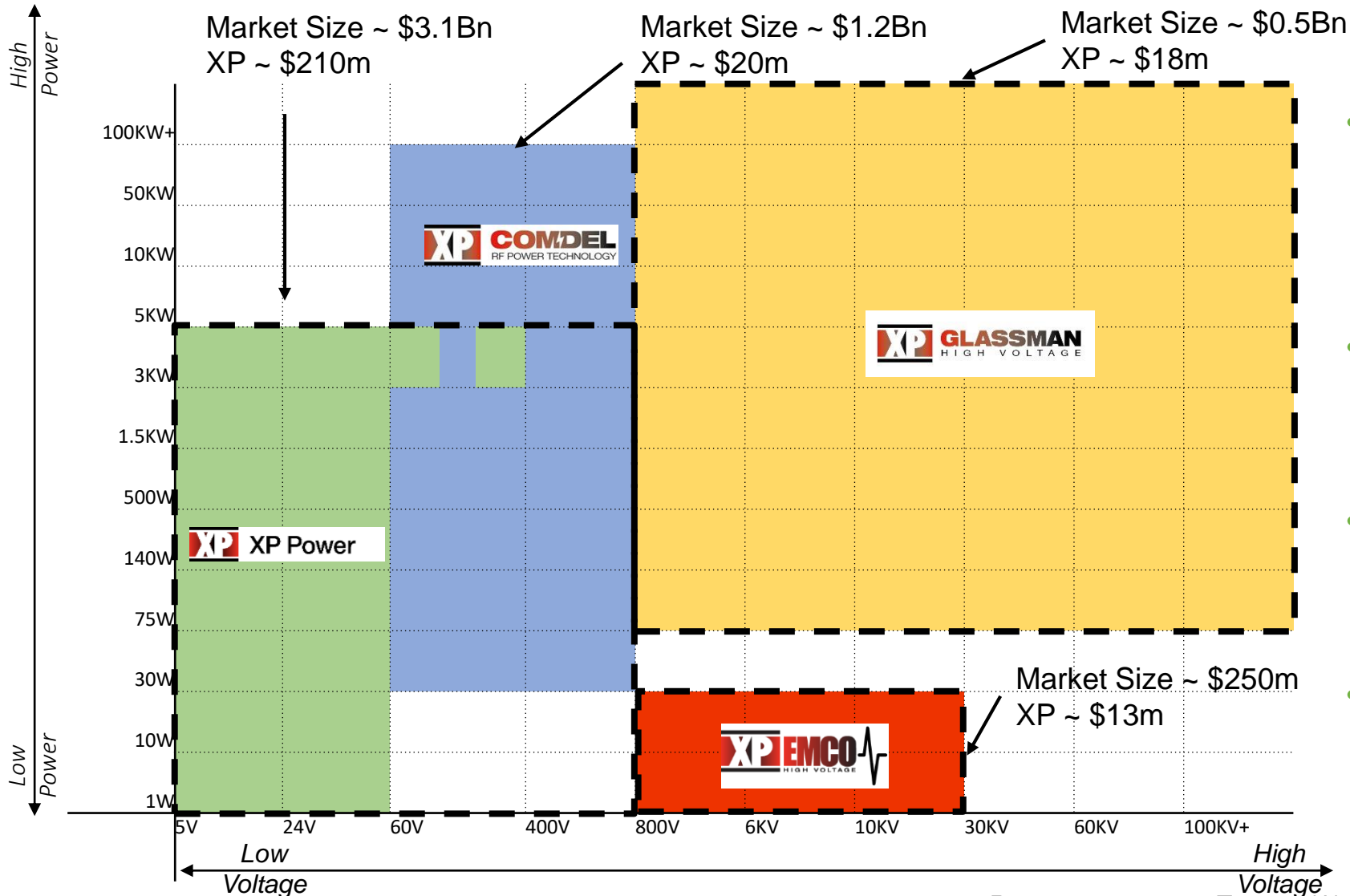


Revenue by Sector



Circa 4% negative impact in 2018 relating to the translation effect of the strengthening of Sterling

