

# XP Power Comprehensive Financial Analysis

Generated from xp-power.md financial data (H1 2025 Results) Based on financial\_ratios.md structure

## Current Market Data

Metric	Value	Source	Retrieved
Share Price	£9.15	Yahoo Finance	2025-08-21 09:02:50
Market Cap	£255.5m	Yahoo Finance	2025-08-21 09:02:50
Shares Outstanding	19.7m	Financial Reports	H1 2025
Ticker Symbol	XPP.L	LSE	-

## Valuation Ratios

Used to determine if a stock is fairly priced.

| Ratio | Formula | Calculation | Value | Description | Outcome | |-----|-----|-----|-----|-----|-----|  
-----|-----|| **Price-to-Earnings (P/E)** | Price / EPS | 255.5 / -3.8 | N/A (negative earnings) | Compares share price to earnings | FAIL || **PEG Ratio** | P/E / Growth | N/A | N/A | Requires earnings growth rate | N/A || **Price-to-Book (P/B)** | Price / Book Value | 255.5 / 179.2 | 1.43x | Compares price to net asset value | MONITOR || **Price-to-Sales (P/S)** | Price / Revenue | 255.5 / 221.8 | 1.15x | Useful for comparing revenue multiples | MONITOR || **EV/EBITDA** | EV / EBITDA | 313.4 / 32.4 | 9.67x | Operating profitability multiple (LTM) | FAIL || **EV/EBIT** | EV / EBIT | 313.4 / 9.6 | 32.65x | Includes depreciation/amortization | FAIL || **EV/Revenue** | EV / Revenue | 313.4 / 221.8 | 1.41x | Revenue multiple | MONITOR || **Dividend Yield** | Dividend / Price | 0 / 9.15 | 0% | No dividends currently | MONITOR || **Price-to-Free Cash Flow** | Price / FCF | 255.5 / 4.4 | 58.08x | Price relative to cash generation | FAIL |

## Profitability Ratios

Evaluate the company's ability to generate profit.

Ratio	Formula	Calculation	Value	Description	Outcome
Gross Margin	Gross Profit / Revenue	46.1 / 110.9	41.6%	Product profitability	PASS
Operating Margin	Op Income / Revenue	4.8 / 110.9	4.3%	Core business efficiency	FAIL
Net Margin	Net Income / Revenue	-1.9 / 110.9	-1.7%	After all expenses	FAIL
Return on Assets (ROA)	Net Income / Assets	-3.8 / 406.9	-0.9%	Asset efficiency	FAIL

Ratio	Formula	Calculation	Value	Description	Outcome
<b>Return on Equity (ROE)</b>	Net Income / Equity	-3.8 / 179.2	-2.1%	Shareholder return	FAIL
<b>ROCE</b>	EBIT / Capital Employed	9.6 / 335.9	2.9%	Capital efficiency	FAIL

## Efficiency Ratios

How well a company uses its resources.

Ratio	Formula	Calculation	Value	Description	Outcome
<b>Asset Turnover</b>	Revenue / Assets	221.8 / 406.9	0.55x	Sales per unit of assets	MONITOR
<b>Inventory Turnover</b>	COGS / Inventory	129.6 / 59.5	2.18x	Inventory management	MONITOR
<b>Receivables Turnover</b>	Revenue / Receivables	221.8 / 27.6	8.04x	Collection efficiency	PASS
<b>Days Sales Outstanding</b>	365 / Rec. Turnover	365 / 8.04	45 days	Avg collection period	PASS

## Liquidity Ratios

Measure ability to cover short-term obligations.

Ratio	Formula	Calculation	Value	Description	Outcome
<b>Current Ratio</b>	Current Assets / Current Liab	87.5 / 71.0	1.23x	Short-term solvency	MONITOR
<b>Quick Ratio</b>	(CA - Inventory) / CL	28.0 / 71.0	0.39x	Stricter liquidity	FAIL
<b>Cash Ratio</b>	Cash / Current Liab	18.9 / 71.0	0.27x	Most conservative	MONITOR

## Leverage (Solvency) Ratios

Measure long-term financial stability and debt levels.

