

XPP

XP Power Ltd

XP Power books record £106.8m of Q3 orders and nudges FY27 above consensus

Following the Q3 Trading Update · 20 October 2026

Q3 ORDER INTAKE	Q3 BOOK-TO-BILL	ORDER BOOK	NET DEBT
£106.8m	1.67x	£216.9m	£4.5m
▲ up 93% on £55.3m in Q3 2025, and 22% above Q2	▲ against 0.96x in Q3 2025	▲ against £173.9m at 30 June 2026	▼ down from £47.7m at 30 June 2026, after £50.2m of Comet bond cash

Share price, past 12 months

Daily close; latest price as at 11:20 on 20 October 2026 · Ticker Data API



XP Power's third-quarter trading update today reported record order intake of £106.8m, up 93% on a year earlier, and a book-to-bill ratio (orders received divided by revenue shipped) of 1.67x. Revenue rose 11% to £63.8m, or £67.5m before a £3.7m one-off reduction linked to a US tariff refund, which keeps the business on track for the £135m of second-half revenue it has been guiding to. The order book reached £216.9m. Net debt fell to £4.5m from £47.7m in June, almost entirely because £50.2m of cash came back when the Comet litigation bond was released. FY26 expectations are unchanged, and the company now expects FY27 to come in slightly ahead of consensus of £35.9m adjusted operating profit and 75.4p adjusted EPS.

The order figures carry a caveat from the company itself. Part of the quarter's intake came from customers ordering earlier than usual as industry lead times lengthen, and underlying demand is put at roughly the Q2 level. The harder test is profit. FY26 consensus of £26.4m adjusted operating profit needs £17.8m in the second half against £8.6m in the first, and no margin or cash-flow figures were given for the quarter. The shares stood at 1,778p on 20 October, down 6.73% on the day, which is about 24 times FY27 consensus EPS. The Comet trade-secret case, remanded for a new trial in July, remains open.

“Q3 order intake benefited from customers placing orders earlier than usual in response to extending industry lead times, with underlying customer demand estimated to be similar to Q2.”

XP Power, Q3 2026 Trading Update · Q3 Trading Update, 20 October 2026

Fourth straight quarter of rising orders, partly pulled forward

XP Power makes power controllers, the hardware that converts mains electricity into the form a machine needs, for makers of semiconductor manufacturing equipment (c.40% of H1 2026 sales), industrial technology (c.41%) and healthcare equipment (c.19%). Its products are designed into a customer's equipment, so a win usually brings revenue for the five to seven years that product stays in production. That makes order intake a useful leading indicator, and it is the figure that moved most this quarter.