Product portfolio - acquisitions



- XP organic product development focused on “fill in products” within the core portfolio
- Started by building presence in Higher Power/ High Voltage through XP HV
- The acquisition of Comdel allowed access to high power RF
- The acquisition of Glassman HV allowed access to High Power/High Voltage

Vietnam – Phase 2



- Significant capacity increase (75%)
- Cost competitiveness advantage over China
- Construction of Vietnam II now complete – production commence in Q2 2019
- Helps mitigate Section 301 Tariffs and provides a competitive advantage over competitors with Chinese based manufacturing

	Revenue Capacity (\$M)*	Current Utilisation
China	100	100%
Vietnam I	70	60%
Vietnam II	130	-



2019 Outlook



- Encouraging start to 2019 in terms of order intake
- New design wins in 2018 underpins confidence
- Full year benefit of the Glassman acquisition
- High voltage and RF Power increasing addressable market and our value proposition to key customers
- While not immune to macro-economic and political impacts we expect further revenue growth in 2019 but will be second half weighted



Market Data



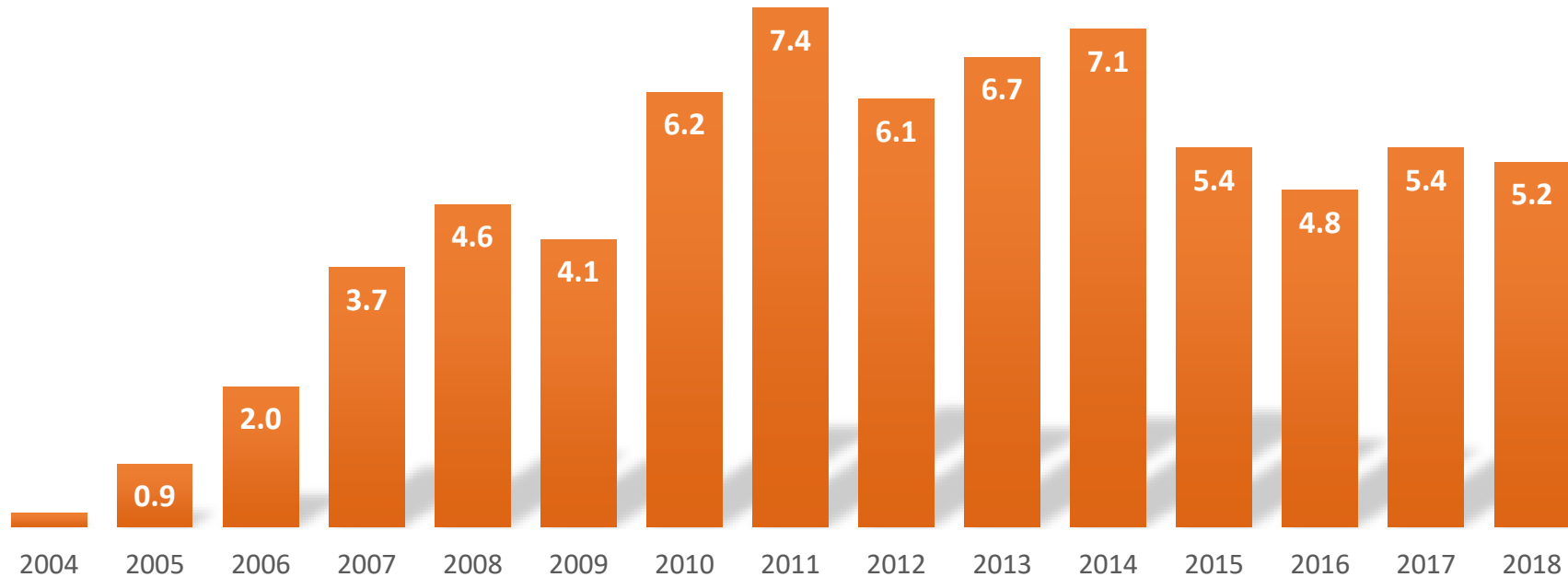
Market 2018 (\$ Millions)	Size	Share
Asia	1,303	1.6%
Europe	679	12.0%
North America	1,098	12.0%
Total	3,080	7.6%
RF Power	1,200	1.8%
High power/high voltage	500	3.6%
Grand total	4,780	5.5%

