XP Power

H122 results

Demand remains strong despite supply issues

Tech hardware and equipment

The continuation of component shortages and further COVID-19 disruption reduced the amount of product XP Power could ship in H122, weighing on gross margins and adjusted operating profit. At the same time, customer demand remains strong and the company has a record order backlog. With component availability improving, XP is already seeing better financial performance and expects a much stronger H2. We have revised our forecasts to reflect H122 results and the strengthening US dollar, resulting in an 8.7% cut to our FY22 normalised EPS and a 0.5% increase for FY23.

Year end	Revenue (£m)	PBT* (£m)	Diluted EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/20	233.3	44.3	198.4	74	15.3	2.4
12/21	240.3	43.8	176.3	94	17.2	3.1
12/22e	271.6	42.9	172.8	94	17.6	3.1
12/23e	295.8	54.8	221.0	97	13.8	3.2

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

Component shortages weigh on H122 results

H122 revenue of £123.6m was 3% higher year-on-year and 7% lower on a constant currency, organic basis. Component shortages and a Chinese COVID-19 lockdown combined to reduce the amount of product XP was able to ship in H122, with the company estimating a £15m revenue shortfall in Q222 from these factors. Lower factory utilisation combined with higher freight and component costs weighed on gross margins, which dipped to 40.2% (H121: 46.6%), and adjusted operating profit, which declined 35% y-o-y. Demand continued to outpace supply during H122: order intake was up 23% y-o-y, book-to-bill was 1.56x and the record backlog of £285m was 31% higher half-on-half. End H122 net debt increased to £102m (net debt/EBITDA 2.1x) after paying for the FuG and Guth acquisitions and higher working capital.

Factoring in currency and supply chain issues

XP is already seeing improvements in the supply chain and expects production to ramp up in H2. We have revised our forecasts to reflect H122 results and the stronger US dollar versus sterling (85% of XP revenue is dollar-based). The currency translation effect outweighs revenue slippage, resulting in our revenue upgrades of 4% in FY22 and 5% in FY23. We reduce our gross margin assumption for FY22 and FY23 reflecting higher component and freight costs. We cut our normalised diluted EPS forecast by 8.7% in FY22 and increase it by 0.5% in FY23. We forecast net debt/EBITDA of 2.2x by the end of FY22, reducing to 1.7x by the end of FY23.

Valuation: Pressured by supply chain & legal issues

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. XP generates EBITDA and EBIT margins at the top end of both peer groups, even after our FY22 estimate cuts, and has a record order book entering Q322. In our view, evidence that supply chain issues are abating and litigation has been resolved will be key drivers of the share price.

1 August 2022

Price	**3,040p**
Market cap	**£597m**
	US$1.20/£
Net debt (£m) at end H122	102.0
Shares in issue	19.6m
Free float	90%
Code	XPP
Primary exchange	LSE
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	3.6	(5.6)	(39.9)
Rel (local)	1.4	(3.8)	(40.7)
52-week high/low		5,630p	2,730p

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.

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Analyst

Katherine Thompson +44 (0)20 3077 5730

tech@edisongroup.com

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Review of H122 results

Exhibit 1: H122 financial highlights

£m	H122	H121	y-o-y
Revenues	**123.6**	**119.9**	**3.1%**
Gross profit	49.7	55.9	-11.1%
Gross margin	***40.2%***	***46.6%***	***-6.4%***
EBITDA	20.6	28.3	-27.2%
EBITDA margin	16.7%	23.6%	-6.9%
Normalised operating profit	**15.0**	**23.2**	**-35.3%**
Normalised operating margin	***12.1%***	***19.3%***	***-7.2%***
Reported operating profit	(45.2)	17.1	N/A
Reported operating margin	-36.6%	14.3%	-50.8%
Normalised PBT	13.8	22.5	-38.7%
Normalised net income, after minority interest (MI)	10.3	18.5	-44.3%
Reported net income, after MI	-35.6	13.5	N/A
Normalised diluted EPS (p)	**52.2**	**93.3**	**-44.1%**
Reported basic EPS (p)	-181.4	69.3	N/A
Net debt	**102.0**	**20.3**	**402.5%**
Dividend per share (p)	37.0	37.0	0.0%

Source: XP Power. Note: Edison normalised and XP adjusted profit measures are on the same basis.