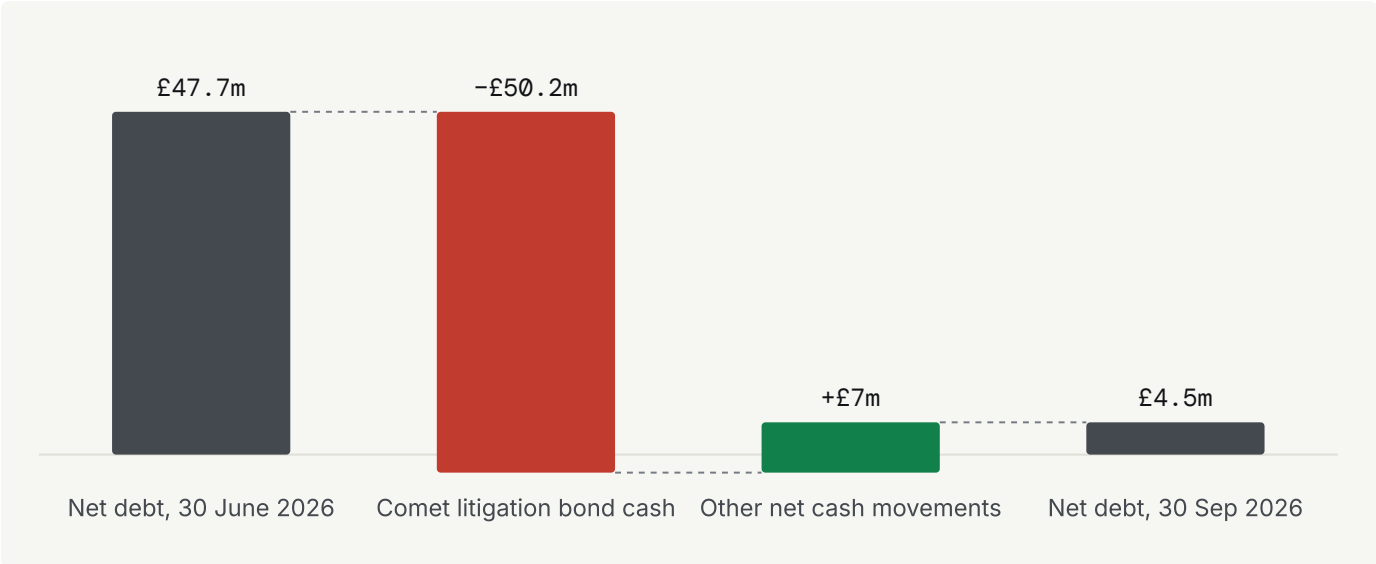
Q3 intake of £106.8m was the fourth consecutive quarterly rise, following £57.9m, £79.1m and £88.1m. Growth on a year earlier accelerated through the year from 32% to 93% in constant currency. Orders were broad across sectors and regions, led by semiconductor equipment and industrial technology. The company is explicit that customers ordered earlier than usual because lead times across the industry are lengthening, and it estimates underlying demand was similar to Q2. On that reading, the jump from £88.1m to £106.8m is mostly timing and does not represent a new demand level.

Operationally, output from the Vietnam factory drove the quarter, with Q3 shipments there 70% higher than in Q2. The Malaysia factory completed in 2025 was expected to become operational during 2026, and the company closed its Kunshan site in China in December 2025. It is also exiting the RF market over about three years. So far no impact from macroeconomic or geopolitical conditions on supply chains or demand has appeared.

FIGURE	VALUE	CHANGE
Order intake Q3 2026	£106.8m	 +93% +(constant currency) on £55.3m
Order intake Q2 2026	£88.1m	 +62% +constant currency
Order intake Q1 2026	£79.1m	 +48% +constant currency
Order book 30 Sep 2026	£216.9m	
Order book 30 Jun 2026	£173.9m	
Semiconductor equipment share of sales H1 2026	c.40%	

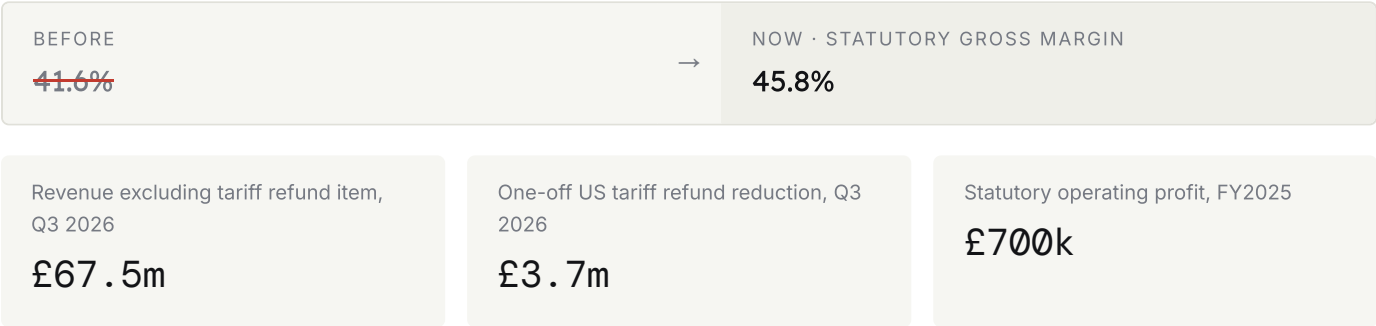
Sources: Q3 Trading Update RNS, 20 Oct 2026; Interim Results RNS, 4 Aug 2026

How net debt fell in Q3



The bond receipt is as announced; other net cash movements are the residual needed to reach the reported £4.5m and are not broken down by the company.

