

XP Power

FY21 results

Focused on efficiency and growth

XP Power saw another year of strong customer demand, with orders up 33% y-o-y after 20% growth in FY20. FY21 results reflected the challenges of dealing with component shortages, increased freight costs and further COVID-19 restrictions, which constrained H221 revenue and weighed on gross margin. XP enters FY22 with its strongest ever backlog providing good visibility for the year. The company is focused on building further operational and supply chain agility while investing in product development and adding capacity to support future growth.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/20	233.3	44.3	198.4	74	21.9	1.7
12/21	240.3	43.8	176.3	94	24.6	2.2
12/22e	268.6	50.5	203.7	97	21.3	2.2
12/23e	289.0	56.9	229.6	101	18.9	2.3

Note: *PBT and EPS (diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Strong demand amid supply chain challenges

For FY21 XP reported revenue growth of 3% (10% constant currency), a gross margin of 45.1% and normalised operating profit of £45.1m (18.8% margin), in line with our forecast. Higher than expected tax resulted in normalised diluted EPS 1.5% below our forecast. In H2, supply chain issues and a lockdown in Vietnam constrained revenue as the company was unable to keep pace with customer demand (FY21 orders +33% y-o-y) resulting in a record year-end backlog of £217m.

Good visibility for FY22

Customer demand remains strong, with continuing demand from semiconductor equipment manufacturers and rebounding activity from industrial technology OEMs. Healthcare customers have reverted to more normal ordering patterns after a very strong FY20, although FY21 order intake exceeded FY19. The order book entering FY22 represents 85% of our pre-German acquisitions revenue forecast for FY22. Factoring in ongoing supply chain issues we have trimmed our revenue forecasts, cutting normalised diluted EPS by 1.7% in FY22 and 1.3% in FY23.

Valuation: Better value

Over the last year, the shares have declined 19% even while our forecasts have increased, reflecting uncertainty around supply chain issues, a shift to value stocks and concern over the Ukraine/Russia conflict. On a P/E basis for FY22, XP is trading in line with global power solution companies and at a discount to UK electronics companies, with a dividend yield at the upper end of the range. The company generates EBITDA and EBIT margins at the top end of both peer groups and has a record order book entering FY22. In our view, acceleration in revenue growth, successful integration of FuG and Guth and evidence that supply chain issues are abating will be key drivers of the share price.

Tech hardware & equipment

1 March 2022

Price **4,340p**

Market cap **£852m**

\$1.34/£

Net debt (£m) at end FY21 24.6

Shares in issue 19.6m

Free float 90%

Code XPP

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs (10.7) (10.3) (20.8)

Rel (local) (10.0) (13.2) (29.5)

52-week high/low 5,700p 4,340p

Business description

XP Power is a developer and designer of power control solutions, with production facilities in China, Vietnam, Germany and the United States and design, service and sales teams across Europe, the United States and Asia.

Next events

Trading update April

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**XP Power is a research client
of Edison Investment
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Investment summary

Company description: Power control solutions for industry

XP Power designs, manufactures and distributes power converter solutions to original equipment manufacturers (OEMs) in the healthcare, industrial technology and semiconductor markets. The group has headquarters in Singapore and, to remain close to its global customer base, has a sales, design and engineering presence in the United States, Europe and Asia. Unlike many in the industry, XP is vertically integrated; its manufacturing facilities in Asia, Germany and the United States allow the company to maintain quality control, improve flexibility, reduce product costs and minimise lead times.

Financials: Battling to meet strong demand

In FY21, XP saw robust order intake (+33% y-o-y), as semiconductor equipment manufacturers had another strong year and industrial technology customers started to recover from COVID-19 related weakness in FY20. Healthcare customers reverted to more normal ordering patterns after focusing on COVID-19 treatment-related products in FY20. XP reported a 3% increase in revenue (10% in constant currency) but was hampered in producing and delivering to meet customer demand in H221 due to various supply chain issues and COVID-19 restrictions. This resulted in a 210bp decline in gross margin, although normalised operating profit was in line with our forecast with a margin of 18.8%. Higher than expected tax resulted in normalised EPS 1.5% below our forecast. We have trimmed our revenue forecasts for FY22 and FY23, reflecting continued supply chain pressures, and have factored in higher capex for the new planned Malaysian facility. We forecast EPS growth of 15.6% in FY22 and 12.7% in FY23.

Valuation: Looking better value

Over the last year, the shares have declined 19% even while our forecasts have increased, reflecting uncertainty around supply chain issues, a shift to value stocks and concern over the conflict between Ukraine and Russia. On a P/E basis for FY22, XP is trading in line with global power solution companies and at a discount to UK electronics companies, with a dividend yield at the upper end of the range. The company generates EBITDA and EBIT margins at the top end of both peer groups and has a record order book entering FY22. In our view, acceleration in revenue growth, successful integration of FuG and Guth and evidence that supply chain issues are abating will be key drivers of the share price.

Sensitivities: Cyclicity, supply chain, competition, currency

XP Power has cyclical exposure to global industrial technology, semiconductor and healthcare markets, so is sensitive to end-demand and product development expenditure in these markets. The company is reliant on the global supply chain for components and is sensitive to changes in freight availability and costs. With the majority of XP's revenues, manufacturing costs and opex denominated in US dollars, currency will continue to add volatility to XP's reported revenues, although it will have less impact at the net income level. XP also has more limited exposure to the euro/sterling exchange rate; to minimise this the company enters into forward contracts. XP competes with large, global industrial companies and low-cost Asian manufacturers.

Company description: Power-control solutions

XP Power designs, manufactures and distributes power converter solutions to OEMs in the industrial technology, healthcare and semiconductor markets. Power converters take the high-voltage alternating current output from the mains supply and convert it into various lower-voltage, stable direct current outputs that are required to drive most electronic equipment. XP designs and manufactures the majority of its products. XP's headquarters are in Singapore and it has volume manufacturing facilities in China and Vietnam and specialist high-voltage, high-power and radio frequency (RF) power product manufacturing in the United States and Europe.

Background: Specialist designer and manufacturer

XP was formed as a specialist distributor of power converters in 1988 and listed on the London Stock Exchange in 2000. In 2002, the board decided to begin developing its own IP and designs, and bought Switching Systems International (US), which designed its own configurable power converters with an outsourced manufacturing model. Since then, XP has continued to develop its own products and brand, built out manufacturing capacity in China and Vietnam and completed the transition from distributor to designer and manufacturer. Acquisitions have expanded XP's product range from low-power AC/DC and DC/DC converters to include high-voltage, low-power converters (EMCO), RF, power products (Comdel) and high-voltage, high-power products (Glassman). More recently, the company acquired two high-voltage specialists in Germany (FuG and Guth; see [German high-voltage acquisitions](#)). XP sells through 27 sales offices and multiple distributors across Europe, Asia and North America and has engineering service functions in Northern California, Germany and Singapore. FY21 revenues were generated in North America (59%), Europe (28%) and Asia (13%).