XP Power reported H122 revenue of £123.6m (Q122 £61.8m, Q222 £61.8m), which included a £7.8m contribution from FuG and Guth (acquired 30 January). This equated to year-on-year growth of 3%, constant currency (cc) growth of -1% and like-for-like growth of -7%.

Several factors that affected Q122 production continued into Q222, with industry-wide component shortages and extended component lead times. The company also experienced challenges with logistics, which resulted in more finished product being shipped via air freight than via the sea to meet customer demand and to avoid the disruption at ports (air freight costs c 5x sea freight and sea freight rates are at 2–3x pre-COVID-19 levels). During the five-week lockdown in China the Kunshan facility could not operate, although staff were retained so that production could be ramped up once allowed.

The company estimates that these factors resulted in a revenue shortfall of c £15m in Q222 with a follow-on impact on gross margins. Lower production volumes meant lower factory utilisation, inflation, higher prices paid to get hold of components that are in short supply, and higher logistics costs all contributed to the H122 gross margin decline to 40.2% from 46.6% in H121 and 45.1% in FY21. The company noted that product prices were increased in Q321, but this takes time to work through the order backlog, so the company should start to see the benefit in H222. A further price increase in Q222 should benefit FY23 financials. Where possible, the company passes increased freight and material costs to customers in the form of surcharges. The company is also working with customers to qualify alternative components and to redesign to mitigate shortages.

Operating costs excluding depreciation and amortisation increased 5% y-o-y to £29.1m, resulting in adjusted operating profit of £15.0m (12.1% margin), down 35% y-o-y or 44% cc.

Reported operating profit is after charging specific items totalling £60.2m, made up of the following costs/credits:

- provision for the COMET damages award plus related legal fees: £47.8m (we forecast £50m for the full year);
- a £7.5m write down of capitalised development costs for products related to the COMET case;
- ERP implementation project: £2.5m;
- acquisition-related costs: £0.9m;

- amortisation of acquired intangibles: £2.1m;
- currency gain of £2.4m on euro-based debt for the acquisitions of FuG and Guth; and
- other costs: £1.8m.

XP reported financing costs of £2.2m, of which £1m has been treated as a specific item (loss on refinancing debt), resulting in adjusted PBT of £13.8m and reported PBT of -£47.4m.

Net debt at the end of H122 was £102.0m, up from £24.6m at the end of FY21.

Key cash outflows included:

- Working capital consumed £22.1m (excluding the provision made for the COMET case) as XP built component inventory at higher prices and the US dollar strengthened against sterling (most components are priced in dollars).
- £32.3m/€39.0m to acquire FuG and Guth in January.
- Capex totalling £10.3m.
- Dividend paid of £11.5m.

As debt is US dollar-denominated, translation added £8.1m at the end of H122.

Net debt/EBITDA increased to 2.1x at the end of H122 and management expects this to remain at c 2x at year-end after paying the potential damages claim.

The company announced a Q222 dividend of 19p per share, flat year-on-year and in line with our forecast.

Divisional revenue performance mixed

Exhibit 2: Revenue by vertical and geography

£m	H122	H121	y-o-y		H122	H121	y-o-y
Europe				Asia			
Semi manufacturing	1.4	1.5	-7%	Semi manufacturing	6.9	6.6	5%
Industrial technology	28.2	22.1	28%	Industrial technology	5.7	5.5	4%
Healthcare	9.3	11.0	-15%	Healthcare	2.6	2.8	-7%
Total	38.9	34.6	12%	Total	15.2	14.9	2%
North America				Group			
Semi manufacturing	40.0	36.4	10%	Semi manufacturing	48.3	44.5	9%
Industrial technology	19.0	17.8	7%	Industrial technology	52.9	45.4	17%
Healthcare	10.5	16.2	-35%	Healthcare	22.4	30.0	-25%
Total	69.5	70.4	-1%	Total	123.6	119.9	3%