Revenue is on track, profit has not yet been tested



Q3 revenue was £63.8m, 12% above Q2 and 10% up on a year earlier in constant currency. Reported revenue was cut by £3.7m in connection with a one-off US tariff refund. Excluding that, revenue was £67.5m, consistent with the £135m guided for the second half. Q4 therefore needs £67.5m on the same basis, or £71.2m to reach £135m of reported second-half revenue. It remains unclear which of those two measures underpins the unchanged FY26 profit expectation.

No profit or margin figure was given for Q3, so the first half is the latest evidence. H1 revenue of £109.1m was only 2% higher in constant currency. Gross margin, however, rose to 45.8% from 41.6%, and adjusted operating profit to £8.6m from £4.8m. That points to better mix or factory efficiency, but it does not show how much profit each extra pound of revenue will bring.

The gap to FY26 consensus is large. £26.4m of adjusted operating profit means £17.8m in the second half, more than twice the first. On £135m of revenue that is an adjusted operating margin of about 13.2%, against 7.9% in H1. Adjusted and statutory profit have also been far apart. FY25 adjusted operating profit was £17.3m, while the tagged accounts show statutory operating profit of £0.7m and an after-tax loss of £11.3m. The full-year results on 2 March 2027 will be the first chance to see the second-half margin and that gap together.

FIGURE	VALUE	CHANGE
Revenue Q3 2026	£63.8m	+11% +reported, +10% constant currency

FIGURE	VALUE	CHANGE
Adjusted operating profit H1 2026	£8.6m	 +79% from £4.8m
Adjusted operating profit FY2025	£17.3m	 -20% constant currency
Profit after tax FY2025	-£11.3m	

Sources: Q3 Trading Update RNS, 20 Oct 2026; Interim Results RNS, 4 Aug 2026; Annual Results RNS, 3 Mar 2026; Income statement (tagged accounts), 2025-12-31

Returned court collateral, not trading cash, cut net debt

Vacated compensatory and punitive damages, 14 Jul 2026

**approximately
US\$40 million**

Operating cash flow, FY2025

£46.1m

RF prepayment for 2026 deliveries, December 2025

£16.4m

Net debt fell £43.2m in the quarter to £4.5m, and leverage (net debt divided by earnings before interest, tax, depreciation and amortisation) is now 0.1x. The reduction came from the \$66.8m (£50.2m) returned on 24 September when bonds posted in the Comet litigation were released. Without that receipt, net debt would have risen by about £7m. That £7m is not itemised, though investment to support order growth continued.

The bond was released because the US Court of Appeals for the Ninth Circuit reversed the 2022 District Court judgment on 14 July and sent the case back for a new trial. That decision vacated an award of about US\$40 million in damages, over US\$17 million in attorney fees and a permanent injunction. A retrial can still produce a new award, so the returned cash improves liquidity but cannot yet be treated as surplus. The company says it will continue to defend its position.

Cash generation from trading is the open question. H1 operating cash flow fell to £8.4m from £13.9m even as adjusted profit rose, because inventory was being built for the larger order book. FY25's £46.1m operating cash inflow included a £16.4m prepayment received in December 2025 for 2026 RF deliveries. The company expects to generate net cash in Q4. The FY26 cash-flow statement should show whether that comes from operations or from the bond money. The 2023 funding plan (covenant changes, a suspended dividend and a £45.4m share placing at 1,150p) shows how quickly the balance sheet came under strain in the last downturn. At 0.1x leverage, a modest profit shortfall would not by itself put the company in a similar position.