Purpose: Solving customers' power supply problems

XP's value proposition for customers is to solve their power supply problems, reduce their overall cost of design, manufacture and operation, and help them get their product to market as quickly as possible.

XP is focused on developing tailored products for applications with high reliability requirements in the industrial technology, semiconductor and healthcare equipment markets. It avoids developing commodity products for high-volume consumer electronics applications. Products in each end market can have very different lifecycles. For example, a medical device could have a product lifecycle of 10 years or more. Once a power converter is designed into this product, it is likely to remain in it for the full life of the product. On average, the product life cycle is five to seven years. XP's balanced mix of end customers means it has a fairly high level of revenues that are recurring and exposure to multiple end markets mitigates the risk of individual industry cyclicality.

XP design and manufactures the majority of its products. This provides control over the quality and cost of product and allows XP to provide customers with tailored solutions. The company operates across two business lines:

- **Own-manufactured product** (c 80% of revenues). Products designed by XP, ownership of 100% of the IP and manufactured in its Chinese, Vietnamese, German or US facilities. This includes engineered solutions where XP supplies are customised for specific customer end-product design requirements, namely designing and engineering additional casings, metalwork, circuitry and connectors.
- **Labelled products** (c 20%). Customer requirements identified and product design specified by XP, but products sourced from third-party manufacturers and labelled under the XP brand.

In-house manufacturing well established

The company is vertically integrated; it manufactures power converters and magnetic components in two locations, China and Vietnam, with smaller US facilities acquired through the Comdel and Glassman deals and two German facilities acquired with the FuG and Guth acquisitions.

Majority of manufacturing in Asia

XP's first manufacturing facility was built in Kunshan, China, in 2006. In addition to making power converters at this facility, XP also produces magnetic components for prototyping and short lead-time contracts. To reduce exposure to rising Chinese labour costs and gain more control over the manufacturing process, XP expanded manufacturing into Vietnam, at a site near Ho Chi Minh City. The first phase was completed in 2011 and started with the production of magnetic components; XP now manufactures virtually all its magnetics requirements in-house. In 2014, the facility also started manufacturing power converters, starting with some of the less complex converters. In 2019, construction of a second facility was completed (Vietnam II, a similar size to Vietnam I). The company estimates that its manufacturing capacity across China and Vietnam is c \$350m/£255m.

Shifting volumes to Vietnam

To take advantage of the increased capacity in Vietnam, XP was already moving production of less complex power converters (sub-1.5kW) from China to Vietnam. With US tariffs on the import of components manufactured in China rising from 10% to 25% in 2019, XP accelerated this shift and due to the increased tariffs, some customers no longer design in products made in China.

Investment in Vietnam in FY21 expanded capacity with a new surface mount line and extra test and burn-in facilities. The Vietnam facility is now capable of manufacturing 2,708 different low-voltage products (end 2020: 2,616) and 810 different high-voltage modules. We expect volumes produced in Vietnam to continue to increase as more product is shifted over from China and the United States.

The company intends to maintain its China facility, as this is used for some of the more complex converters and is also useful for production of converters for Chinese customers, who otherwise incur tariffs on products imported from the United States. In H221 the China facility was able to partially compensate when lockdown rules in Vietnam throttled its ability to produce at normal levels. This facility is also now able to manufacture RF product.

XP is also opening an engineering support centre in the Philippines this year.

Adding a third Asian facility in Malaysia

The company has announced that it plans to build a new facility in North-West Malaysia. This further diversifies geopolitical risk and will provide additional capacity for the company's growth plans. The facility is to be of similar size to the Vietnam facility, providing capacity of up to \$150–200m per annum. Set up costs are expected to be c \$20m, of which the company expects to spend \$11m in 2022. The company expects to buy land and start construction this year and to equip the facility and enter into production in FY23.

Maintaining some specialist facilities in the US and Germany

Through the US acquisitions, XP inherited facilities in the United States for the more complex high-voltage, high-power and RF products. As Glassman and Comdel products are typically more complex than XP's low-power products (and therefore higher value), it makes sense to retain some of the specialist expertise of the US-based manufacturing facilities. In addition, XP maintains a customer-focused engineering services facility in California.

XP has a facility in Gloucester, Massachusetts, where it undertakes final assembly and test of RF products (component manufacturing is outsourced within the United States) and a manufacturing facility in New Jersey for high-voltage products. The company expanded capacity in the United States during FY21 to meet increased demand.

FuG and Guth have their own facilities in Germany focused on high-voltage products; there is capacity to double the current output at the FuG facility.

Growth strategy

XP's strategy to drive revenue and profitability growth and gain market share has been in place and evolved over a number of years. The current strategy aims to:

- develop a market-leading range of competitive products, organically and through selective acquisitions;
- target accounts where XP can add value;
- increase penetration of target accounts;
- build a global end-to-end supply chain that balances high efficiency with market-leading customer responsiveness; and
- lead the industry on environmental matters.

Acquisitions fill out the product range

Historically, XP designed and manufactured low-power AC/DC converters, supplying voltages up to 120V, with the majority of products sold supplying voltages up to 48V. As competition from low-cost Asian suppliers increased, XP started moving along the complexity scale. While it has invested in engineering resource to develop higher-voltage products, it has made most major product additions via acquisition as it is a much faster route. See Exhibit 2 for details on acquisitions and Exhibit 3 for a summary of how the recent FuG and Guth acquisitions have expanded the product range.