Source: XP Power

- **Semiconductor manufacturing equipment** (39% of H122 revenue): revenue increased 9% y-o-y or 4% cc. Order intake increased 8% y-o-y or 3% cc. While there have been some reports of softening demand for PCs and smartphones, XP continues to see strong demand from its customer base, which themselves are forecasting continued demand growth through 2023.
- **Industrial technology** (43%): revenue increased 17% y-o-y or 13% cc. This division contains the majority of FuG and Guth revenues; on a like-for-like basis, this division saw a 2% cc revenue decline. Orders grew by 9% y-o-y or 6% cc. Distribution, which makes up 12% of group revenue, grew 29% y-o-y.
- **Healthcare** (18%): revenue declined 25% y-o-y or 32% cc, reflecting lower order intake in 2021 as COVID-19 related demand dropped and the shortage of components that affected shipments. Order intake has picked up again (+49% y-o-y, +45% cc) as health providers work through the backlog of operations that were delayed due to COVID-19 and invest in areas such as robotics.

Demand remains strong across all segments

H122 order intake of £193.1m was up 23% y-o-y and 18% cc. On a quarterly basis, XP received orders worth £102.4m in Q122 (+39% y-o-y) and £90.7m in Q222 (+8% y-o-y). Book-to-bill was 1.56:1 for H122. The company has seen positive momentum in all segments (which has continued into Q3), particularly Healthcare (Exhibit 3) and has not seen any evidence of double-stocking or over-ordering. FuG and Guth combined contributed orders worth £10.4m, which implies like-for-like order growth of 12%. The committed record order book at end H122 of £285.2m was up 31% h-o-h.

Exhibit 3: Order intake by vertical

£m	H120	H220	H121	H221	H122
Industrial technology	50.7	46.3	67.6	65.3	73.8
Semi fab	44.7	44.0	61.8	84.8	66.6
Healthcare	50.4	21.9	28.2	35.7	42.3
FuG & Guth	0.0	0.0	0.0	0.0	10.4
Total orders	**145.8**	**112.2**	**157.6**	**185.8**	**193.1**
Growth y-o-y					
Industrial technology	-14%	-25%	33%	41%	9%
Semi fab	118%	66%	38%	93%	8%
Healthcare	140%	-17%	-44%	63%	49%
FuG & Guth	N/A	N/A	N/A	N/A	N/A
Total	**45%**	**-2%**	**8%**	**66%**	**23%**
Growth h-o-h					
Industrial technology	-18%	-9%	46%	-3%	13%
Semi fab	69%	-2%	40%	37%	-21%
Healthcare	90%	-57%	29%	27%	18%
FuG & Guth	N/A	N/A	N/A	N/A	N/A
Total	**27%**	**-23%**	**40%**	**18%**	**4%**

Source: XP Power

Continuing to invest across the business

The company is currently constructing a third Asian manufacturing facility in Malaysia; this is targeted to have a final capacity potential of $300–400m (in revenue) and is due to go live in Q124. XP has also expanded capacity at all other sites so that when component shortages are resolved, the company can rapidly ramp up manufacturing to deliver the backlog of orders. The roll out of the SAP ERP system to Asian manufacturing sites is substantially complete, with only the US and German sites still to adopt the software. XP is also investing in its design centres globally.

Debt refinanced

The company refinanced its debt during H122, increasing its revolving credit facility (RCF) from $150m to $255m and the accordion option from $30m to $75m, due in 2026 with an extension option to 2027.

COMET case: Awaiting judge's ruling

In March, in a trade secrets misappropriation case brought by COMET, a jury awarded damages of $40m against XP. As of 1 August, the judge has not yet filed a ruling on the jury's decision or subsequent filings. The board will assess the next steps once the ruling has been made. The company has outlined the appeals process, estimating that it would cost $0.5–1.0m in total. The company has accrued the $40m damages award and related legal costs (included in Specific items for a total of £47.8m).