FIGURE	VALUE	CHANGE
Net debt 30 Sep 2026	£4.5m	 -91% from £47.7m at 30 Jun 2026
Leverage 30 Sep 2026	0.1x	
Cash from Comet bond release 24 Sep 2026	£50.2m	\$66.8m
Operating cash flow H1 2026	£8.4m	 -40% from £13.9m

“We expect a combination of revenue growth and associated operational leverage to deliver a FY27 performance slightly ahead of current market expectations”

XP Power, Q3 2026 Trading Update · Q3 Trading Update, 20 October 2026

A small FY27 upgrade on top of an unchanged FY26

FY26 expectations are unchanged, including a much stronger second half than first, and Q4 revenue is expected to rise further as the order book converts and factory output improves. The new element is FY27. The company expects revenue growth and the extra profit from spreading fixed costs over more output to deliver a result slightly ahead of consensus. Company-compiled consensus as of 19 October stands at £35.9m adjusted operating profit (range £31.9m to £41.3m) and 75.4p adjusted EPS (range 63.9p to 92.7p).

"Slightly ahead" is a modest change. It sits alongside the company's own estimate that underlying demand has been flat since Q2. If early orders account for part of Q3's intake, Q4 intake would normally fall back and book-to-bill would ease, without either change pointing to weaker demand. The semiconductor equipment cycle is supportive. SEMI's forecast, as reported by the Seoul Economic Daily on 19 October, points to 31% growth in 300mm wafer-equipment investment in 2026 and further growth in 2027. A sector forecast, however, is not the same as an XP Power delivery schedule.

The UK backdrop is less helpful to the valuation of a cyclical share. The two-year gilt yield was 4.92% on 15 October, up 0.44 points in three months. CPIH inflation was 3.3% in August and Brent crude was \$106.92 on 19 October. Last year's full-year trading update came on 19 January, and the 2026 results are scheduled for 2 March 2027.

FIGURE	VALUE	CHANGE
FY26 consensus adjusted operating profit as of 19 Oct 2026	£26.4m	range £23.8m to £28.8m
FY26 consensus adjusted EPS as of 19 Oct 2026	48.5p	range 37.5p to 56.7p
FY27 consensus adjusted operating profit as of 19 Oct 2026	£35.9m	range £31.9m to £41.3m
FY27 consensus adjusted EPS as of 19 Oct 2026	75.4p	range 63.9p to 92.7p
H2 2026 revenue guidance H2 2026	£135m	
2-year gilt yield 15 Oct 2026	4.92%	+0.44 points over three months

Sources: Q3 Trading Update RNS, 20 Oct 2026; UK economy and markets data

About 24 times FY27 earnings that are adjusted, not statutory

At 1,778p on 20 October the market value is £498m, with 28,032,178 shares in issue. That is about 37 times FY26 consensus adjusted EPS of 48.5p and about 24 times FY27's 75.4p. A slight FY27 beat would

bring the second multiple down only a little. Both multiples rest on adjusted earnings, and statutory EPS was negative in each of 2023, 2024 and 2025 (-42p in 2025). How narrow the gap between adjusted and statutory profit becomes matters as much as the headline profit figure.

There is no dividend to support the valuation. None was declared for 2025, and payments were suspended in 2023. The 52-week range of 849.23p to 2,160p shows how far sentiment has moved in a year. Board members bought shares in March at £13.30 and £13.36. The chief financial officer's 2 October sale of 16,312 shares at 2,022p was matched by an identical purchase by Louise Webb, so it changed where the shares sit without reducing the family's holding.

FIGURE	VALUE	CHANGE
Share price 20 Oct 2026	1778p	-6.7% on the day
Market capitalisation 20 Oct 2026	£498m	
Basic EPS FY2025	-42	
52-week range to 20 Oct 2026	849.23p - 2160.00p	
Shares in issue 23 Apr 2026	28,032,178	

Sources: Price & Valuation data, 20 Oct 2026; Income statement (tagged accounts), 2025-12-31; Result of AGM RNS, 23 Apr 2026

The shares fell 18% from September’s high before the update

The shares reached a 52-week high of 2,160p on 23 September, the day before the bond release was announced, after a 22% rise in six sessions. They then fell steadily and stood at 1,778p on 20 October, down 6.73% on the day, with a range of 1,770p to 1,918.1p. Most of the September gain had gone before today's figures were released.