Ratio	Formula	Calculation	Value	Description	Outcome
<b>Debt-to-Equity</b>	Debt / Equity	76.8 / 179.2	0.43x	Financial leverage	PASS
<b>Debt Ratio</b>	Debt / Assets	76.8 / 406.9	0.19x	Asset financing by debt	PASS
<b>Interest Coverage</b>	EBIT / Interest	9.6 / 9.2	1.04x	Ability to pay interest	FAIL

Ratio	Formula	Calculation	Value	Description	Outcome
Net Debt/EBITDA	Net Debt / EBITDA	57.9 / 32.4	1.79x	Leverage (LTM)	PASS

Cash Flow Ratios

Evaluate real cash generation and sustainability.

Ratio	Formula	Calculation	Value	Description	Outcome
Operating Cash Flow Ratio	OCF / Current Liab	13.3 / 71.0	0.19x	Liquidity via operating cash	MONITOR
Free Cash Flow	OCF - CapEx	13.3 - 4.7	£2.2m	Cash after reinvestment	PASS
FCF Yield	FCF / Market Cap	4.4 / 255.5	1.72%	Valuation based on cash	FAIL
Cash Conversion	OCF / Net Income	13.3 / 1.9	7.0x	Earnings quality	PASS

Earnings Quality & Risk Ratios

Used to detect manipulation or unsustainable earnings.

Ratio	Formula	Calculation	Value	Description	Outcome
Accruals Ratio	(NI - OCF) / Assets	(-1.9 - 13.3) / 406.9	-3.74%	Aggressive accounting check	PASS
EBITDA to FCF Conversion	FCF / EBITDA	2.2 / 12.9	17.1%	Cash vs accounting earnings	FAIL
Adjusted vs Statutory Gap	(Adj - Stat) / Stat	(4.8 - 2.6) / 2.6	84.6%	Earnings management check	FAIL

Other Key Metrics

Additional contextual insights.

Metric	Value	Description	Outcome
Earnings per Share (EPS)	£-0.10	H1 2025 earnings per share	FAIL
Book Value per Share	£9.10	Equity per share	MONITOR
Tangible Book Value	£69.8m	Equity minus intangibles	MONITOR
Goodwill/Assets	17.7%	Goodwill as % of total assets	PASS
Capex/Depreciation	0.58x	Capital intensity	MONITOR

Metric	Value	Description	Outcome
Debt Maturity	March 2027	RCF maturity date	PASS
Working Capital	£16.5m	Current assets - current liabilities	PASS

Summary Financial Data

Metric	H1 2025	Annualized/LTM
Revenue	£110.9m	£221.8m
EBITDA	£12.9m	£32.4m (LTM)
Operating Profit (Adj)	£4.8m	£9.6m
Net Income	£-1.9m	£-3.8m
Operating Cash Flow	£13.3m	£26.6m
Free Cash Flow	£2.2m	£4.4m
Net Debt	£57.9m	-
Total Assets	£406.9m	-
Total Equity	£179.2m	-
Market Cap (est)	£255.5m	-
Enterprise Value	£313.4m	-

Key Financial Insights

- 1. **Valuation:** Trading at 9.7x EV/EBITDA (LTM), indicating reasonable valuation.
- 2. **Profitability:** Gross margin of 41.6% with operating margin of 4.3%, showing margin pressure.
- 3. **Leverage:** Net Debt/EBITDA of 1.8x, well within covenant limit of 3.0x.
- 4. **Liquidity:** Current ratio of 1.2x and cash of £18.9m provides adequate liquidity.
- 5. **Cash Generation:** FCF yield of 1.7% with OCF/Net Income of 7.0x indicates strong cash conversion.
- 6. **Asset Quality:** Goodwill represents 17.7% of assets, reasonable for the industry.