Outlook and changes to forecasts

XP has seen improving financial performance metrics in July, so expects a significantly improved performance in H222 as committed components are delivered and expanded capacity is used. Management notes that while it is confident of a better performance in H222 supported by inventory on hand and a record, committed order book, there remains a wider range of full year outcomes than in prior years, including scenarios where the full year outturn is at the lower end of current analyst expectations. On 30 July, analyst forecasts ranged from £257–282m for revenue and £46.4–53.4m for adjusted operating profit.

We have revised our forecasts to reflect the H122 results and the strengthening of the US dollar versus sterling. As 85% of XP's revenue is US dollar-denominated, the business saw a £1m benefit at the operating profit level in H122. The change in currency rates more than offsets the revenue slippage in H122, resulting in our revenue upgrade of 4% for FY22 and 5% for FY23. We have reduced our gross margin forecast for FY22 to reflect the lower level in H122 and forecast improving margins in H222. Overall, we reduce our normalised operating profit forecast by 7% in FY22 and increase it by 1% in FY23. Given the strong order intake over the last 18 months, we continue to expect some normalisation in FY23.

Exhibit 4: Changes to forecasts

£'m	FY22e	FY22e			FY23e	FY23e		
	Old	New	Change	y-o-y	Old	New	Change	y-o-y
Revenues	**260.2**	**271.6**	**4.4%**	**13.0%**	**282.2**	**295.8**	**4.8%**	**8.9%**
Gross profit	120.1	117.3	(2.3%)	8.3%	132.7	135.5	2.1%	15.5%
Gross margin	***46.1%***	***43.2%***	***(3.0%)***	***(1.9%)***	***47.0%***	***45.8%***	***(1.2%)***	***2.6%***
EBITDA	61.5	57.9	(5.8%)	4.4%	70.2	70.8	0.9%	22.3%
EBITDA margin	***23.6%***	***21.3%***	***(2.3%)***	***(1.8%)***	***24.9%***	***23.9%***	***(0.9%)***	***2.6%***
Normalised operating profit	**49.0**	**45.4**	**(7.2%)**	**0.7%**	**56.6**	**57.2**	**1.1%**	**26.0%**
Normalised operating margin	***18.8%***	***16.7%***	***(2.1%)***	***(2.0%)***	***20.0%***	***19.3%***	***(0.7%)***	***2.6%***
Reported operating profit	(1.4)	(20.1)	1362.6%	(167.6%)	53.4	53.0	(0.7%)	N/A
Reported operating margin	(0.5%)	(7.4%)	(6.9%)	(19.7%)	18.9%	17.9%	(1.0%)	25.3%
Normalised PBT	47.0	42.9	(8.6%)	(2.0%)	54.6	54.8	0.4%	27.7%
Reported PBT	(3.4)	(23.6)	598.9%	(183.0%)	51.4	50.6	(1.5%)	N/A
Normalised net income	37.8	34.5	(8.7%)	(1.4%)	44.0	44.2	0.5%	27.9%
Reported net income	(3.0)	(19.4)	548.7%	(185.7%)	41.4	40.8	(1.5%)	N/A
Normalised basic EPS (p)	192.5	175.8	(8.7%)	(2.0%)	223.9	224.9	0.5%	27.9%
Normalised diluted EPS (p)	**189.2**	**172.8**	**(8.7%)**	**(2.0%)**	**220.0**	**221.0**	**0.5%**	**27.9%**
Reported basic EPS (p)	(15.2)	(98.6)	548.7%	(185.1%)	210.9	207.8	(1.5%)	N/A
Dividend per share (p)	94.0	94.0	0.0%	0.0%	97.0	97.0	0.0%	3.2%
Net debt/(cash)	**106.4**	**125.2**	**17.7%**	**408.9%**	**98.7**	**116.0**	**17.5%**	**(7.3%)**
Orders	365.3	361.1	-1.1%	5.2%	326.0	320.9	-1.6%	-11.1%
Net debt/EBITDA (x)	**1.8**	**2.2**			**1.4**	**1.7**		

Source: Edison Investment Research

Valuation

On our revised forecasts, XP is trading in line with global power converter peers on FY22e P/E and at a discount to UK electronics peers, with a dividend yield at the upper end of the range. Even after the reduction in our estimates for FY22, the company generates underlying EBITDA and EBIT margins at the top end of both peer groups. Evidence that the component supply situation is improving and that the COMET litigation has been resolved would be key triggers for upside.