The longer trend is still upward, with price above a rising 200-day average near 1,629p. Short-term momentum readings, however, were deeply oversold going into the update, and trend-strength measures show no clear direction. Volume on recent down days was normal, and on-balance volume (a running tally of volume on rising days minus falling days) has drifted lower. That pattern shows steady selling without panic.

The level directly beneath the price is about 1,757p, which has acted as a floor eight times since March. A decisive close below it on heavier volume would leave 1,536p and then about 1,391p as the next levels where buyers have previously appeared. Above, the shares would need to recover about 1,889p and then 1,992p to resume September's advance.

FIGURE	VALUE	CHANGE
Day range 20 Oct 2026	1770.00p - 1918.10p	
52-week high to 20 Oct 2026	2160p	
Year-to-date performance to 20 Oct 2026	+0.9%	

Sources: Price & Valuation data, 20 Oct 2026

The case for and against

FOR

The case for rests on a run of delivery. Revenue in Q1, H1 and Q3 came in as the company said it would. Net debt followed the path set out in April, and orders beat the April warning that later quarters might not match Q1. A £216.9m order book with a 1.67x book-to-bill gives unusual visibility for a company whose products stay in customers' equipment for five to seven years. Vietnam output is rising fast, H1 gross margin is four points higher, and leverage of 0.1x removes the funding pressure behind the 2023 placing. On this view, the 18% fall since September has already taken out much of the optimism, and the FY27 upgrade adds to an outlook that is already improving.

AGAINST

The case against starts with the company's own caveat. Some Q3 orders arrived early, and underlying demand is flat on Q2, so the 93% growth rate cannot be projected forward and part of next year's demand may already be in the order book. Profit is the bigger gap. Consensus requires the second-half adjusted operating margin to rise to about 13% from 7.9%, and no Q3 margin data is yet available. Cash conversion weakened in H1, and adjusted profit has run far ahead of statutory profit for three years. The debt reduction came from returned litigation collateral, while the Comet retrial could produce a new award. At about 24 times FY27 adjusted EPS, higher gilt yields leave little room for disappointment.

WHAT TO WATCH

Several pieces of evidence will show which reading holds. In the January trading update, watch Q4 reported revenue against the £67.5m to £71.2m needed for £135m in the second half, Q4 intake once early ordering stops, and whether year-end net cash appears. At the results on 2 March 2027, watch the second-half adjusted operating margin against roughly 13%, operating cash flow after inventory, the gap between statutory and adjusted profit, and any news on the timing of the Comet retrial. Book-to-bill falling below 1x, or any mention of deferred or cancelled orders, would support the case against.

Risks

- ⚠ Early ordering ahead of longer lead times may reverse as supply normalises, pulling Q4 and 2027 intake down and pushing book-to-bill below 1x.
 - ⚠ FY26 consensus needs second-half adjusted operating profit of £17.8m against £8.6m in H1, a margin step-up not yet backed by any Q3 margin data.
 - ⚠ Working capital may continue to absorb cash as inventory is built for the order book, after H1 operating cash flow fell to £8.4m from £13.9m.
 - ⚠ About 40% of sales depend on semiconductor equipment, which leaves the business exposed to a slower or delayed recovery in that market, a principal risk the company names itself.
 - ⚠ Tariffs and trade tensions have already affected reported revenue through the £3.7m refund item and could disrupt global supply chains, though no demand impact has appeared so far.
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THE OTHER VIEW

The cautious reading may still understate how fragile the order book is. When customers bring orders forward because lead times are lengthening, they are buying a place in the queue, and that demand is taken from later quarters. On the company's own estimate that underlying demand matched Q2, most of the £18.7m rise in intake between Q2 and Q3 is timing. Part of the £216.9m order book is therefore likely to be 2027 revenue booked early. If lead times shorten, customers that ordered ahead have reason to delay or trim those orders. Meanwhile the Vietnam expansion and the new Malaysia factory add fixed cost that needs higher volumes to pay for itself. The same operating leverage the FY27 upgrade relies on would then work against margins. This could coincide with a retrial that reopens a claim once worth about US\$40 million plus over US\$17 million in fees. The 0.1x leverage would look much less comfortable in that case, because the cash behind it was court collateral and did not come from trading.

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