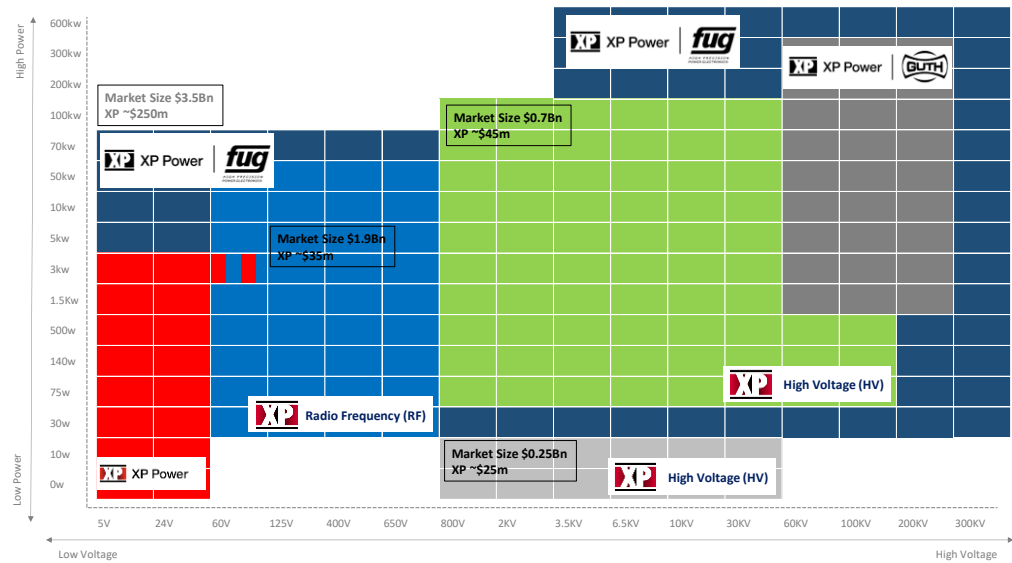
Exhibit 1: Acquisition history

Date	Company	Price	Details
2015	EMCO	\$12.0m / £7.8m	High-voltage, low-power converters. DC/DC converters can supply voltages up to 40kV, with the majority of products in the 5–12kV range.
2017	Comdel	\$25.2m / £18.8m	Designs RF power supplies, DC power supplies, impedance matching networks, multi-channel synthesisers and electrostatic chuck power supplies. Supplies standard, modified and custom products; due to the complexity of the products, we understand there is a higher proportion of custom work compared to XP's product range. Its RF power supplies are sold to the semiconductor production equipment, thin film, photovoltaics and induction heating industries.
2018	Glassman	\$47.5m / £35.7m	High-voltage, high-power products, typically used in equipment involved in the ionisation and acceleration of particles. Applications include semiconductor production equipment, vacuum/plasma processing, analytical instrumentation, medical diagnostic and test equipment. Has a very comprehensive standard product portfolio and can also provide custom solutions.
2022	FuG/Guth	€39m / £32.8m	FuG develops and manufactures precision low- and high-voltage power solutions for industrial and scientific applications. Guth offers a variety of high-voltage solutions for power supplies, charging capacitors, insulation and measurement equipment and transformers.

Source: XP Power

We believe XP has made the major acquisitions required to build its product portfolio and it now has a full range of solutions across the voltage and power spectrum. We expect management to focus on integrating the recent acquisitions and maximise the cross-selling potential of those deals. In terms of future M&A, we expect XP to take an opportunistic approach, making bolt-on acquisitions to add to its product or sector offerings.

Exhibit 2: Product map



Source: XP Power

Developing more custom capability; expanding engineering services

XP aims to have the most comprehensive and up-to-date product range in its target markets. In 2021, XP spent £16.8m on R&D (pre-capitalisation and amortisation), up 6% from the £15.9m spent in 2020.

XP splits its R&D activities between developing new standard products and developing modifications to existing products to meet specific customer requirements. With competition tending to come from Asian manufacturers of low-complexity converters, XP is focused on serving customers with more complex requirements and undertakes custom design work for large customers. It is moving up the value chain by providing engineering solutions that make it easier for the customer to integrate power solutions into their critical systems, including software and firmware that enable the power solution to communicate with the application controlling it. The company's R&D is more focused on higher-power, higher-voltage and RF products, in particular looking at applications for RF outside of the semiconductor manufacturing equipment market. XP is increasingly servicing the low-power segment with third-party products designed to XP's specifications and quality standards.

XP has built up its engineering services teams globally to provide this face-to-face support during the design process, and has engineering solutions teams in Europe, North America and Asia.

Targeting key accounts: New and existing

XP Power has more than 4,500 direct active customers. The largest customer made up c 16% of FY21 revenue across c 200 programmes. In 2021, the top 30 customers made up 59% of revenues. XP Power supplies power converters to three key markets: industrial technology, healthcare and semiconductors (see Exhibit 4).

Exhibit 3: End-market breakdown

Sector	FY21 revenue split	Types of products
Industrial technology	38%	Factory automation, automated test equipment, industrial control, 3D printing, test and measurement, instrumentation, hazardous environments, defence, avionics, audio visual broadcast equipment, mobile and wireless communications, computing and data processing.
Healthcare	23%	Medically approved power solutions for use in patient vicinity applications and in the lab environment, including homecare devices, highly efficient convection-cooled designs for low-noise patient area devices and defibrillator-proof DC/DC converters for applied part applications.
Semiconductors	39%	Semiconductor production equipment.

Source: XP Power

Leverage approved supplier status

XP's in-house manufacturing helps it sign up blue-chip customers, particularly in the medical equipment and semiconductor equipment markets. Stable and secure power supply is so crucial to the operation of these customers' products they demand complete control over their supply chain and product manufacture to ensure quality. XP has achieved approved or preferred supplier status at a large number of customers, including all of the main healthcare equipment companies, and is now working to expand its share of business at each customer. XP is keen to achieve wider penetration at key accounts with its full range of power solutions.

Focus on operational excellence

XP has generated gross margins above 45% and operating margins around 20% since 2010, showing how efficiently the business has been run since shifting to the design and manufacture business model. The company continually looks at ways to maintain and improve this performance. This includes the focus on lean manufacturing, as well as improvements to internal processes to enable XP to share information internally more effectively and provide better customer service.

In 2018, XP started upgrading its SAP ERP software to SAP S/4 Hana, initially in existing sales operations and the manufacturing facility in Sunnyvale, California. The company delayed implementing the next phase – the manufacturing facilities in Asia – in 2020 due to the disruption caused by COVID-19. This is now planned for H122.

Good track record on sustainability issues

In 2009, XP established an environmental committee led by the CEO, which set the goal of leading the industry on environmental matters, and relaunched this Sustainability Committee in FY21. XP is a full member of the Responsible Business Alliance. XP incorporated green technologies into the Vietnamese facility and received the Gold Plus rating by the Singapore Building and Construction Authority for non-residential buildings in tropical climates. XP has water and energy saving practices in place throughout the group. In recognition of its efforts, customer ASM International awarded XP its inaugural PRISM award for sustainability in FY21.

Having manufacturing facilities and products that meet high environmental standards helps XP to win approved supplier status with large OEMs, but its main ongoing contribution to sustainability is to design ever-more efficient power converters. For example, a 95%-efficient product such as the CCM250 only wastes 5% of the input energy, thereby requiring a lower-power input to achieve the same output as a device operating at a lower efficiency. The wasted power is often converted to heat, which in turn requires additional power or physical heat sinks to provide cooling, adding to the upfront and running costs of the product. XP expects that legislation will become more stringent on efficiency requirements for power converters. Revenues generated from 'XP Green Power' products totalled £36.2m in FY21 (broadly flat versus FY20), 15% of group revenues.

Assessing impact, setting targets

As described above, XP has worked to reduce its environmental impact (and that of its customers) for many years. In 2020 the company engaged with key stakeholders to better understand which aspects of their relationship with XP were most important to them, with a focus on sustainability. This feedback was incorporated into XP's sustainability strategy, with key areas of interest including product responsibility, attracting and retaining talent, health and safety, employee welfare, reducing emissions and diversity and inclusion. In the FY20 annual report, the company laid out its sustainability strategy, which includes third-party verification of its environmental data. The board and senior management have undertaken sustainability training to improve internal capability and to develop the next stage of the strategy.