Exhibit 5: Peer group financial and valuation metrics

	Revenue growth		EBITDA margin		EBIT margin		P/E (x)		EV/EBIT (x)		Dividend yield	
	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
XP Power	**13.0%**	**8.9%**	**21.3%**	**23.9%**	**16.7%**	**19.3%**	**17.6**	**13.8**	**15.4**	**12.2**	**3.1%**	**3.2%**
Cosel	15.6%	8.3%	14.8%	16.2%	N/A	N/A	12.7	10.2	N/A	N/A	3.2%	3.6%
Delta Electronics	13.7%	9.2%	15.6%	16.5%	10.5%	11.4%	22.3	18.9	18.9	15.9	2.4%	2.7%
Advanced Energy Industries	12.8%	4.1%	17.0%	18.9%	14.8%	16.7%	17.0	14.2	12.9	10.9	0.5%	0.5%
Comet Holdings	8.6%	9.7%	20.2%	21.8%	16.4%	17.9%	17.1	14.4	13.2	11.1	2.1%	2.6%
Diploma	22.1%	10.7%	21.3%	20.8%	17.7%	17.5%	25.5	23.7	21.0	19.2	1.9%	2.0%
DiscoverIE	6.6%	3.3%	14.2%	14.2%	11.1%	11.2%	21.9	20.9	15.6	14.9	1.6%	1.7%
Electrocomponents	9.1%	4.2%	14.7%	15.1%	12.7%	13.0%	17.4	16.5	13.2	12.4	2.1%	2.2%
Gooch & Housego	1.6%	11.9%	15.6%	16.9%	9.0%	10.7%	24.5	18.7	20.8	15.7	1.4%	1.5%
TT Electronics	10.8%	5.0%	11.0%	12.1%	8.0%	9.1%	10.9	9.3	10.3	8.6	3.4%	3.9%
Average power converter companies	**12.7%**	**7.8%**	**16.9%**	**18.4%**	**13.9%**	**15.3%**	**17.3**	**14.4**	**15.0**	**12.6**	**2.0%**	**2.3%**
Premium/(discount)							***2%***	***-5%***	***3%***	***-3%***		
Average UK electronics companies	**10.1%**	**7.0%**	**15.4%**	**15.8%**	**11.7%**	**12.3%**	**20.1**	**17.8**	**16.2**	**14.2**	**2.1%**	**2.3%**
Premium/(discount)							***-12%***	***-23%***	***-5%***	***-14%***		

Source: Edison Investment Research, Refinitiv (as at 28 July)