Source: Micro-Tech Consultants and XP Power Management

XP Revenue (£ Millions)	Asia	Europe	North America	Total	Share of XP (%)
Healthcare	3.1	11.2	29.3	43.6	22%
Industrial	9.9	43.2	30.6	83.7	43%
Semifab	0.7	0.5	46.2	47.4	24%
Technology	1.2	6.2	13.0	20.4	11%
Total	14.9	61.1	119.1	195.1	100.0%
<i>Share of XP (%)</i>	7.6%	31.3%	61.0%	100.0%	

Typical Product Life Cycle

Revenue (£ Millions)

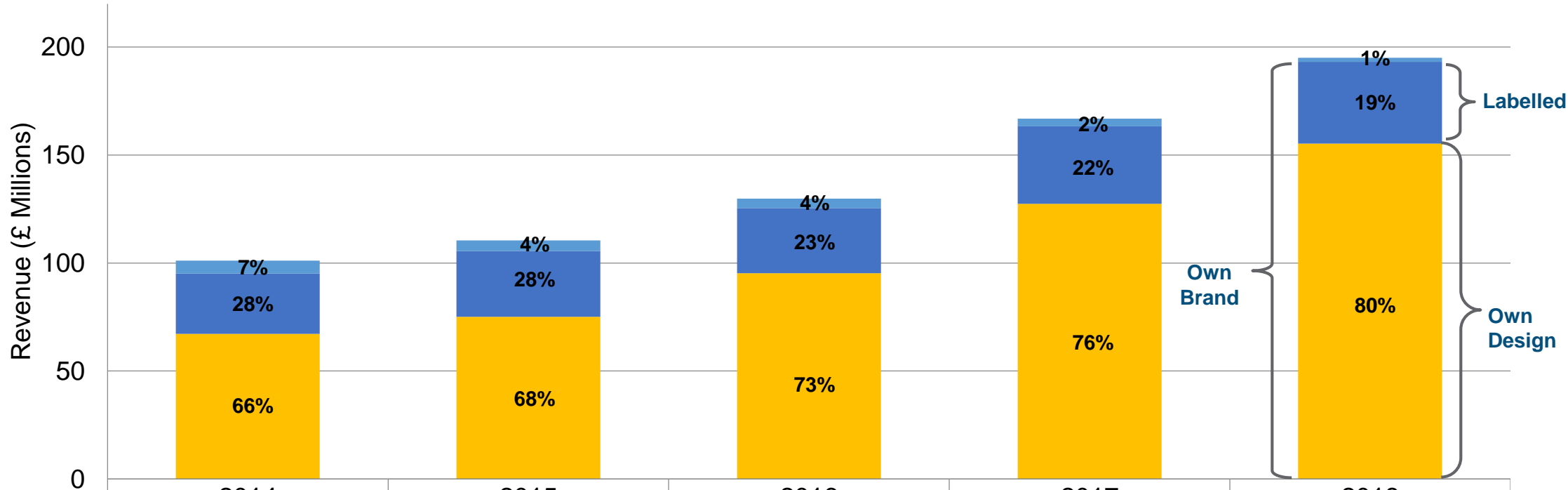


- Substantial revenue annuity
- Design in cycle typically 18 months
- 2009 and 2012 dips due to market downturn and not typical

Own Design Revenue Trend



Own design revenue
CAGR +23%



■ Third party	5.9	4.9	4.4	3.5	1.9
■ Labelled product	28	30.5	30.1	35.9	37.8
■ Own design product	67.2	75.1	95.3	127.4	155.3



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