In 2021, the company started a mapping exercise to ascertain scope 1, 2 and 3 emissions, and should finish this process in 2022. The company is committed to a proactive strategy to reduce these in absolute terms. Targets set include:

- Reduce CO₂ emissions intensity by at least 3% per annum over the short and medium term.
- Aspire to carbon neutrality by 2040, and in 2022 will develop further strategies to bring this date forward.

Market performance and outlook

Exhibit 5 shows the split of revenues by geography and end market over the last two years.

Exhibit 4: Revenues by geography and end market, £m							
Europe	FY21	FY20	y-o-y	Asia	FY21	FY20	y-o-y
Semi manufacturing	3.0	1.8	66.7%	Semi manufacturing	15.1	7.2	109.7%
Industrial technology	43.7	42.8	2.1%	Industrial	11.2	14.2	-21.1%
Healthcare	20.6	21.0	-1.9%	Healthcare	5.5	5.1	7.8%
Total	67.3	65.6	2.6%	Total	31.8	26.5	20.0%
North America				Group			
Semi manufacturing	75.2	60.6	24.1%	Semi manufacturing	93.3	69.6	34.1%
Industrial technology	37.1	37.4	-0.8%	Industrial	92.0	94.4	-2.5%
Healthcare	28.9	43.2	-33.1%	Healthcare	55.0	69.3	-20.6%
Total	141.2	141.2	0.0%	Total	240.3	233.3	3.0%

Source: XP Power. Note: FY21 exchange rate \$1.38/£.

- **Industrial technology sector:** this is the most fragmented market, with fewer customers in XP's top 30. Applications in this sector vary significantly and are mainly driven by new and emerging electronic technologies and high-growth niches rather than traditional areas such as industrial machinery, automotive or mining. This sector grew 3% y-o-y in constant currency, with supply chain issues increasing customer lead times, although order intake saw much higher growth (+45% constant currency) reflecting recovery post COVID-19 disruption.
- **Healthcare sector:** revenue from this sector declined 15% in constant currency in FY21. This is normally the least cyclical end market, although strong demand for critical care equipment during the coronavirus pandemic resulted in significantly higher orders and shipments during 2020 (the company estimates c £15–20m in additional revenue). The company estimates that it grew on an underlying basis. In 2021, customers reverted to normal ordering patterns and orders were placed for applications such as robotic surgical tools, dentistry, endoscopy and medical imaging. Orders were 5% lower in constant currency.
- **Semiconductor manufacturing sector:** this sector started showing improving demand from the end of 2019 and maintained high levels of demand through 2020 and 2021. XP also believes it gained share in this sector as it was designed into new programmes. XP saw 46% constant currency revenue growth in FY21 after an 84% increase in FY20. The FuG and Guth acquisitions have widened the addressable market in this sector to include lithography. Order

intake increased 81% in constant currency terms in FY21. Despite its cyclicity, the company views this as a structural growth sector due to demand for chips from applications such as artificial intelligence (AI), the internet of things (IoT) and 5G.

Long-term growth drivers

Key drivers of market growth include:

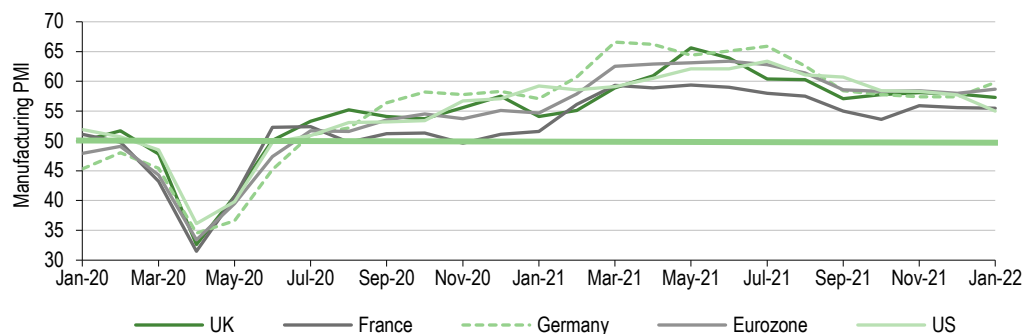
- **Regulation:** legislation and consumer pressure are driving OEMs to reduce the power consumption of their products. Legislation also extends to the efficiency of power converters, driving demand for new products. XP's new products are designed to maximise efficiency.
- **Healthcare:** as the population ages while continuing to grow overall, people are living longer with chronic diseases, driving overall healthcare spending.
- **Technology:** several trends are driving demand for processing power and memory, including IoT, AI, big data, blockchain, augmented and virtual reality, and autonomous vehicles. It is possible the growth of each of these technologies in parallel could reduce the cyclicity of the semiconductor industry.
- **Alternative energy:** technologies are evolving for lighting (eg LEDs) and power generation (eg solar, wind), which all have specific power-conversion needs.
- **Innovation:** customers increasingly need to differentiate their products from the competition. XP's in-house design capabilities enable it to develop products for niche applications.

Short-term outlook

Industrial market robust, but economic pressures rising

The strength of the industrial market depends on the health of the global economy. Unsurprisingly, manufacturing companies reported a decline in PMI data from March 2020 as the COVID-19 pandemic started to take hold globally. It rebounded relatively quickly with all regions covered in Exhibit 6 exceeding 50 (the level that marks expansion) from July 2020. The second (or third) wave of the pandemic, which resulted in lockdowns of varying severity around the world, caused the data to dip slightly in October and November 2020, before a very strong rebound in the summer of 2021. However, with high inflation, rising interest rates and war between Ukraine and Russia, the economic outlook is becoming more uncertain.

Exhibit 6: Manufacturing PMI data – January 2020 to January 2022



Source: Refinitiv

Moderating growth in the technology sector

Industry analysts had forecast that 2021 would be a growth year for the technology sector, after a decline in 2020. The sector finished the year at a higher level than originally anticipated. Although the semiconductor and semiconductor equipment sectors had both shown growth in 2020, growth

accelerated further in 2021 reflecting the high levels of demand for chips in a variety of end products and ended up substantially ahead of early-2021 expectations.

Exhibit 7: Industry forecasts

	CY20a	CY21e*	CY21a	CY22e	CY23e	CY20a	CY21e*	CY21a	CY22e	CY23e
Global IT spend (\$tn)	3.9	4.1	4.2	4.5	4.7	-3.2%	6.2%	9.0%	5.1%	5.0%
Semiconductor revenue (\$bn)	440	477	553	601	N/A	6.8%	8.4%	25.6%	8.8%	N/A
Front-end semiconductor equipment revenue (\$bn)	61	64	88	98.9	98.4	17%	4%	44%	12.4%	-0.5%

Source: Gartner, WSTS, SEMI. Note: *Forecast at start of 2021.

For 2022, another year of growth is expected, albeit moderating from the exceptional performance in 2021. For semiconductor equipment, the expectation is that the market will essentially be flat in 2023 after three years of double-digit growth. After two years of tight chip supply, chip manufacturers have invested heavily to increase capacity. At the same time, the EU and US governments believe that they are over-reliant on Asian manufacturers and have announced plans to support increased manufacturing capacity in the EU and the US respectively. Industry observers predict that shortages could improve from mid-2022, although some believe this will not happen until 2023.

Reverting to 'normal' in the healthcare market

In 2020, the healthcare sector focused on testing for and treating COVID-19, which boosted investment in antigen test-related technology, equipment for critical care (eg ventilators and CPAP machines) and imaging tools to diagnose and monitor the illness (CT and X-ray). In 2021, the focus started to shift back to the treatment of non-COVID-19-related illness, reflected in increased orders for other medical imaging tools and advanced therapy equipment, and we expect this to continue in 2022. Siemens Healthineers reported revenue growth of 4.5% for Q122 (ending 31 December 2021), excluding antigen-related revenues, and a book-to-bill of 1.2x, with 5.9% growth in Imaging revenues and 3.3% growth in Advanced Therapies. Excluding antigen-related revenues, for FY21 (year-end 30 September 2021), it reported revenue growth of 11.8% and expects revenue growth of 5–7% for FY22. GE Healthcare saw a 3% decline in healthcare equipment revenue in CY21 and 1% growth in overall healthcare revenues, with 10% growth in orders. For CY22, it expects low- to mid-single-digit revenue growth from its healthcare business. Philips's performance in 2021 was affected by a product recall in its Respironics business (which includes CPAP machines and some ventilators), so overall revenue declined 1.2% on a like-for-like basis. This masked like-for-like growth of 8.1% in its Diagnosis & Treatment division and 9.0% growth in Personal Health. The company continues to target like-for-like revenue growth of 5–6% from 2020–25.

Competitive positioning

XP estimates that it has an addressable market of c \$6bn, which has a long-term growth rate of c 6% pa:

- Low power/low voltage and low power/high voltage: market size c \$3.5bn of which XP has a c 7% share.
- RF power: \$1.9bn market size of which XP has c 2% share; and
- High voltage/high power: \$0.7bn market of which XP has c 6% share including FuG and Guth. The company notes that it plans to focus on c \$0.5bn of this market.

The low market shares that XP has in each area highlights the opportunity for the company to grow revenues by increasing vertical penetration with existing customers as well as signing up new customers.

Exhibit 8 summarises the main competitors in each of the product areas that XP operates in. In the low-power, low-voltage market, XP competes most often with TDK-Lambda and Mean Well and with some local Asian suppliers.

Exhibit 8: Competition by product type

Low voltage	High voltage	RF power
Advanced Energy Industries	Advanced Energy Industries	Advanced Energy Industries
Cosel	Crane Co	COMET Holding
Delta Electronics	Matsusada Precision	MKS Instruments
Mean Well	Spellman High Voltage Electronics	TRUMPF Huettinger
TDK Lambda (TDK Corporation)		

Source: Edison Investment Research

Sensitivities

XP Power is a global electronics company supplying a broad range of end markets. XP is not immune to economic slowdown, but diversification and the low-cost structure afford XP some earnings resilience versus competitors.

- **Economic sensitivity:** the group has cyclical exposure to global industrial, technology and healthcare markets. Therefore, any slowdown in end-demand in these markets or cutbacks in product development expenditure will have an impact on XP's revenues.
- **Order book visibility:** the group usually has around four months of order book visibility at any one time. Therefore, visibility of customer volumes is limited and, as such, individual customer orders can be volatile.
- **Currency:** around 82% of XP's revenues, more than 90% of cost of sales and c 70% of opex are US dollar denominated. XP Power reports in sterling, exposing the company's results to fluctuations in the US\$/£ exchange rate. While moves in the exchange rate will affect reported revenues, the overall impact of currency at the net income level is much less pronounced. To minimise the effect, the company enters into forward contracts.
- **Large competitors:** competition ranges from significantly larger players with big balance sheets through to smaller innovative companies. The deeper pockets of large competitors may make it more difficult for XP to keep pace with product development.
- **Geopolitical risks:** with manufacturing facilities in China and Vietnam, XP is exposed to risks relating to the governments of those countries, such as regulation and tariffs. In addition, the COVID-19 pandemic highlighted how exposed the global manufacturing industry is to disruptions to the supply chain in Asia. The war in Ukraine could further disrupt supply chains and increase commodity prices.

Financials

Review of FY21 results

See Exhibit 9 for details of FY21 results versus our forecasts. The company reported FY21 revenue and orders in January; revenue was 3% higher y-o-y (10% in constant currency). As reported then, revenue in H221 was lower than originally anticipated due to supply chain issues and COVID-19 restrictions in Vietnam. XP faced shortages of components and increased freight costs and lead times, switching from sea to air freight in order to meet customer demand. The company noted that it took the opportunity to design out some of the more problematic components. In Vietnam, the facility moved to three-in-one production during the H2 lockdown, which increased labour rates and reduced output until reverting to normal levels from November.

These issues also had an impact on gross margin, which was down 210bp y-o-y to 45.1% (H121: 46.6%, H221: 43.5%). The company noted that FY20 gross margin benefited from a £0.6m Jobs Support Scheme grant from the Singapore government.

Normalised operating profit was in line with our forecast with an 18.8% margin. The effective tax rate on normalised PBT was 19.2%, compared to our 17.3% forecast, resulting in normalised diluted EPS 1.5% below our forecast. The company reported exceptional items totalling £12.6m compared to our £6.5m forecast: £2.1m for the SAP ERP rollout, £10.1m for the ongoing legal dispute with COMET (which goes to jury trial in March), £0.1m acquisition costs and £0.3m fair value adjustment on derivatives. XP announced a Q421 dividend of 36p per share for a full year dividend of 94p – this was 1p below our forecast.

Exhibit 9: FY21 results highlights

£m	FY20a	FY21e	FY21a	Change	y-o-y
Revenues	233.3	240.2	240.3	0.0%	3.0%
Gross profit	110.1	111.0	108.3	(2.4%)	(1.6%)
Gross margin	47.2%	46.2%	45.1%	(1.1%)	(2.1%)
EBITDA	56.8	56.6	55.5	(2.0%)	(2.3%)
EBITDA margin	24.3%	23.6%	23.1%	(0.5%)	(1.3%)
Normalised operating profit	46.0	45.0	45.1	0.2%	(2.0%)
Normalised operating margin	19.7%	18.7%	18.8%	0.0%	(0.9%)
Reported operating profit	37.4	35.3	29.7	(15.9%)	(20.6%)
Reported operating margin	16.0%	14.7%	12.4%	(2.3%)	(3.7%)
Normalised PBT	44.3	43.5	43.8	0.6%	(1.1%)
Reported PBT	35.7	33.8	28.4	(16.0%)	(20.4%)
Normalised net income	39.0	35.7	35.0	(2.0%)	(10.3%)
Reported net income	31.5	27.8	22.6	(18.8%)	(28.3%)
Normalised basic EPS (p)	201.8	182.0	179.4	(1.4%)	(11.1%)
Normalised diluted EPS (p)	198.4	179.0	176.3	(1.5%)	(11.2%)
Reported basic EPS (p)	163.0	141.7	115.8	(18.3%)	(28.9%)
Dividend per share (p)	74.0	95.0	94.0	(1.1%)	27.0%
Net debt/(cash)	17.9	24.7	24.6	(0.2%)	37.4%
Orders	258.0	343.4	343.4	0.0%	33.1%
Net debt/EBITDA (x)	0.4	0.5	0.4		

Source: XP Power, Edison Investment Research

Expecting to operate at a higher level of gearing

XP generated operating cash flow of £36.4m in FY21, down from £45.6m in FY20. Working capital was tightly controlled, with an outflow of £4.0m compared to £6.2m in FY20, despite building inventory to cope with supply chain issues. Tangible capex increased to £5.5m from £4.0m in FY20. Capitalised R&D increased to £8.3m from £7.7m in FY20. Capitalised costs for the SAP ERP upgrade increased from £3.2m in FY20 to £8.1m in FY21.

The company has a \$150m revolving credit facility (RCF) due in October 2024 plus a \$30m accordion facility. At year-end, it had used \$45m of this facility and since then, has paid €39m (\$44m) for the FuG and Guth acquisitions. The RCF incurs interest at US Libor plus 1.0% for the used portion, and US Libor plus 0.4% for the unused portion. XP closed the year with a net debt position (excluding lease liabilities) of £24.6m, up from £17.9m at the end of FY20. The year-end net debt/EBITDA ratio was 0.44x, well within the banking covenant level of 3x. Based on a target net debt/EBITDA ratio of 1–2x, our FY22 EBITDA forecast and factoring in the German acquisitions, XP has debt headroom of up to £57m/\$77m.

Outlook and changes to forecasts

Despite ongoing challenges related to its supply chain, including component shortages and inflationary pressures, the record order book and positive demand backdrop across all sectors provides management with cautious optimism for XP's prospects in FY22 and in the longer term. Management expects supply chain pressures to continue in H122 before improving in H222.

XP received orders worth £343.4m during the year (+33% y-o-y, or c +43% excluding the COVID-19-related healthcare orders worth £15–20m in FY20) resulting in a book-to-bill ratio of 1.43x for

the year. XP closed FY21 with a backlog worth £217.0m (+75% y-o-y). This equates to 85% of our FY22 revenue forecast excluding this year's German acquisitions.

We have made the following changes to our forecasts:

- **Revenue:** we have slightly reduced our growth assumption for FY22 to reflect ongoing supply chain issues, with our forecast down 1% in FY22 and FY23.
- **Net financial cost:** we have reduced this to reflect company guidance.
- **Capex:** we have increased our forecast for FY22 to reflect intangibles spend of £14.0m (capitalised development costs of £10m, ERP project £4m) compared to our previous forecast of £11.0m. We now factor in the new Malaysian facility plans so our tangible capex forecast increases from £6.8m to £14.0m. For FY23, we have increased tangible capex from £7.4m to £11.0m.

Exhibit 10: Changes to forecasts

£m	FY22e		Change	y-o-y	FY23e		Change	y-o-y
	Old	New			Old	New		
Revenues	271.6	268.6	(1.1%)	11.8%	292.0	289.0	(1.0%)	7.6%
Gross profit	127.4	124.7	(2.1%)	15.1%	137.1	135.8	(0.9%)	8.9%
Gross margin	46.9%	46.4%	(0.5%)	1.3%	46.9%	47.0%	0.1%	0.6%
EBITDA	65.5	64.5	(1.5%)	16.2%	72.8	72.0	(1.1%)	11.6%
EBITDA margin	24.1%	24.0%	(0.1%)	0.9%	24.9%	24.9%	(0.0%)	0.9%
Normalised operating profit	53.0	52.0	(1.9%)	15.3%	59.2	58.4	(1.3%)	12.2%
Normalised operating margin	19.5%	19.4%	(0.2%)	0.6%	20.3%	20.2%	(0.1%)	0.8%
Reported operating profit	48.8	47.8	(2.1%)	60.9%	56.0	55.2	(1.4%)	15.4%
Reported operating margin	18.0%	17.8%	(0.2%)	5.4%	19.2%	19.1%	(0.1%)	1.3%
Normalised PBT	51.0	50.5	(1.1%)	15.3%	57.5	56.9	(1.2%)	12.6%
Reported PBT	46.8	46.3	(1.2%)	63.0%	54.3	53.7	(1.3%)	15.9%
Normalised net income	41.3	40.7	(1.6%)	16.3%	46.4	45.9	(1.2%)	12.7%
Reported net income	37.7	37.3	(1.2%)	65.0%	43.8	43.3	(1.3%)	16.0%
Normalised basic EPS (p)	210.6	207.3	(1.6%)	15.6%	236.4	233.6	(1.2%)	12.7%
Normalised diluted EPS (p)	207.1	203.7	(1.7%)	15.6%	232.6	229.6	(1.3%)	12.7%
Reported basic EPS (p)	192.2	190.0	(1.2%)	64.0%	223.2	220.3	(1.3%)	16.0%
Dividend per share (p)	98.0	97.0	(1.0%)	3.2%	102.0	101.0	(1.0%)	4.1%
Net debt/(cash)	49.9	64.7	29.6%	163.1%	35.7	55.4	54.9%	(14.5%)
Orders	322.6	322.6	0.0%	-6.1%	322.0	322.0	0.0%	-0.2%
Net debt/EBITDA (x)	0.8	1.0			0.5	0.8		

Source: Edison Investment Research

Valuation

There is a limited number of listed power solution companies, as many businesses are part of larger industrial companies, such as TDK or GE. We show below the financial performance of those listed peers and a group of UK-listed companies active in the electronics space.

Over the last 12 months, the stock has declined 19%, while our FY22 EPS forecast has increased 10%. Compared to global power solution companies, XP is trading essentially in line on a P/E basis for FY22 and at a premium for FY23. Compared to UK electronics companies, it is trading at a discount for both years.

XP clearly generates EBITDA and EBIT margins at the top end of both peer groups. Accelerating revenue growth from a combination of a wider addressable market and post-COVID-19 recovery combined with improving confidence that supply chain issues are starting to diminish are key triggers to boost the share price, in our view.

Exhibit 11: Financial metrics versus peers

	Market	Share price	Listing	Revenue growth			EBITDA margin			EBIT margin		
	cap (m)	price	currency	LY	CY	NY	LY	CY	NY	LY	CY	NY
XP Power	852	4,340	GBp	3.0%	11.8%	7.6%	23.1%	24.0%	24.9%	18.8%	19.4%	20.2%
Cosel	29,498	826	JPY	13.2%	0.7%	14.3%	16.4%	14.8%	15.7%	N/A	N/A	N/A
Delta Electronics	640,294	246.5	TWD	11.3%	10.7%	10.0%	N/A	15.9%	16.7%	10.0%	10.8%	11.7%
Advanced Energy Industries	3,316	88.03	USD	2.8%	5.7%	7.4%	16.6%	17.4%	19.9%	14.5%	14.3%	16.9%
Comet Holdings	2,173	280	CHF	27.8%	12.8%	15.2%	19.7%	20.7%	22.8%	15.8%	17.0%	19.1%
Diploma	3,262	2,618	GBp	46.2%	9.8%	5.5%	20.1%	20.6%	20.8%	18.9%	18.6%	18.8%
DiscoverIE	757	793	GBp	-2.6%	-5.3%	-1.3%	10.3%	12.6%	13.1%	7.7%	9.4%	10.3%
Electrocomponents	4,646	986.5	GBp	2.5%	23.2%	6.1%	11.9%	14.0%	14.6%	9.4%	11.6%	12.3%
Gooch & Housego	259	1,035	GBp	1.6%	4.1%	3.3%	19.1%	17.0%	17.6%	10.8%	11.4%	12.0%
TT Electronics	376	213.5	GBp	10.5%	6.6%	4.3%	10.8%	11.9%	13.2%	7.4%	8.7%	10.0%
Average power converter companies				13.8%	7.5%	11.7%	17.6%	17.2%	18.8%	13.4%	14.0%	15.9%
Average UK electronics companies				11.7%	7.7%	3.6%	14.4%	15.2%	15.9%	10.8%	11.9%	12.7%

Source: Edison Investment Research, Refinitiv. Note: At 28 February.

Exhibit 12: Valuation metrics

	P/E (x)			EV/EBIT (x)			Dividend yield (%)		
	LY	CY	NY	LY	CY	NY	LY	CY	NY
XP Power	24.6	21.3	18.9	19.4	16.9	15.0	2.2%	2.2%	2.3%
Cosel	26.6	15.3	11.2	N/A	N/A	N/A	2.1%	2.7%	3.2%
Delta Electronics	23.9	20.5	17.4	21.3	17.8	14.9	N/A	2.7%	3.0%
Advanced Energy Industries	18.4	17.5	13.6	15.0	14.4	11.3	0.5%	0.5%	0.0%
Comet Holdings	35.1	29.9	22.2	27.3	22.4	17.4	0.8%	0.9%	1.0%
Diploma	30.7	28.5	26.5	23.5	21.7	20.4	1.6%	1.7%	1.8%
DiscoverIE	30.5	28.3	26.4	25.0	21.8	20.1	1.3%	1.3%	1.4%
Electrocomponents	31.7	21.4	19.1	25.1	16.6	14.6	1.6%	1.8%	2.0%
Gooch & Housego	25.6	24.9	22.3	20.1	18.3	16.8	1.2%	1.2%	1.3%
TT Electronics	15.0	12.1	10.1	13.8	11.0	9.2	2.6%	3.1%	3.6%
Average power converter companies	26.0	20.8	16.1	21.2	18.2	14.5	1.1%	1.7%	1.8%
Average UK electronics companies	26.7	23.0	20.9	21.5	17.9	16.2	1.7%	1.8%	2.0%
<i>XP vs power converter companies</i>		2%	17%		-7%	3%			
<i>XP vs UK electronics companies</i>		-8%	-10%		-6%	-7%			

Source: Edison Investment Research, Refinitiv. Note: At 28 February.