Exhibit 6: 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	271.6	295.8
Cost of Sales	(55.1)	(67.8)	(89.2)	(102.8)	(109.8)	(123.2)	(132.0)	(154.3)	(160.4)
Gross Profit	54.6	62.0	77.6	92.3	90.1	110.1	108.3	117.3	135.5
EBITDA	29.7	33.0	41.7	49.2	44.5	56.8	55.5	57.9	70.8
Normalised operating profit	25.9	28.8	36.4	42.9	35.0	46.0	45.1	45.4	57.2
Amortisation of acquired intangibles	0.0	(0.4)	(0.6)	(2.8)	(3.2)	(3.2)	(2.8)	(4.2)	(4.2)
Exceptionals	(0.3)	(0.4)	(3.3)	(0.8)	(5.1)	(5.4)	(12.6)	(61.3)	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	(20.1)	53.0
Net Interest	(0.2)	(0.2)	(0.3)	(1.7)	(2.7)	(1.7)	(1.3)	(2.5)	(2.4)
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	(1.0)	0.0
Profit Before Tax (norm)	25.7	28.6	36.1	41.2	32.3	44.3	43.8	42.9	54.8
Profit Before Tax (reported)	25.4	27.8	32.2	37.6	24.0	35.7	28.4	(23.6)	50.6
Reported tax	(5.5)	(6.3)	(3.6)	(7.2)	(3.2)	(4.0)	(5.4)	4.5	(9.6)
Profit After Tax (norm)	20.2	22.3	28.8	33.9	27.9	39.2	35.4	34.8	44.4
Profit After Tax (reported)	19.9	21.5	28.6	30.4	20.8	31.7	23.0	(19.1)	41.1
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	34.5	44.2
Net income (reported)	19.7	21.3	28.3	30.2	20.5	31.5	22.6	(19.4)	40.8
Basic average 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	175.8	224.9
EPS - diluted normalised (p)	104.3	115.3	147.0	172.8	141.4	198.4	176.3	172.8	221.0
EPS - basic reported (p)	103.7	112.0	148.3	157.8	107.0	163.0	115.8	(98.6)	207.8
Dividend (p)	66	71	78	85	55	74	94	94	97
Revenue growth (%)	8.5	18.3	28.5	17.0	2.5	16.7	3.0	13.0	8.9
Gross Margin (%)	49.8	47.8	46.5	47.3	45.1	47.2	45.1	43.2	45.8
EBITDA Margin (%)	27.0	25.4	25.0	25.2	22.3	24.3	23.1	21.3	23.9
Normalised Operating Margin	23.6	22.2	21.8	22.0	17.5	19.7	18.8	16.7	19.3
BALANCE SHEET									
Fixed Assets	65.4	73.2	88.1	129.2	137.4	135.2	150.5	198.3	205.0
Intangible Assets	48.2	53.0	63.9	97.7	99.6	98.8	108.8	144.2	146.0
Tangible Assets	16.1	19.1	22.5	30.7	35.9	33.5	38.5	50.9	55.8
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	123.1	124.4
Stocks	28.7	32.2	37.8	56.5	44.1	54.2	74.0	84.6	79.1
Debtors	17.5	21.5	23.8	33.0	34.8	30.2	30.8	39.4	47.0
Cash & cash equivalents	4.9	9.2	15.0	11.5	11.2	13.9	9.0	(8.8)	(9.6)
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)	(48.2)	(44.4)
Creditors	(14.6)	(16.1)	(21.4)	(22.4)	(25.2)	(28.3)	(44.7)	(43.9)	(40.1)
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)	(133.4)	(123.2)
Long term borrowings	(4.6)	0.0	(24.0)	(63.5)	(57.3)	(35.2)	(39.9)	(122.5)	(112.3)
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	139.7	161.8
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	138.8	160.8
CASH FLOW									
Op Cash Flow before WC and tax	29.7	33.0	41.7	49.2	44.5	56.8	55.5	57.9	70.8
Working capital	(4.6)	(6.1)	0.4	(21.6)	10.6	(6.2)	(4.0)	(20.0)	(5.9)
Exceptional & other	0.6	5.1	(6.3)	3.2	(4.4)	(1.7)	(10.9)	(53.8)	0.0
Tax	(4.7)	(4.1)	(6.1)	(4.1)	(4.5)	(3.3)	(4.2)	4.5	(9.6)
Net operating cash flow	21.0	27.9	29.7	26.7	46.2	45.6	36.4	(11.4)	55.3
Capex	(5.4)	(6.8)	(10.1)	(15.0)	(16.3)	(14.9)	(21.9)	(34.0)	(23.0)
Acquisitions/disposals	(8.3)	0.1	(18.3)	(35.4)	0.0	(0.5)	0.0	(32.3)	0.0
Net interest	(0.1)	(0.2)	(0.2)	(1.5)	(2.7)	(1.3)	(0.9)	(2.5)	(2.4)
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)	(18.7)	(19.0)
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)	(100.6)	9.2
Opening net debt/(cash)	(1.3)	3.7	(3.7)	9.0	52.0	41.3	17.9	24.6	125.2
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	125.2	116.0

Source: XP Power, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia