

XP Power Limited
(‘XP Power’ or ‘the Group’ or the ‘Company’)

Trading Update

Significant Action Taken To Reduce Costs and Preserve Cash

XP Power, one of the world's leading developers and manufacturers of critical power control components to the electronics industry, is today issuing a trading update covering the third quarter, and October to date, as well as detailing the significant actions being undertaken to reduce costs and preserve cash.

Revenue in the third quarter was £75.1m (2022: £79.4m) with operating profit slightly ahead of our prior expectation due to a better outturn in September. Trading in October has been at least in line with our expectation. Our full year expectations are unchanged.

Since the update of 2 October 2023, the Group has undertaken a number of important cost reduction and cash preservation actions that will benefit the remainder of 2023 and 2024. The key actions include:

- A significant and wide-ranging operating cost reduction programme has commenced, including initial headcount reductions and restrictions on non-discretionary spend. The full year benefit of these actions in FY2024 is expected to be in a range of £8-10m.
- An inventory reduction plan over the period 2023 to 2025 in the range of £10-20m, as surplus stock is progressively unwound in response to supply chain normalisation.
- Supplier payment terms standardisation in progress.
- Reducing discretionary capital expenditure to maintenance levels.
- Suspending the dividend for the time being including cancelling the Q2 2023 payment and any further dividends relating to 2023, as previously announced.

Collectively, these actions form a meaningful part of our wider plan to reduce leverage to within the Group’s previously stated range at an appropriate pace.

The Group is also in advanced and constructive discussions with its lending banks regarding future covenant requirements and other near-term actions to strengthen the balance sheet. These discussions are proceeding as planned and we will provide a further update shortly.

Jamie Pike, Chair, said:

“We have made good progress over recent weeks with our cost mitigation plans to reduce the Group’s leverage. These plans are already well progressed and discussions with our lending banks are on-track and productive.

“Longer term, the Board is confident that XP’s clear strategy leaves the Group well positioned to grow ahead of its end markets, drive further market share gains, improve profitability and deliver strong cash generation.”

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Note to editors

XP Power designs and manufactures power controllers, the essential hardware component in every piece of electrical equipment that converts power from the electricity grid into the right form for equipment to function. Power controllers are critical for optimal delivery in challenging environments but are a small part of the overall customer product cost.

XP Power typically designs power control solutions into the end products of major blue-chip OEMs, with a focus on the Industrial Technology (circa 41% of sales), Healthcare (circa 20% sales) and Semiconductor Manufacturing Equipment (circa 39% of sales) sectors. Once designed into a programme, XP Power has a revenue annuity over the life cycle of the customer’s product which is

typically five to seven years depending on the industry sector. XP Power has invested in research and development and its own manufacturing facilities in China, North America, and Vietnam, to develop a range of tailored products based on its own intellectual property that provide its customers with significantly improved functionality and efficiency.

Headquartered in Singapore and listed on the Main Market of the London Stock Exchange since 2000, XP Power is a constituent of the FTSE All Share Index. XP Power serves a global blue-chip customer base from over 30 locations in Europe, North America, and Asia.

For further information, please visit www.xppowerplc.com