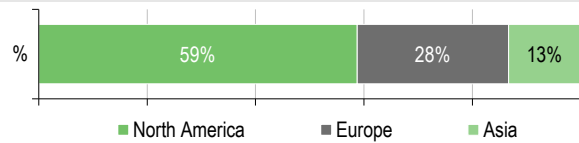
Exhibit 13: Financial summary

	£m	2015	2016	2017	2018	2019	2020	2021	2022e	2023e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT										
Revenue		109.7	129.8	166.8	195.1	199.9	233.3	240.3	268.6	289.0
Cost of Sales		(55.1)	(67.8)	(89.2)	(102.8)	(109.8)	(123.2)	(132.0)	(143.9)	(153.2)
Gross Profit		54.6	62.0	77.6	92.3	90.1	110.1	108.3	124.7	135.8
EBITDA		29.7	33.0	41.7	49.2	44.5	56.8	55.5	64.5	72.0
Normalised operating profit		25.9	28.8	36.4	42.9	35.0	46.0	45.1	52.0	58.4
Amortisation of acquired intangibles		0.0	(0.4)	(0.6)	(2.8)	(3.2)	(3.2)	(2.8)	(3.2)	(3.2)
Exceptionals		(0.3)	(0.4)	(3.3)	(0.8)	(5.1)	(5.4)	(12.6)	(1.0)	0.0
Share-based payments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reported operating profit		25.6	28.0	32.5	39.3	26.7	37.4	29.7	47.8	55.2
Net Interest		(0.2)	(0.2)	(0.3)	(1.7)	(2.7)	(1.7)	(1.3)	(1.5)	(1.5)
Joint ventures & associates (post tax)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional & other financial		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		25.7	28.6	36.1	41.2	32.3	44.3	43.8	50.5	56.9
Profit Before Tax (reported)		25.4	27.8	32.2	37.6	24.0	35.7	28.4	46.3	53.7
Reported tax		(5.5)	(6.3)	(3.6)	(7.2)	(3.2)	(4.0)	(5.4)	(8.8)	(10.1)
Profit After Tax (norm)		20.2	22.3	28.8	33.9	27.9	39.2	35.4	40.9	46.1
Profit After Tax (reported)		19.9	21.5	28.6	30.4	20.8	31.7	23.0	37.5	43.5
Minority interests		(0.2)	(0.2)	(0.3)	(0.2)	(0.3)	(0.2)	(0.4)	(0.3)	(0.3)
Discontinued operations		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		20.0	22.1	28.5	33.7	27.6	39.0	35.0	40.7	45.9
Net income (reported)		19.7	21.3	28.3	30.2	20.5	31.5	22.6	37.3	43.3
Basic ave. number of shares outstanding (m)		19.0	19.0	19.1	19.1	19.2	19.3	19.5	19.6	19.6
EPS - basic normalised (p)		105.3	116.2	149.4	176.1	144.1	201.8	179.4	207.3	233.6
EPS - diluted normalised (p)		104.3	115.3	147.0	172.8	141.4	198.4	176.3	203.7	229.6
EPS - basic reported (p)		103.7	112.0	148.3	157.8	107.0	163.0	115.8	190.0	220.3
Dividend (p)		66	71	78	85	55	74	94	97	101
Revenue growth (%)		8.5	18.3	28.5	17.0	2.5	16.7	3.0	11.8	7.6
Gross Margin (%)		49.8	47.8	46.5	47.3	45.1	47.2	45.1	46.4	47.0
EBITDA Margin (%)		27.0	25.4	25.0	25.2	22.3	24.3	23.1	24.0	24.9
Normalised Operating Margin		23.6	22.2	21.8	22.0	17.5	19.7	18.8	19.4	20.2
BALANCE SHEET										
Fixed Assets		65.4	73.2	88.1	129.2	137.4	135.2	150.5	197.1	204.8
Intangible Assets		48.2	53.0	63.9	97.7	99.6	98.8	108.8	147.0	149.8
Tangible Assets		16.1	19.1	22.5	30.7	35.9	33.5	38.5	46.9	51.8
Investments & other		1.1	1.1	1.7	0.8	1.9	2.9	3.2	3.2	3.2
Current Assets		53.5	65.7	83.5	105.1	96.0	107.0	121.7	133.5	136.2
Stocks		28.7	32.2	37.8	56.5	44.1	54.2	74.0	74.9	71.3
Debtors		17.5	21.5	23.8	33.0	34.8	30.2	30.8	39.0	45.9
Cash & cash equivalents		4.9	9.2	15.0	11.5	11.2	13.9	9.0	11.7	11.0
Other		2.4	2.8	6.9	4.1	5.9	8.7	7.9	7.9	7.9
Current Liabilities		(19.8)	(25.8)	(25.1)	(26.8)	(30.4)	(34.7)	(49.0)	(46.2)	(42.9)
Creditors		(14.6)	(16.1)	(21.4)	(22.4)	(25.2)	(28.3)	(44.7)	(41.9)	(38.6)
Tax and social security		(1.2)	(3.3)	(3.5)	(4.2)	(3.1)	(4.9)	(2.5)	(2.5)	(2.5)
Short term borrowings		(4.0)	(5.5)	0.0	0.0	(1.6)	(1.5)	(1.8)	(1.8)	(1.8)
Other		0.0	(0.9)	(0.2)	(0.2)	(0.5)	0.0	0.0	0.0	0.0
Long Term Liabilities		(10.0)	(6.2)	(29.6)	(70.1)	(64.1)	(43.0)	(50.8)	(93.4)	(83.2)
Long term borrowings		(4.6)	0.0	(24.0)	(63.5)	(57.3)	(35.2)	(39.9)	(82.5)	(72.3)
Other long term liabilities		(5.4)	(6.2)	(5.6)	(6.6)	(6.8)	(7.8)	(10.9)	(10.9)	(10.9)
Net Assets		89.1	106.9	116.9	137.4	138.9	164.5	172.4	190.9	214.8
Minority interests		(0.8)	(0.8)	(0.9)	(1.0)	(0.7)	(0.7)	(0.9)	(1.0)	(1.0)
Shareholders' equity		88.3	106.1	116.0	136.4	138.2	163.8	171.5	190.0	213.8
CASH FLOW										
Op Cash Flow before WC and tax		29.7	33.0	41.7	49.2	44.5	56.8	55.5	64.5	72.0
Working capital		(4.6)	(6.1)	0.4	(21.6)	10.6	(6.2)	(4.0)	(11.9)	(6.6)
Exceptional & other		0.6	5.1	(6.3)	3.2	(4.4)	(1.7)	(10.9)	(1.0)	0.0
Tax		(4.7)	(4.1)	(6.1)	(4.1)	(4.5)	(3.3)	(4.2)	(8.8)	(10.1)
Net operating cash flow		21.0	27.9	29.7	26.7	46.2	45.6	36.4	42.9	55.2
Capex		(5.4)	(6.8)	(10.1)	(15.0)	(16.3)	(14.9)	(21.9)	(28.0)	(23.0)
Acquisitions/disposals		(8.3)	0.1	(18.3)	(35.4)	0.0	(0.5)	0.0	(32.8)	0.0
Net interest		(0.1)	(0.2)	(0.2)	(1.5)	(2.7)	(1.3)	(0.9)	(1.5)	(1.5)
Equity financing		0.0	0.2	(0.2)	0.6	0.5	3.5	0.6	0.0	0.0
Dividends		(12.2)	(13.1)	(14.2)	(15.6)	(17.2)	(7.3)	(18.4)	(19.0)	(19.6)
Other		0.2	0.0	0.0	0.0	(1.5)	(1.7)	(1.7)	(1.7)	(1.7)
Net Cash Flow		(4.8)	8.1	(13.3)	(40.2)	9.0	23.4	(5.9)	(40.1)	9.4
Opening net debt/(cash)		(1.3)	3.7	(3.7)	9.0	52.0	41.3	17.9	24.6	64.7
FX		(0.2)	(0.5)	0.6	(2.7)	1.7	0.0	(0.8)	0.0	0.0
Other non-cash movements		0.1	(0.2)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)		3.7	(3.7)	9.0	52.0	41.3	17.9	24.6	64.7	55.4

Source: XP Power, Edison Investment Research

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Revenue by geography (FY21)

Management team
CEO: Gavin Griggs

Gavin was appointed CEO from the start of 2021, before which he served as the CFO. Prior to joining the group in October 2017, Gavin was CFO of Alternative Networks, a listed Telecoms and IT services business until December 2016 when it was acquired by Daisy, whereupon he became FD of the larger group. Gavin has worked in various senior international finance positions including roles at Logica, SABMiller, PepsiCo and Sodexo.

CFO: Oskar Zahn

Oskar joined XP Power in May 2021 as CFO. He has over 30 years' experience within large complex international businesses with continuous improvement and growth focused cultures. Prior to joining XP, he was CFO at Scapa Group, a leading global manufacturer to the healthcare and industrial markets, from 2018 until its acquisition by SWM International. Prior to Scapa, Oskar was CFO at Spearhead International (joined in 2008), and before that, he held leadership roles at Teleflex, British Airways and Georgia-Pacific.

Chair (until FY23 AGM): James Peters

James has over 25 years' experience in the industry with Marconi and Coutant Lambda, before joining Powerline in 1980. In 1988, he founded XP Power. In 2000, he was appointed as European MD. In 2003, he was appointed deputy chair and in 2014 became chair.

Chair designate: Jamie Pike

Jamie will be appointed to the board in March 2022 as a non-executive director and chair designate and will take on the chair role when James Peters retires. Jamie is currently non-executive chair of Spirax-Sarco Engineering. He was CEO of Burmah Castrol Chemicals before leading the Fosco buy-out in 2001 and its subsequent flotation in 2005. Prior to joining Burmah, he was a partner at Bain & Company.

Principal shareholders

	(%)
abrdn	14.1
Blackrock	6.4
Van Lanschot Kempen	5.1
James Peters	4.6
Jupiter Fund Management	4.6
The Vanguard Group	4.2
Montanaro	3.9
Mawer Investment Management	3.2
SEB	3.0
Capital Group	3.0

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